

MINUTES OF THE HOUSE VISION 2020 COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 1:30 p.m. on March 8, 2010, in Room 785 of the Docking State Office Building.

All members were present except:

- Representative Sean Gatewood- excused
- Representative Mario Goico- excused
- Representative Raj Goyle- excused
- Representative Tom Hawk- excused
- Representative Lee Tafanelli- excused
- Representative Kay Wolf- excused

Committee staff present:

- Art Griggs, Office of the Revisor of Statutes
- Doug Taylor, Office of the Revisor of Statutes
- Corey Carnahan, Kansas Legislative Research Department
- Lauren Douglass, Kansas Legislative Research Department
- Mary Koles, Committee Assistant

Conferees appearing before the Committee:

- Dave Corliss, City of Lawrence
- Earl Lewis, Kansas Water Office
- Stan Ahlerich, Kansas Inc.
- Art Hall, Ph.D., Center for Applied Economics, KU School of Business

Others attending:

See attached list.

Chairman Sloan greeted and welcomed today's conferees to the committee.

Dave Corliss, City Manager, City of Lawrence spoke briefly about the value of Clinton Dam and lake to his community and the significant financial investment our dams and reservoirs represent to the state. Maintenance and long term issues involving these resources, he said, need to be addressed and rectified before a crisis arises - like the drought in the 1950s. He mentioned the Reservoir Roadmap report which delineates the known and anticipated problems as well as many solutions.

Earl Lewis, Assistant Director, Kansas Water Office, discussed the Kansas Water Authority's report, Reservoir Roadmap, which focuses on actions necessary to ensure an adequate water supply in Kansas' future. The ninety-four (94) page report is divided into three (3) sections: Quantification of Issue - Statewide Perspective, Recommended Statutory Changes and Financial Resources, and Basin Approach to Reservoir Sustainability. He provided a copy of the report as well as a summary (Attachment 1) for each committee member and briefly reviewed the latter. Currently, the complete report is available in the committee assistant's office (55-S) or from the Kansas Water Office, or online at www.kwo.org/ReservoirRoadmap.htm.

Mr. Lewis also gave a Power Point presentation based on the report emphasizing the big issues: sediment and supply, quality and availability of drinking water, and how much time is left at current rates of sedimentation and consumption before we face a major crisis. He discussed statutory and budgetary considerations in conjunction with the Water Office's mantra - secure, protect, and restore. Requirements surrounding storage issues need to be revised - flexibility is crucial - plus, potential storage sites need to be secured and protected. He mentioned Atlanta's current legal problem with Alabama and Florida regarding Lake Lanier, Atlanta's primary water source (Attachment 2). Riparian areas and wetlands need to be protected. Streambanks need to be restored and, if necessary, the state needs to pay for 100% of the project in targeted areas. Kansas has 6,000 regulated dams on private property; the state needs a cost-share program to assist eligible land owners in paying for needed dam rehabilitation and upgrades. In closing, he reviewed the Water Office's approach to reservoir sustainability for the Neosho Basin and reported that similar analyses of reservoir sustainability are recommended for five (5) other basins, one each of the next five (5) years. Mr. Lewis responded to questions asked by Chairman Sloan and Representative Don Svaty.

CONTINUATION SHEET

Minutes of the House Vision 2020 Committee at 1:30 p.m. on March 8, 2010, in Room 785 of the Docking State Office Building.

The Chairman thanked the water agency individuals who participated or attended today's meeting and welcomed Mr. Stan Ahlerich and Dr. Art Hall.

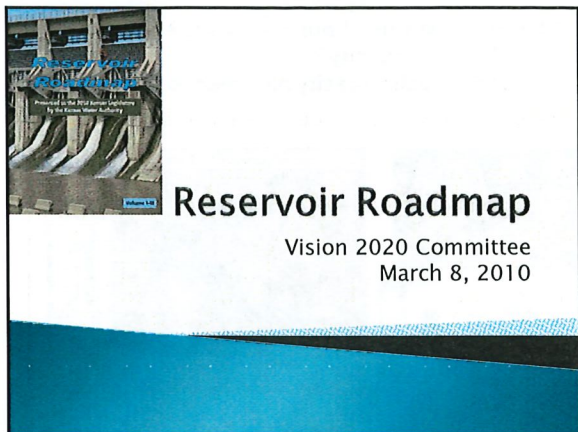
Stan Ahlerich, President, Kansas Inc., believes economic development is personal and every business matters. He mentioned the research Dr. Art Hall has done for Kansas, Inc and said it supports his remarks today. The current economic development model is not working. He discussed economic development issues, opportunities, and strategies. Kansas policy, he says, needs to embrace the idea of wealth creation, not just job creation as it has in the past. Policy should focus on creating an environment, platform, that offers opportunity for any and all businesses, not just the few. Timing, he states, is crucial for positive change and he believes now is a good time for change. (Attachment 3). Following Mr. Ahlerich's remarks, questions were asked and comments offered by Chairman Sloan and Representatives Don Svaty and Doug Gatewood. Representative Gatewood also requested information, if available, for each committee member concerning the number of businesses that have relocated to Kansas and the number of jobs they have created.

Art Hall, Ph.D., Executive Director, Center for Applied Economics, KU School of Business, explained his research findings, and subsequent conclusions about and suggestions for positive economic development in Kansas (Attachment 4). Targeting, the current economic development model, is not working and he recommends replacing it with a new vision of "embracing dynamism" - focus policies on creation and expansion or existing businesses not on recruiting and retaining new businesses to Kansas. Every business is important and gets a deal; incentives are an automatic option for all. Kansas, he proposes, needs to create conditions that induce as much commercial experimentation as possible - try lots of little experiments - and infrastructure to support growth and expansion. Dr. Hall presented and explained charts and graphs supporting his research and premise. Regarding job count as a measure of performance, he believes that job creation is a residual measure and directed the committee to page nineteen (19) of his work, Embracing Dynamism: The Next Phase in Kansas Economic Development Policy which was prepared for Kansas Inc. Committee members received copies of his work and, currently, a copy is available in the committee secretary's files. He offered several recommendations, a prototype model, which would allow Kansas to be a strong competitor for economic development, shift policy, and embrace dynamism, and peruse Embracing Dynamism, especially pages 21-31. Questions, comments, and discussions during and after Dr. Hall's presentation included: Chairman Sloan and Representatives Don Svaty, Doug Gatewood, Barbara Bollier and Melanie Meier.

The Chairman thanked Mr. Ahlerich and Dr. Hall for their presentations and time.

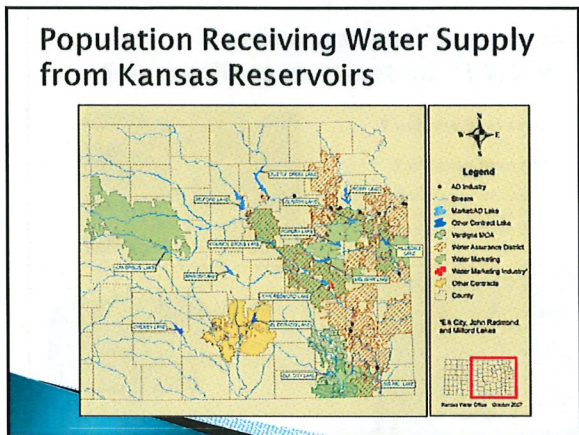
The next meeting is scheduled for March 10, 2010.

The meeting was adjourned at 3:15 p.m.



By January 2010, the Kansas Water Authority will deliver to the Kansas Legislature a report on actions necessary to insure an adequate future water supply for areas currently or potentially served by federal, state or municipal reservoirs.

www.kwo.org/ReservoirRoadmap.htm



Value of Our Reservoirs

Reservoirs in Neosho Basin	Recreation	Recent Annual Flood Reduction	Cumulative Flood Reduction
John Redmond	\$2,320,000	\$18,753,400	\$362,095,670
Council Grove	\$8,000,000	\$1,105,740	\$95,044,320
Marion	\$8,050,000	\$6,769,370	\$186,860,510

Volume I:
Quantification of Issue – Statewide Perspective

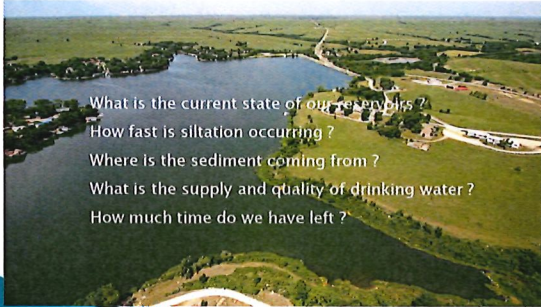
Volume II:
Statutory and Budget Considerations

Volume III:
Basin Approach to Reservoir Sustainability

Volume I: Quantification of Issue – Statewide Perspective

- Data Collection, Analysis, Storage Sharing and Gaps
- Surface Water Supply and Demand Projections
- Water Quality and Recreational Impacts
- Flood Protection Impacts
- Irrigation Impacts

We need answers to fundamental questions concerning reservoir conditions



What is the current state of our reservoirs?
 How fast is siltation occurring?
 Where is the sediment coming from?
 What is the supply and quality of drinking water?
 How much time do we have left?

What is the status of our reservoirs? Current capacity? How much capacity has been lost?

Sedimentation rates can be measured by repeated reservoir depth mapping

Many reservoirs in the state have not been mapped for years – and most have never been mapped.

