901 S. Kansas Avenue
Topeka, KS 66612

Kansas
Water Office

Phone: (785)-296-3185
Fax: (785)-296-0878
www.kwo.org

Tracy Streeter, Director

Sam Brownback, Governor

Joint Committee on Energy an Environmental Policy

Tracy Streeter, Director
Kansas Water Office
September 9, 2011

Good morning, Chairman Holmes and members of the committee, it is a pleasure to appear before you today to discuss various water topics. I am Tracy Streeter, Director of the Kansas Water