Reservoirs mapped by KBS for KWO

- BAKER CREEK LAKE
- CECILIA LAKE
- CLAYTON RESERVOIR
- COUNCIL GROVE CITY LAKE
- COMACI CITY LAKE
- FT SCOTT CITY LAKE
- HEPOTON LAKE
- HUNTSVILLE RESERVOIR
- JOHN REDMAN RESERVOIR
- MARSHALL RESERVOIR
- LANE SHAWNEE
- LOUISIANA CITY LAKE
- MELDEN LAKE
- MISSION LAKE
- MIDCITY LAKE
- MOORE CITY LAKE
- NEEDHAM CITY LAKE
- WOLF CREEK LAKE

Some reservoirs that are NOT yet mapped:

- AWA CITY LAKE
- ATCHISON CO SPL
- AUGUSTA LAKE
- AUGUSTA SP LAKE
- BURBANK CO SPL
- BROWN CO SPL
- BUTLER CO SPL
- OSCAR BUFF LAKE
- OSHTO LAKE
- OWAYNE SP LAKE
- OSAGE CO SPL
- OSAGE CITY LAKE
- OSAGE CITY LAKE
- POKONIA LAKE
- POCAHONTAS LAKE
- ROCK CREEK LAKE
- WINDHURST LAKE
- WELINGTON CITY LAKE
- WILSON RESERVOIR
- WYFELD CITY LAKE
- WYFELD CREEK LAKE

Answers to basic questions: Where is the sediment coming from?

Over-land erosion ?

Channel erosion ?

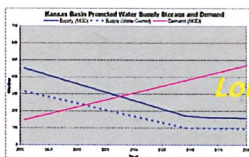
In fact, stream channel erosion is increasingly recognized as a significant source of reservoir sediment



Higher N¹⁵ : N¹⁴ ratios indicate channel sources and lower ratios indicate surface land sources.



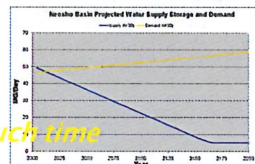
Answers to basic questions: How much time do we have left?



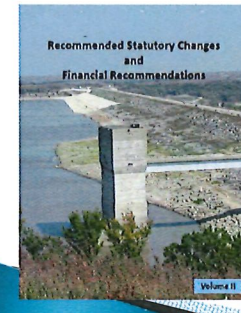
Lots of time....



...not much time



Volume II: Statutory and Budget Considerations



Kansas Reservoir Sustainability Act

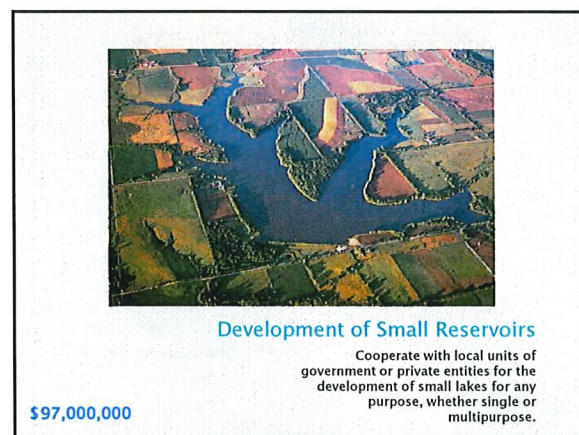
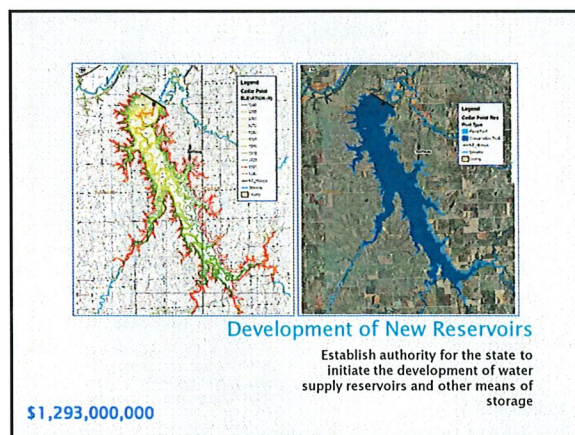
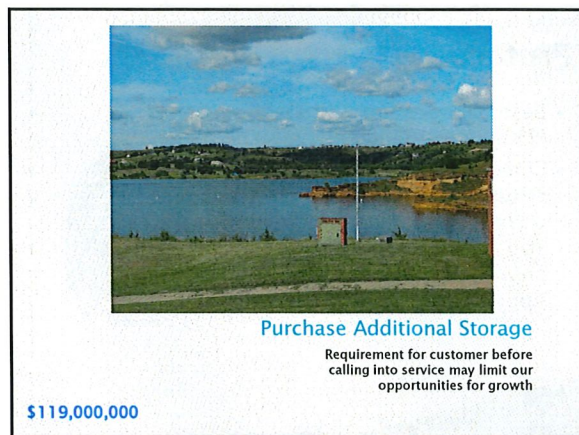
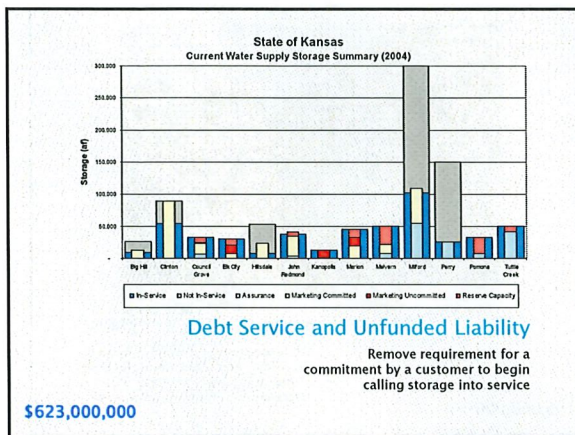
The State of Kansas will have the authority to secure, protect and restore reservoir storage needed to meet the water supply needs of the citizens of Kansas.

**Volume II:
Statutory and Budget Considerations**



Secure

- ▶ Debt Service
- ▶ Unfunded Liability
- ▶ Purchase of Additional Storage
- ▶ Expansion of Access to Storage
- ▶ Development of New Reservoirs
- ▶ Secure Reservoir Sites for Future Development
- ▶ Minimum Pool Agreements



Secure Additional Storage
 Authority to protect reservoir and other storage sites for future water supply development

Minimum Pool Agreements
 No statutory changes, but enhanced coordination and evaluation is needed to identify reservoirs with greater recreation potential

\$5,000,000

Protect

- ▶ Best Management Practice (BMP) Implementation
- ▶ Riparian & Wetland Protection and Development
- ▶ Streambank Stabilization on a Reach/Segment Approach

Protect

Best Management Practices (BMPs)
 While no statutory change is needed, the recognition of the vital role these practices play is a component of a comprehensive reservoir sustainability initiative

\$189,000,000

Riparian and Wetland Protection
 Establish a dedicated conservation easement fund

\$178,000,000

Streambank Restoration
 Allow for 100% state responsibility in the coordination, planning and implementation of systematic stream stabilization projects in targeted areas.

\$115,000,000

Restore

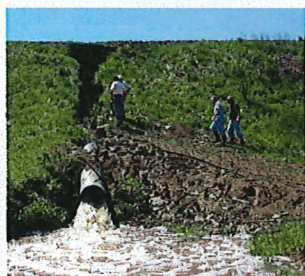
- ▶ Dredging of Municipal, State, and Federal Reservoirs
- ▶ Dam Safety and Rehabilitation



Dredging

Provide for clear and comprehensive state authority for coordination of all aspects of a systematic dredging program for the purposes of water supply storage capacity restoration

\$1,158,000,000



Dam Safety and Rehabilitation

The state should establish a cost-share program to assist eligible dam owners in paying for needed dam rehabilitation and upgrade measures

\$84,000,000

Value of Our Reservoirs

Reservoirs in Neosho Basin	Recreation	Recent Annual Flood Reduction	Cumulative Flood Reduction
John Redmond	\$2,320,000	\$18,753,400	\$362,095,670
Council Grove	\$8,000,000	\$1,105,740	\$95,044,320
Marion	\$8,050,000	\$6,769,370	\$186,860,510

Reservoir Roadmap	10 Yr Total	20 Yr Total	40 Yr Total
Secure			
Reservoir Debt Service & Storage Purchase (P & I)	\$ 17,420,743	\$ 108,680,666	\$ 109,149,449
Reservoir Operation and Maintenance	\$ 26,001,055	\$ 78,493,994	\$ 436,489,650
Unfunded Liability	\$ -	\$ 4,403,545	\$ 72,887,334
Purchase of Additional Federal Storage	\$ 13,500,000	\$ 34,593,750	\$ 119,051,147
Development of New Large Reservoir	\$ -	\$ 300,000,000	\$ 1,293,037,500
Development of New Small Reservoirs	\$ 7,280,000	\$ 25,831,808	\$ 96,993,205
Minimum Pool Agreement	\$ 400,000	\$ 1,800,000	\$ 5,000,000
Planning and Design	\$ 2,500,000	\$ 7,250,000	\$ 12,250,000
Total Secure	\$ 67,101,798	\$ 581,053,763	\$ 2,144,838,286
Protect			
Implementation of Best Management Practices	\$ 18,868,830	\$ 56,600,516	\$ 188,864,333
Riparian and Wetland Protection and Development	\$ 12,577,893	\$ 33,065,954	\$ 120,799,774
Riparian and Wetland Easements	\$ 15,937,425	\$ 57,274,999	\$ 57,274,999
Streambank Stabilization	\$ 31,874,849	\$ 114,549,999	\$ 114,549,999
Planning and Design	\$ 35,750,000	\$ 40,750,000	\$ 50,750,000
Total Protect	\$ 115,007,005	\$ 302,241,469	\$ 632,239,106
Restore			
Sediment Removal Small Reservoirs	\$ 86,919,375	\$ 162,912,684	\$ 162,912,684
Sediment Removal Large Reservoirs	\$ 150,000,000	\$ 994,613,625	\$ 994,613,625
Dam Safety/ Rehabilitation	\$ 34,589,204	\$ 44,022,624	\$ 84,418,340
Planning and Design	\$ 5,000,000	\$ 6,250,000	\$ 6,250,000
Total Restore	\$ 306,609,679	\$ 1,207,798,932	\$ 1,248,194,649
Total Reservoir 40 Year Sustainability	\$ 489,617,393	\$ 2,071,094,164	\$ 3,925,272,040

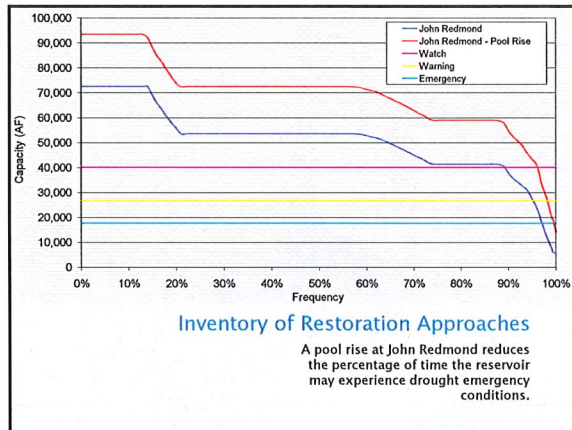
Volume III:

Basin Approach to Reservoir Sustainability (Neosho)

- ▶ Basin Description
- ▶ Water Supply and Demand
- ▶ Inventory of Restoration Approaches
- ▶ Water Conservation Opportunities
- ▶ Operation and Management Changes
- ▶ Mean Annual Sediment Yield
- ▶ Streambank and Riparian Restoration
- ▶ Watershed Structures
- ▶ Reservoirs Not Built
- ▶ Recommended Reservoir Sustainability Approach

Reservoir	Sediment Removal	Pool Rise	Reallocation	Structural Restoration
Marion	X	X	X	X
Council Grove	X	X	X	X
John Redmond	X	X	X	X
Council Grove City Lake	X			X
Parsons City Lake	X			X
Wolf Creek Lake	X			

Inventory of Restoration Approaches
 Opportunities for Restoration were evaluated for each of the major water supply reservoirs in the basin



**Volume III:
 Basin Approach to Reservoir Sustainability**

- What's Next?**
- ▶ Continue/begin to implement the recommendations for the Neosho
 - ▶ Schedule for next basins is based on initial supply and demand assessment, updated census information, and Kanopolis Analysis
 - ▶ Recommend that the KWA conduct a similar analysis of reservoir sustainability for:
 - Verdigris basin (2010)
 - Marais des Cygnes (2011)
 - Smoky Hill-Saline (2012)
 - Walnut & Lower Arkansas (2013)
 - Kansas River (2014)

Questions

www.kwo.org/ReservoirRoadmap.htm

Reservoir Roadmap

In 2009, the Kansas Legislature Vision 2020 Committee directed the Kansas Water Authority to complete and report on the actions necessary to insure an adequate future water supply for areas currently or potentially served by federal, state or municipal reservoirs. The report, entitled the Reservoir Roadmap, is organized into three volumes:



- I. Quantification of the Issue – Statewide Perspective
- II. Statutory and Budget Considerations
- III. Basin Approach to Reservoir Sustainability

Volume I: Quantification of the Issue—Statewide Perspective

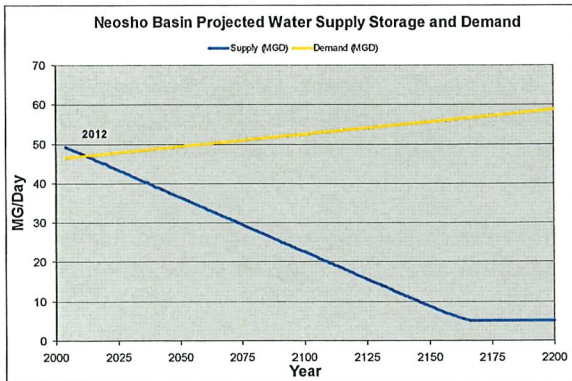
Data Collection, Storage, Analysis and Dissemination

Included in the complete *Data Collection, Analysis, Storage, Sharing and Gaps* section of the *Reservoir Roadmap* is a summary of reservoir and/or watershed related data collected by the federal and state natural resource agencies in Kansas. The complete section also includes a more comprehensive discussion of opportunities for improved collaboration and sharing.

While the data currently collected in Kansas related to water supply are comprehensive, gaps in these data necessary to make informed decisions about the future of our infrastructure still exist. A list of these data gaps is included in the complete section.

Supply and Demand Projections

The surface water demand and the supply for that demand have been reviewed for the main stem river corridors in five Eastern Kansas basins. For the severe drought scenario reviewed in this assessment, three of the five basins show some supply vulnerability within the next 15 years. In order of most vulnerable to least, the supply-demand findings were: Neosho, Marais des Cygnes, Walnut,



Verdigris and Kansas River corridors.

A more complex model is needed to further refine projections and situations where projected demand may exceed supply on a more local scale within each watershed. The priority for enhanced model review was established by the analysis contained in this report. Opportunities for new supplies should be explored for the Neosho, Marais des Cygnes and Walnut River basins. Demand management should be a review component in these basins, especially for drier than normal climate conditions.

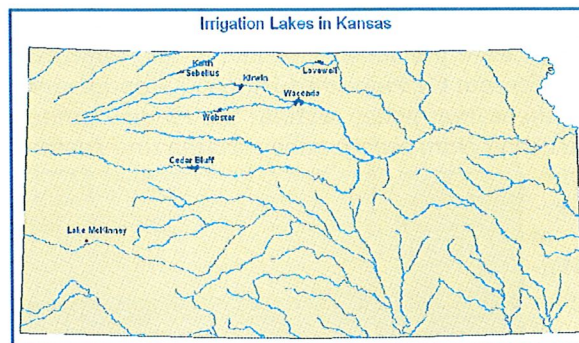
Water Quality and Recreational Concerns

Expanding shallow zones in our reservoirs reduce water quality and wildlife habitat as well as operational storage capacity for public water supply and recreation. Impacts of sediment and nutrients in receiving waters including streams, lakes and reservoirs are strongly linked and are best evaluated in relation to each other. It is important to understand the relationship between sediment and nutrients because problems in reservoirs include impacts from sediment bound nutrients.



Flood Protection Impacts

Flood protection is a primary feature included in all federal reservoirs, all watershed district dams, and all state constructed multi-purpose reservoirs. Over time sediment will accumulate behind dams and in channels. This accumulation will reduce the carrying capacity of channels, as well as reduce the storage capacity and function of reservoirs for important uses including flood control.



Irrigation Impacts

Irrigation is the dominant use of water in Kansas, accounting for approximately 84% of all water diversions (2007 data). The source for most of the irrigation water is ground water; however, many irrigators and irrigation associations rely on surface water impoundments (27% of all surface water use). This chapter covers the federal reservoirs and in more general terms the state, city and private impoundments.

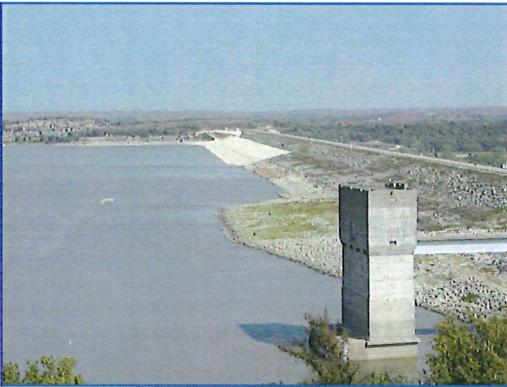
Reservoir Roadmap

The research and background provided in Volume I lay the foundation for the budget and regulatory recommendations provided in Volume II. Many of the issues described broadly within this Volume will be explored in greater detail in Volume III: Basin Approach to Reservoir Sustainability.

Volume II: Recommended Statutory Changes and Financial Resources

Recommended Statutory Changes

A review of state and national water resource policy was conducted as part of the Reservoir Sustainability Initiative. Several policies were focused on in the development of the Reservoir Roadmap.

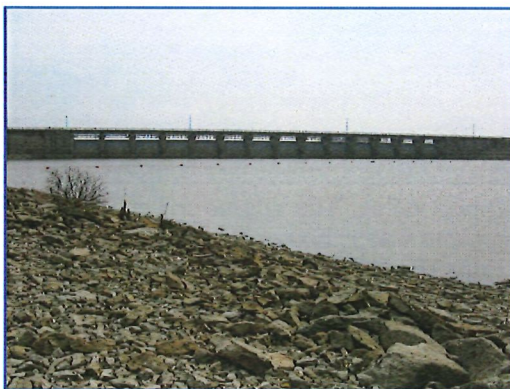


Following is a discussion of the statutory issues requiring resolution if the state of Kansas is to secure, protect, and restore the state's reservoirs to meet the needs of the citizens in the 21st century.

Addressing necessary statutory changes could be accomplished in a piecemeal fashion in which individual statutes or regulations are reviewed and modified. However, this process will be labor intensive, require significant staff and legislative time, and may not completely address all aspects of needed change. Therefore, the recommendation is to create a comprehensive Kansas Reservoir Sustainability Act (RSA) with the following goal:

The State of Kansas will have the authority to secure, protect and restore reservoir storage needed to meet the water supply needs of the citizens of Kansas.

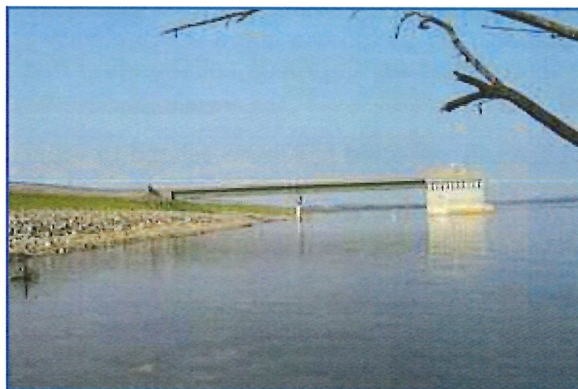
Many of the individual recommendations in the Protect and Restore categories were previously considered and approved in the *Enhanced Stream Corridor and Wetland Management to Address Sedimentation* policy section, the *Flood Damage Mitigation and Small Dam Safety* policy section and *Institutional Framework* management section of the *Kansas Water Plan*. Implementation of these recommendations would be included within the Kansas Reservoir Sustainability Act.



Establishment of a comprehensive Kansas Reservoir Sustainability Act (RSA) involves each of the natural resource agencies. With assistance from these agencies, the Kansas Water Authority would maintain the overall responsibility of identifying reservoir sustainability needs through the public process of the *Kansas Water Plan*. Specific projects and activities resulting from the RSA would be identified in the *Kansas Water Plan* and appropriate Water Resources Capital Development Plans.

Recommended Financial Resources

This chapter presents estimated financial resources, based on current planning and subject to change, needed to secure all available storage in existing federal reservoirs; protect state and municipal owned storage from losses due to sedimentation and poor water quality impacts; protect future reservoir sites that may need to be developed; and restore adequate storage in existing reservoirs to meet anticipated needs. Included with the narrative description of recommended financial resources is a table detailing the budget needs for the next



10, 20 and 40 years. Approximately \$3.9 billion in additional revenue is needed in the next 40 years to secure, protect and restore Kansas reservoirs.

Needs for and options to secure additional storage will vary by basin. Discussion of options presented in this chapter is intended to cover the array of solutions that are available and may be utilized. Volume III, Neosho Basin, represents a detailed plan based on in-depth analysis and modeling to refine and specify options. Each basin will undergo similar evaluation to refine costs.

It is anticipated that funding to meet the identified needs will come from both federal and state sources some of which already exist.

Reservoir Roadmap

Reservoir Roadmap	10 Yr Total	20 Yr Total	40 Yr Total
Secure			
Reservoir Debt Service & Storage Purchase (P & I)	\$ 16,000,000	\$ 107,000,000	\$ 108,000,000
Reservoir Operation and Maintenance	\$ 21,000,000	\$ 67,000,000	\$ 447,000,000
Unfunded Liability	\$ -	\$ 19,000,000	\$ 68,000,000
Purchase of Additional Federal Storage	\$ 13,000,000	\$ 35,000,000	\$ 119,000,000
Development of New Large Reservoir	\$ -	\$ 300,000,000	\$ 1,293,000,000
Development of New Small Reservoirs	\$ 7,000,000	\$ 26,000,000	\$ 97,000,000
Minimum Pool Agreement	\$ 400,000	\$ 2,000,000	\$ 5,000,000
Planning and Design	\$ 3,000,000	\$ 7,000,000	\$ 12,000,000
Total Secure	\$ 60,400,000	\$ 563,000,000	\$ 2,149,000,000
Protect			
Implementation of Best Management Practices	\$ 19,000,000	\$ 57,000,000	\$ 189,000,000
Riparian and Wetland Protection and Development	\$ 13,000,000	\$ 33,000,000	\$ 121,000,000
Riparian and Wetland Easements	\$ 16,000,000	\$ 57,000,000	\$ 57,000,000
Streambank Stabilization	\$ 32,000,000	\$ 115,000,000	\$ 115,000,000
Planning and Design	\$ 36,000,000	\$ 41,000,000	\$ 51,000,000
Total Protect	\$ 116,000,000	\$ 303,000,000	\$ 533,000,000
Restore			
Sediment Removal Small Reservoirs	\$ 87,000,000	\$ 163,000,000	\$ 163,000,000
Sediment Removal Large Reservoirs	\$ 180,000,000	\$ 995,000,000	\$ 995,000,000
Dam Safety/ Rehabilitation	\$ 35,000,000	\$ 44,000,000	\$ 84,000,000
Planning and Design	\$ 5,000,000	\$ 6,000,000	\$ 6,000,000
Total Restore	\$ 307,000,000	\$ 1,208,000,000	\$ 1,248,000,000
Total Reservoir Sustainability	\$ 483,400,000	\$ 2,074,000,000	\$ 3,930,000,000

Volume III: Basin Approach to Reservoir Sustainability

Volume III provides a basin approach to reservoir sustainability including restoration, water conservation, and operational activities targeted in the watershed to secure, protect, and restore future water supply availability. Based on results of a supply and demand analysis, the Neosho basin was identified as the watershed of highest priority for developing this basin approach.

Volume III is organized by the following chapters

Neosho Basin Description. Provides background information on the water resource conditions of the basin including water use.

Neosho Basin Water Supply and Demand. Describes results in the Neosho basin from the OASIS (Operational Analysis and Simulation of Integrated Systems) model to analyze water supply and demand in greater detail. A brief description of alternatives for improving water supply reliability

in the basin, as well as ongoing and recently completed studies that address these alternatives is also included.

Inventory of Restoration Approaches. Reviews potential restoration alternatives that could be applicable for each reservoir in the Neosho basin, depending on the type and severity of problems at the reservoir. Includes an evaluation of several alternatives using the OASIS model. Alternatives include sediment removal, reallocation, and structural restoration (dams, diversion structures, treatment facilities).

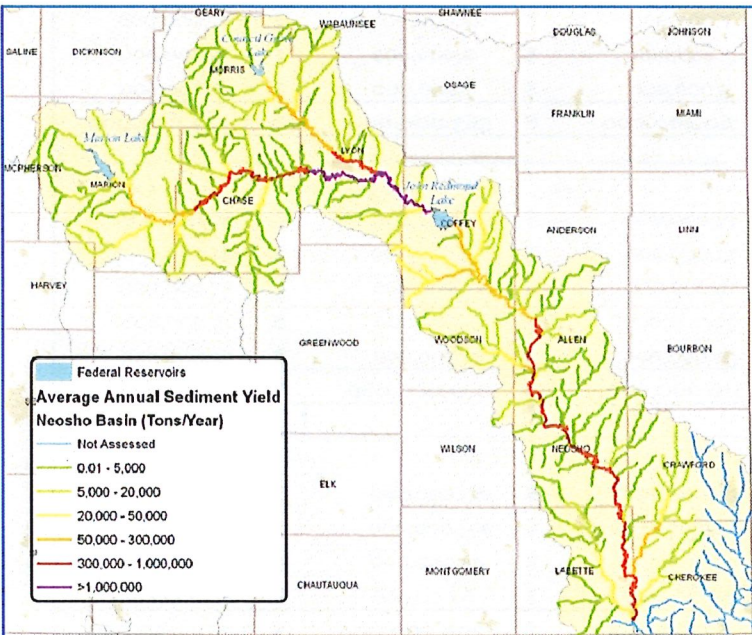
Identification of Water Conservation Opportunities. Water conservation is a management tool that can provide multiple benefits. Water conservation is the most cost-effective and environmentally sound way to reduce demand for water.

The effects of demand management through conservation practices by municipalities were evaluated using the OASIS model. In the model, Council Grove Reservoir responded the most to conservation practices due to the relatively large use of storage by the City of Emporia.

Reservoir Roadmap

Operation and Management Changes to Improve Supply. Discusses potential operation or management changes for each drinking water reservoir in the Neosho basin.

Mean Annual Sediment Yield. Describes an assessment of the sediment yield in the Neosho basin and results from SWAT (Soil and Water Assessment Tool) model above John Redmond Reservoir.



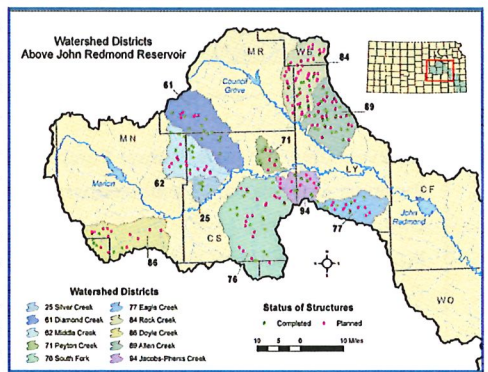
Identification of Streambank Erosion, Extent and Status of Riparian Areas and Estimates of Restoration Needed. This chapter describes and quantifies the condition of riparian areas and streambanks above water supply reservoirs in the Neosho basin and the potential for their restoration and protection. Estimates of length and cost of riparian area and streambank restoration and protection projects are provided.



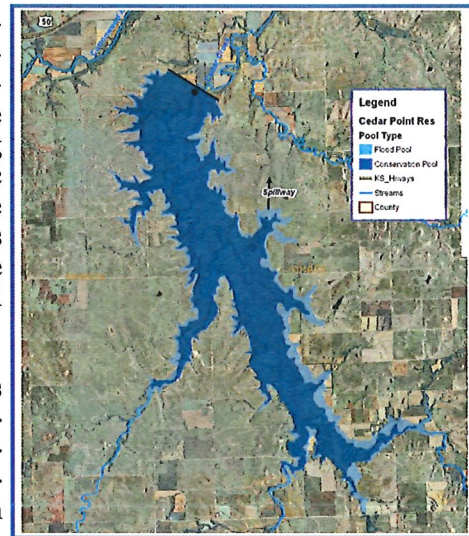
Inventory of Watershed Structures and Sediment Yield Reductions. Provides an inventory of the watershed structures above five public water supply reservoirs in the Neosho basin.

Data in the inventory of structures that currently exist in the basin include construction date, drainage area and amount of storage at the time of construction. Also included is the num-

ber and relative size of structures that are planned but to date have not been constructed. Includes a review of the relation between drainage areas and sediment yields for all or portions of seven watershed districts in the Neosho River basin above John Redmond Reservoir.



Identification of Reservoirs Not Built. One method of reducing the potential vulnerability to drought supplies in the Neosho basin is to evaluate ways to enhance supplies. This can be performed by reviewing past information about previously determined reservoir sites that were never built or using existing topographic information, more accessible by today's standards, to locate entirely new potential reservoir sites.



Recommendations for Reservoir Sustainability Approach in the Neosho Basin. Based on the information provided in each of the previous chapters, a summary of the approaches to reservoir sustainability that should be evaluated in greater detail or implemented are provided.

Proposed Schedule for Other Basins. Each river basin in Kansas with significant water supply reservoirs would benefit from the in-depth evaluation provided this year for the Neosho basin. This chapter outlines the proposed schedule for the remaining basins.

The proposed schedule for providing an approach to reservoir sustainability mirrors the supply-demand findings, but delays implementation of three of the basins pending recent population data. In 2010, the Kansas Water Authority (KWA) will conduct a similar analysis of reservoir sustainability for the Verdigris basin, followed by the Marais des Cygnes (2011), Smoky Hill-Saline (2012), Walnut (2013), and Kansas River (2014) basins.

Mary Koles

From: Tom Sloan
Sent: Monday, March 08, 2010 4:35 PM
To: Mary Koles
Subject: FW: Vision 2020 Follow Up

Mary,

FYI

From: Lewis, Earl [Earl.Lewis@kwo.ks.gov]
Sent: Monday, March 08, 2010 4:23 PM
To: Sean Gatewood; Barbara Craft; Tom Hawk; Deena Horst; Raj Goyle; Don Svaty; Clay Aurand; Doug Gatewood; Mario Goico; Joe Seiwert; Pat George; Kay Wolf; Barbara Bollier; Melanie Meier; Tom Sloan; Lee Tafanelli
Cc: Streater, Tracy; Metzger, Susan; David Corliss (dcorliss@ci.lawrence.ks.us)
Subject: Vision 2020 Follow Up

Good Afternoon,

At the Vision 2020 Committee meeting this afternoon, I referenced an article about the City of Atlanta and a recent court ruling regarding their access to their primary water supply reservoir, Lake Lanier. In short, the court recently ruled against Atlanta and in favor of downstream states Alabama and Florida since Atlanta did not have a legal right to the water. Chairman Sloan requested that I share this article with the committee.

Please feel free to contact me if you have any questions.

Thank you,

Earl Lewis, P.E.
Assistant Director
Kansas Water Office
(785) 296-3185
Earl.Lewis@kwo.ks.gov

Subject: Atlanta case raises questions about water supply

Posted on Fri, Mar. 05, 2010

Atlanta case raises questions about water supply

By BEN EVANS
Associated Press Writer

Sixty years ago, the late Atlanta Mayor William Hartsfield resisted helping to pay for Lake Lanier, a new federal reservoir being built north of town. Atlanta had plenty of water, he wrote Congress. Thanks, but no thanks.

Those words came back to haunt Atlanta last year. A federal judge ruled that the city has been illegally tapping Lanier for years as its primary water source. Unless Congress reclassifies the lake as a water supply, the judge ruled, Atlanta will be cut off by 2012.

The question now is how many other cities might be in the same boat, according to experts interviewed by The Associated Press. The U.S. Army Corps of Engineers, which sells water from 135 federal reservoirs around the country, recently gave Congress a preliminary list of 40 projects in 14 states that were not initially authorized for supplying water but are being used for that purpose.

Georgia leaders are trying to rally other states as allies in pursuing new classification from Congress for all the Army Corps' lakes. But the effort isn't gaining much traction. Many city leaders have a hard time envisioning water shortages - just as Hartsfield did in 1948.

"I think the people around here would come unglued if the government came in and said we don't have an authorization to use Lake Winnebago after we've been using it for close to 40 years," said Mayor Tim Hanna of Appleton, Wis.

At least 500,000 people in various eastern Wisconsin communities rely on Winnebago for water, even though the corps has said that its use is not authorized.

In southern Kentucky, tens of thousands of people rely on water from Laurel River Lake, which was originally built for hydropower and recreation.

"We don't have any contingency plans," said Randy Bingham, the superintendent of the London Utility Commission in southern Kentucky, which supplies water from the lake to about 12,000 people.

The Atlanta case, which was brought by Florida and Alabama in a 20-year feud over river rights, highlights a long-simmering struggle to reconcile the original intent of the reservoirs with modern demands for water. With water supply traditionally a local responsibility, the federal lakes were mostly built after World War II to generate hydropower or ease river navigation, often with private companies picking up much of the construction costs.

Only after rapid population growth has the corps - frequently under pressure from politicians - increasingly turned to water supply. The shift has often come on shaky legal ground, as U.S. District Court Judge Paul Magnuson found with Lake Lanier.

In his ruling, Magnuson noted that Congress listed water supply as an "incidental" use of the lake, thanks largely to resistance from Hartsfield and other Atlanta leaders. As a result, he found, the corps has been breaking the law by selling nearly a quarter of the lake's capacity to Atlanta.

Lanier now serves about 3 million people, but Magnuson said the spigot will be mostly cut off in three years if Georgia can't push a settlement through Congress - a daunting task given fierce resistance from Florida and Alabama, who rely on strong river flows downstream for their own industries.

"The court recognizes that this is a draconian result," Magnuson's ruling said. "It is, however, the only result that recognizes how far the operation of (the project) has strayed from the original authorization."

It's unclear just how many reservoirs have similarly strayed. The corps, which maintains that it is operating the lakes legally, has authority to divert excess capacity in a reservoir even when water supply wasn't an initial purpose. The question is whether the corps is stretching the law to satisfy all the demands - as Magnuson found in the Lanier case.

"It's definitely a precedent," said Cynthia Drew, a water-law professor at the University of Miami Law School. "If your city is relying on a (federal) project for water supply, it would be a very good decision to check and make sure that the project is really authorized for that purpose."

George Sherk, water-law professor at Colorado School of Mines, said such practices are rampant, and he said the Atlanta ruling could set off a wave of new legal challenges. That's especially true with demands on water supplies growing and river systems becoming increasingly strained.

"The interesting thing is whether the next round of these go to trial or are settled more easily," Sherk said. "The facts should not make these hard cases. The corps either is or isn't operating within its statutory mandate."

If not, many communities may be in store for an unpleasant surprise.

Bingham said Kentucky tends to have an abundance of water. "I was just hoping we were hidden in the hills of Kentucky and no one would think about us," he said.

Kansas, Inc. Presentation to the House Vision 2020 Committee

*Economic Development in Kansas
Issues, Opportunities, and Strategies*

March 8, 2010



About Kansas, Inc.

- Strategic Planning
 - *Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance*
- Research and Analysis

- Evaluation and Benchmarking
 - Commerce, KTEC, KBA, NetWork Kansas

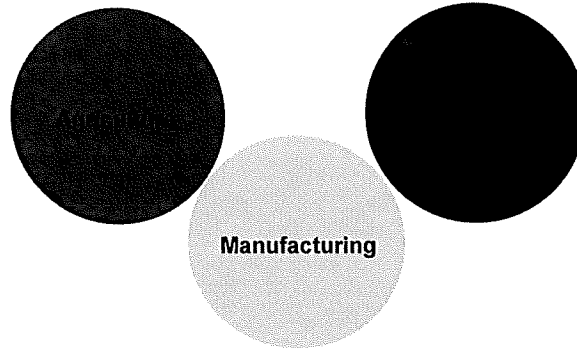


“All Economic Development is Personal”

Strategic Planning

- *Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance*
 - *Ren·ais·sance* – a renewal of life, vigor, interest; rebirth; revival
 - **Vision** – Kansans will notably increase personal and business wealth and improve our quality of life by focusing on our inherent and emerging strengths

Economies of our Past



Economic Realities

- Kansas **does not** have the resources to do broad sweeping economic policies
 - Texas, Nevada
- Kansas policy **must evolve** from a mindset of just job creation to a new economy of "wealth creation"
- Kansas policy focused primarily on attraction of new companies will continue to be a hard sell with old tools of just money or grants due to our competition and our own limited resources
- A statewide policy and its resources should focus on initiatives that affect the many businesses, not the few

Economic Realities

- Our competition **is not** the coastal states. . .
- Our competition **is** the central plains region. . .
- Therefore, economic development policy must be **better, different, or both** than our competition
 - Will occur incrementally due to limited resources

A New Direction for Kansas

- A Kansas Economic Renaissance
- Need to understand the state's inherent and emerging strengths

A
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Inherent and Emerging Strengths

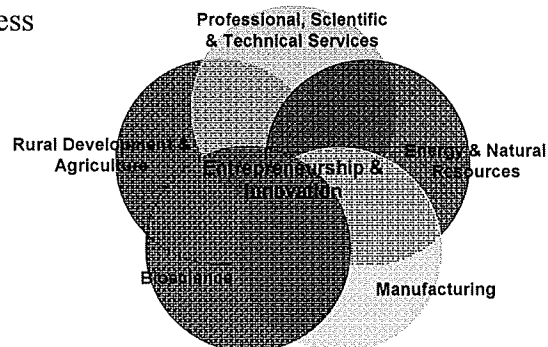
- Don't get trapped into viewing these sectors as "silos"



Transition into an Integrated Global Economy

"Every business matters"

- A future vision must leverage our current sectors into a dynamic economy where lines become overlapping and seamless



5
3-5

How can we accomplish this?

- The state **does not** have the long-term resources to give dollars or grants to companies. . .
- The state **does not** have the resources to pick individual winners and losers. . .
- **How does the state help every business?**

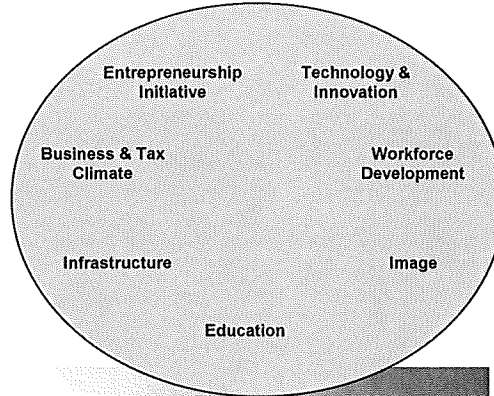
Build an Environment for Opportunity

- The strategic plan suggested the state build a world-class environment for opportunity in which current companies can thrive and new companies can startup successfully
- Kansas policy should center on promoting net growth that establishes a business environment that induces business birth and expansion without bias to the size or type of business

What does the environment or platform consist of?

Environment for Opportunity

- The overall intent is to build capacity - capacity to promote the opportunity of a business to succeed and grow



The Strategic Plan Suggests

- Business and Tax Climate
 - Creating a tax and regulatory structure that is competitive and conducive for the growth of existing and new businesses of all sizes
- Workforce Development
 - Creating a demand-driven workforce development system that meets the needs of the business community

The Strategic Plan Suggests

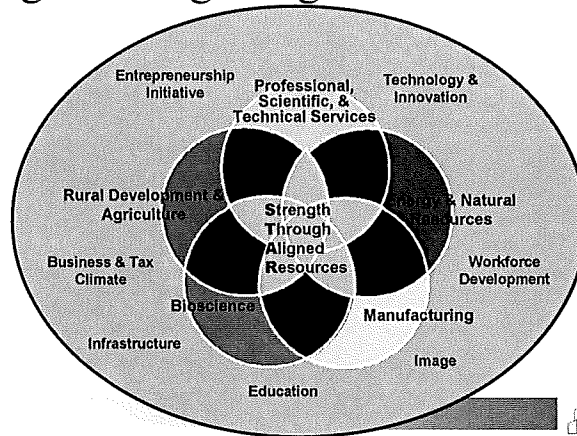
- Technology and Innovation
 - Utilizing science and technology to leverage and support existing and new economic opportunities
- Entrepreneurship
 - Creating and promoting an entrepreneurial environment throughout Kansas

The Strategic Plan Suggests

- Image
 - Developing a well-planned marketing/branding/ image program grounded in the state's inherent and emerging strengths and reflective of our vision for the future
- Infrastructure
 - Identify and address strategic infrastructure gaps throughout the state
 - Broadband, Advanced computing, etc

What is the result?

- Strength Through Aligned Resources



End of Slideshow

- Questions/Comments?

www.kansasinc.org

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**Embracing Dynamism:
Defining the Next Phase of Kansas Economic Development Policy**

Testimony before the House Vision 2020 Committee
March 8, 2010

Prepared for Kansas, Inc. by
Art Hall, Executive Director
Center for Applied Economics, KU School of Business

Fundamental Goal: What should an “economic development model” do?

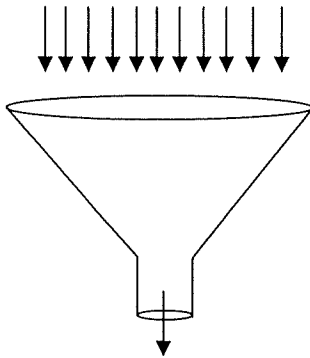
Create the conditions necessary to induce as much commercial experimentation as possible.

Viewpoints:

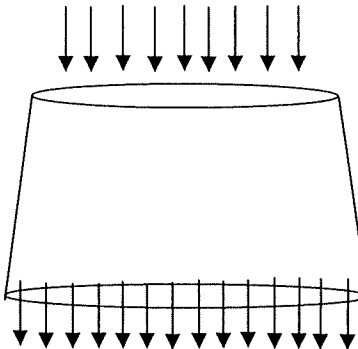
- The mission statement of every state-level Kansas economic development agency is consistent with this fundamental goal. More often than not, the legislative directives that agencies must administer are not consistent with the fundamental goal.
- Few Kansans would disagree with the sentiment that “every business matters.” Yet the thrust of the current Kansas statutory framework operates as if only a few, specially selected businesses matter.
- A vision of “targeting” animates the current economic development model in Kansas. This report challenges the “targeting” vision and recommends replacing it—while acknowledging that this vision animates economic development policy across most states.
- A vision of “embracing dynamism” should become the new animating force for the economic development model in Kansas. Success is a numbers game, driven by continual trial-and-error (commercial experimentation) on the part of every business. “Targeting” fights against the numbers game. “Embracing dynamism” facilitates the numbers game.
- As a practical matter, a new vision animated by the “embracing dynamism” theme can be implemented in a straightforward manner through two general steps:
 1. Replace most current economic development programs and tax credits with a simple set of policies (primarily tax policies) that provide the same fundamental economic “incentives” as the current array of targeted incentives and make them *automatically available* to every business without requiring special permission from state agencies. Kansas can remain competitive on an inter-state basis and fulfill the vision that every business matters.
 2. Reallocate the talent and budgetary resources of the state agencies toward value added business services instead of the active management of incentive programs. Make these services more readily available across the diverse regional economies of the state. Focus on services that the state government more than any other organization has the an incentive to provide—like business plan consulting, business incubation, market analysis, permitting assistance, site location consulting, infrastructure planning, inter-regional networking, entrepreneurship training, and education related to international commerce.

A Visual Representation of the Competing Visions

Current Vision: Targeting



New Vision: Dynamism



Current Vision:

- Dedicate considerable human and financial resources to the difficult task of predicting the “right” technologies or businesses.
- Determine winners based on criteria like job count or specified wage levels—criteria often at odds with the goal of inducing profitable new business starts and expansions.
- Reward winners with special privileges or resources at the expense of non-winners.

New Vision:

- Dedicate human and financial resources to promoting maximum experimentation through volume and diversity.
- Establish stable policies that treat all investments and businesses equally, thereby liberating resources from the costly and economically dubious task of targeting.
- Focus state resources on important activities that the state can do best: supply the “public goods” parts of the economic development process.

- The state government need not commit scarce resources to the enormously difficult task of predicting the outcome of competition if it focuses on the much more manageable task of creating the “platform” on which competition takes place.
- The strategy of “embracing dynamism” is a complement to and extension of the recommendations provided in the recent Kansas, Inc. report titled:

“Technology-Based Economic Development in Kansas: Issues, Opportunities, and Strategies,” October 2009.

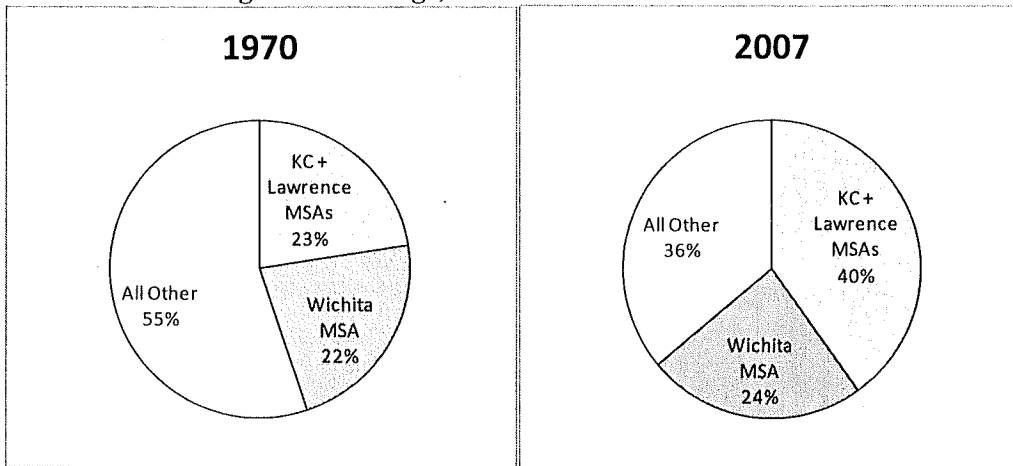
<http://kansasinc.org/pubs/working/tbedks10.27.09.pdf>

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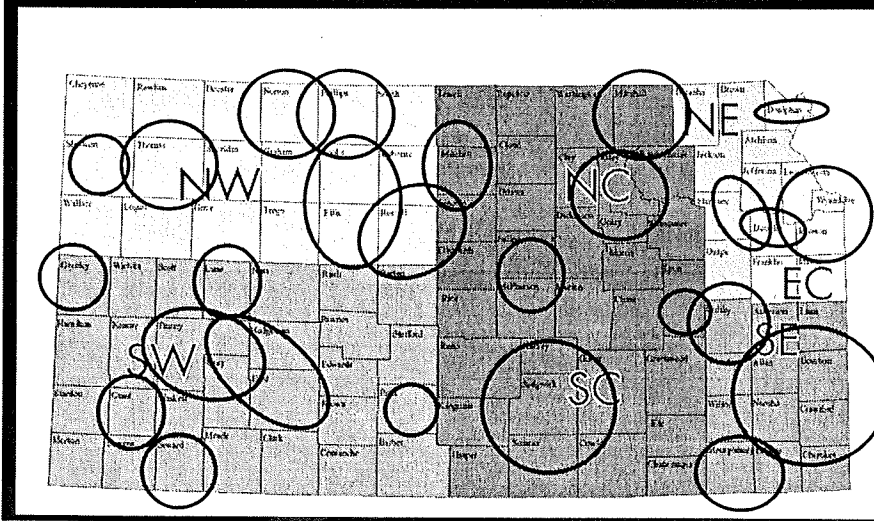
Economic Context for the Vision of Embracing Dynamism

- Kansas, like most states of the Great Plains, is undergoing a process of regionalization and urbanization. It will continue for a long time.
- Population density is a precursor to greater productivity, the driver of wages.
- Kansas should be viewed as a collection of regional economies. These regions are at different places in the cycle of economic development. The economic development model should facilitate evolution and uniqueness—and treat equally the opportunity sets in each region.
- The growth of the services sector is a result of specialization and productivity. Support activities that once took place inside businesses now operate a specialized stand-alone businesses. Service should be viewed in that context, not as something more unique. Every business matters.

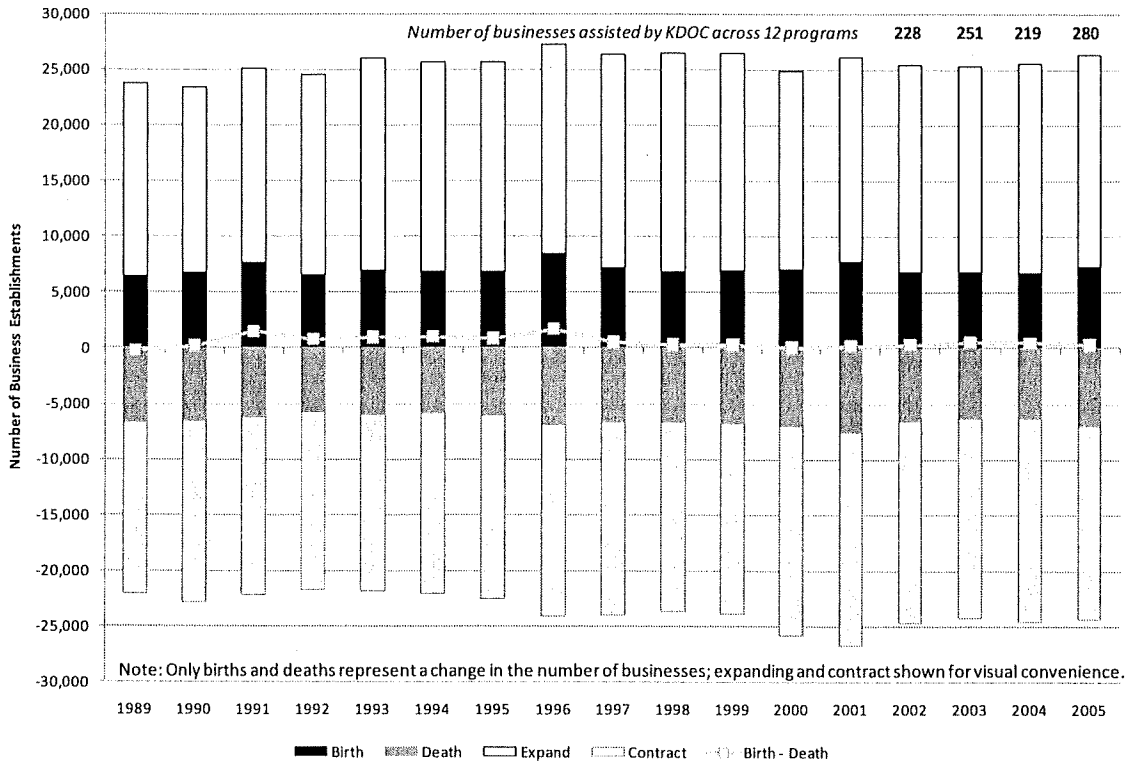
Shift in Kansas Regional Earnings, 1970 vs. 2007



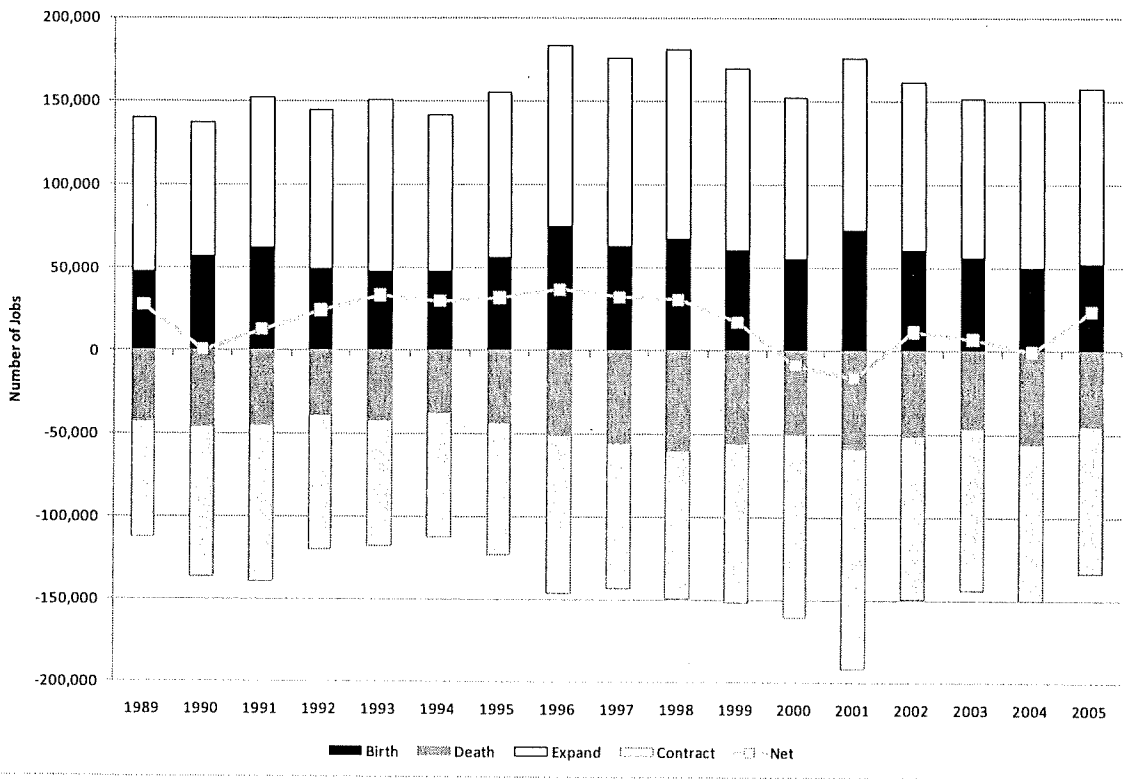
Kansas Has Many Economies



Business Establishment Dynamics in Kansas



Job Dynamics in Kansas



4-4

Kansas Net Job Creation by Business Establishment by Age of Firm that Owns the Establishment

(Bolded figures show positive net job creation)

Year	Age of Firm in Years												Total Net Job Creation	Net Job Creation without Age Zero	
	0	1	2	3	4	5	6-10	11-15	16-20	21-25	26+	Left Censored			
1977	62,303	0	0	0	0	0	0	0	0	0	0	0	-5,709	56,594	-5,709
1978	32,173	-21,808	0	0	0	0	0	0	0	0	0	0	8,704	19,069	-13,104
1979	29,584	-3,999	-1,378	0	0	0	0	0	0	0	0	0	21,161	45,368	15,784
1980	27,468	-3,382	-4,057	-2,263	0	0	0	0	0	0	0	0	-8,002	9,764	-17,704
1981	34,166	-1,765	-1,637	-2,380	-1,588	0	0	0	0	0	0	0	-8,955	17,841	-16,325
1982	27,794	-2,778	-2,837	-2,875	-2,776	-1,445	0	0	0	0	0	0	-25,605	-10,522	-38,316
1983	25,415	-3,313	-4,400	-2,891	-1,402	-1,234	-1,067	0	0	0	0	0	-54,496	-43,388	-68,803
1984	31,454	43	-1,286	2,366	-168	-100	-2,272	0	0	0	0	0	42,755	72,792	41,338
1985	29,734	388	-3,758	-1,075	-3,346	-1,397	-1,109	0	0	0	0	0	-26,398	-6,961	-36,695
1986	30,385	-3,951	-3,021	-2,659	-1,677	-355	-1,573	0	0	0	0	0	-6,097	11,052	-19,333
1987	32,653	-2,038	-2,842	-2,593	-842	-2,434	-5,746	0	0	0	0	0	-44,050	-27,892	-60,545
1988	27,183	-1,503	-300	-1,568	-1,255	-812	-1,248	1,521	0	0	0	0	4,453	26,471	-712
1989	25,257	-1,628	-2,893	-1,890	-1,757	381	-3,213	176	0	0	0	0	32,695	47,128	21,871
1990	27,141	1,791	-1,173	-2,244	-1,001	-1,629	-2,624	938	0	0	0	0	9,019	30,218	3,077
1991	24,336	835	-2,891	-1,805	-2,538	-1,399	-2,751	-2,906	0	0	0	0	-9,255	1,626	-22,710
1992	26,142	-1,275	-4,193	-920	-451	29	-5,835	428	0	0	0	0	-8,160	5,765	-20,377
1993	25,239	-1,175	-2,537	-1,203	-221	-2,309	-1,843	-616	696	0	0	0	-5,217	10,814	-14,425
1994	27,704	-689	-1,388	-444	1	-1,609	-517	425	1,271	0	0	0	3,887	28,641	937
1995	28,559	-208	-1,210	-959	-1,003	-135	-1,697	-296	604	0	0	0	6,117	29,772	1,213
1996	26,645	993	-1,487	-1,249	-488	401	-2,381	174	-1,404	0	0	0	8,654	29,858	3,213
1997	31,155	-1,270	-2,158	-1,147	-836	-1,632	-790	484	196	0	0	0	12,521	36,523	5,368
1998	34,435	943	-1,670	-2,464	-1,095	-617	-3,223	-3,629	-1,708	1,201	0	0	11,444	33,617	-818
1999	30,550	2,442	-637	-700	-1,309	533	-4,135	373	-224	-767	0	0	7,415	33,541	2,991
2000	30,559	-389	-169	-783	-646	-1,153	-1,264	-2,125	-278	-2	0	0	-3,394	20,356	-10,203
2001	25,964	-1,404	-4,140	-703	-3,588	-1,089	-5,170	-4,931	-4,842	-2,397	0	0	-14,417	-16,717	-42,681
2002	30,126	-1,287	-229	-1,433	-2,814	-750	-5,369	-2,426	-2,039	-4,037	0	0	-17,239	-7,497	-37,623
2003	27,891	-3,189	-2,232	-321	-432	265	-1,121	-1,094	-1,511	1,932	-88	0	3,226	23,326	-4,565
2004	26,274	-1,505	-3,420	-1,599	-811	-645	-461	-1,101	-1,913	-1,040	793	0	-8,884	5,688	-20,586
2005	28,377	-371	-1,109	-1,041	-1,306	-390	-3,030	-2,761	1,454	-1,407	2,177	0	-3,141	17,452	-10,925

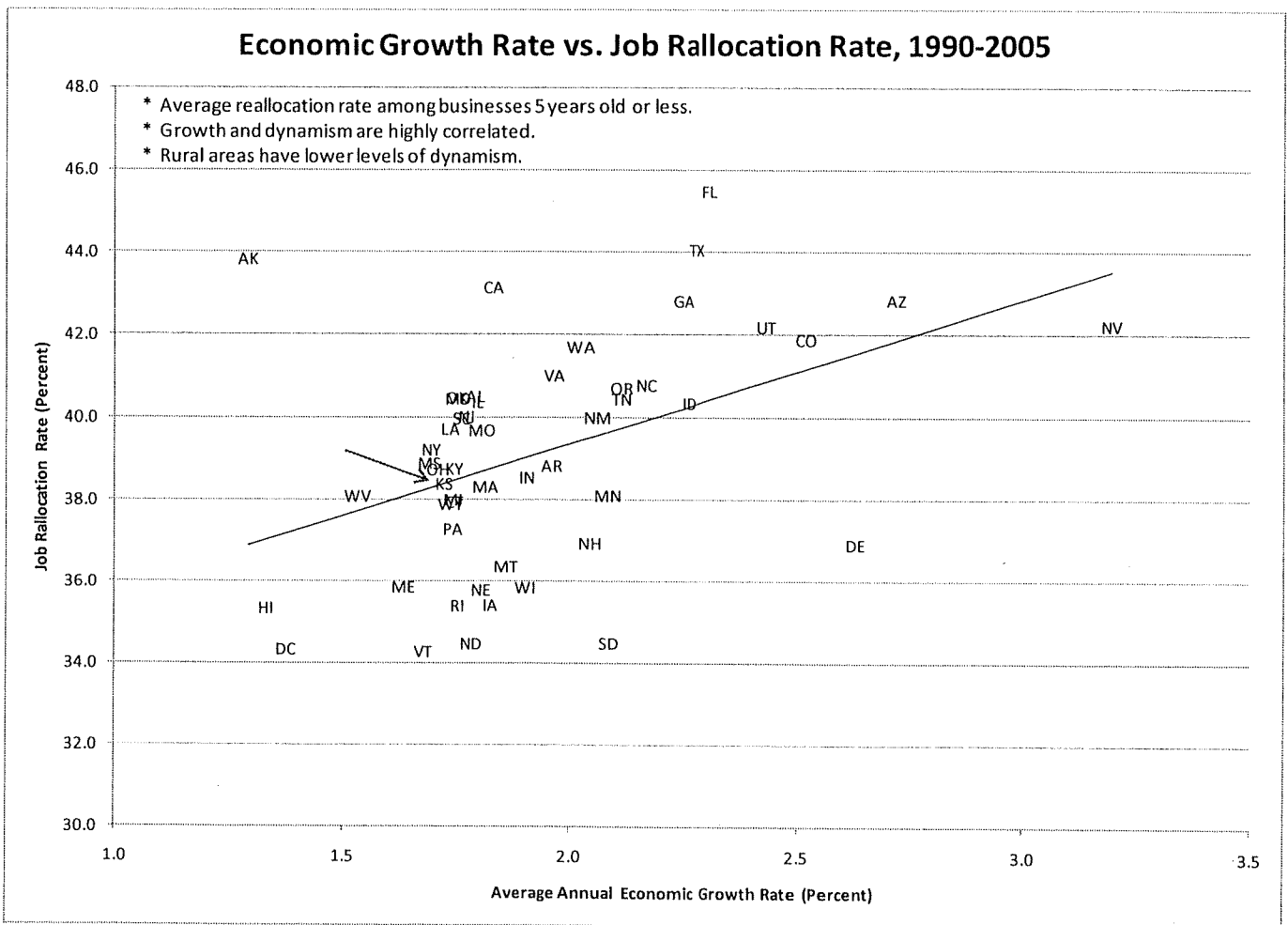
Source: U.S. Census Bureau, Center for Applied Economics

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Job Generation is a Residual of Business Dynamism

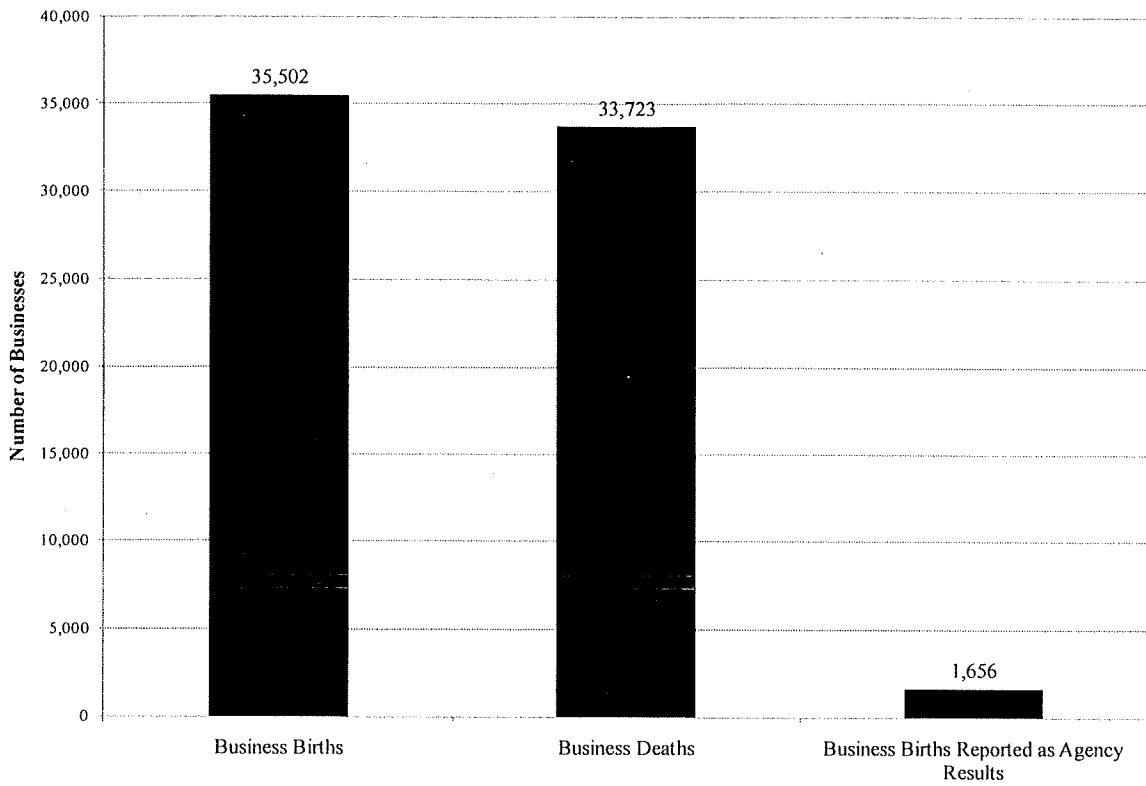
Economic research indicates that:

- Large-employer businesses have no measurable net economic effect on local economies when the entire dynamic of location effects is taken into account (calling into question the usefulness of aggressive out-of-state recruiting—but not the facilitation of entry for large-employer businesses that choose Kansas).
- Multiplier effects are much stronger with regard to the expansion of existing businesses.
- Industry mix does not influence economic development as much as commonly believed. Targeting is an inferior strategy to volume-driven diversity.
- New businesses—not necessarily small businesses—account for almost all incremental job growth.
- Dynamism drives productivity growth as the process of trial and error replaces inferior business models with superior ones.

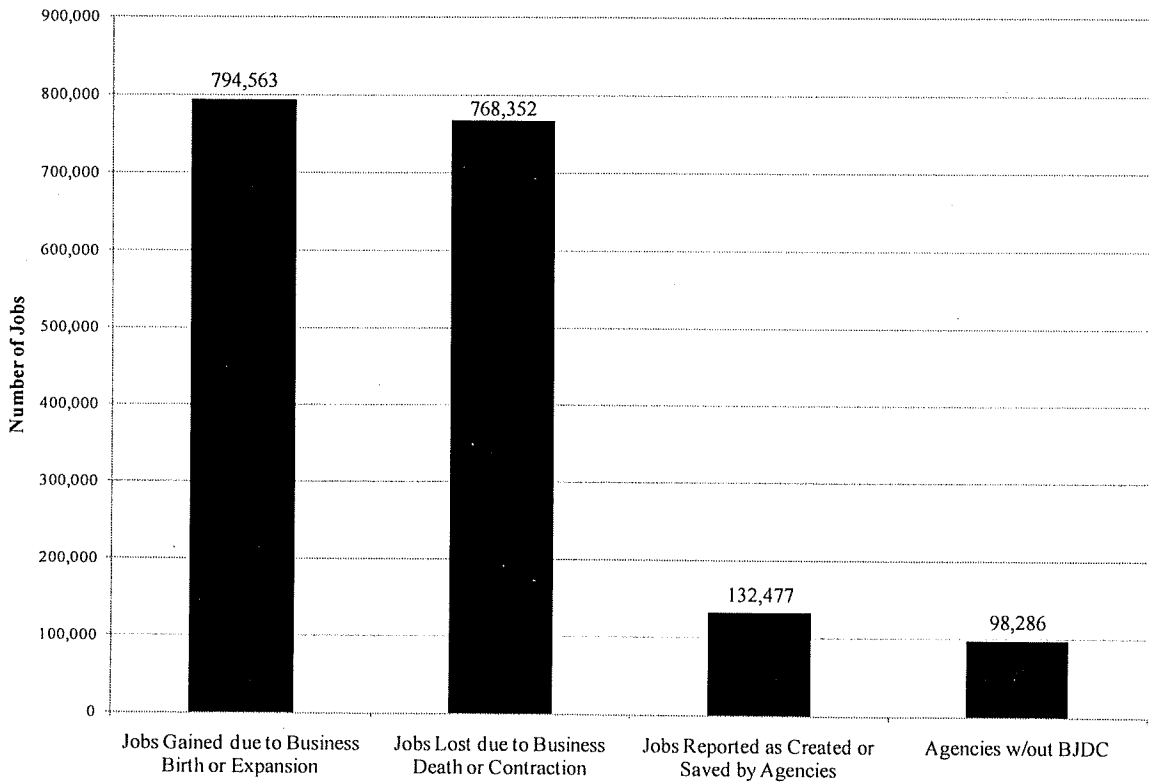


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Kansas Business Births and Deaths Over Recent 5-Year Period



Kansas Job Dynamics Over Recent 5-Year Period



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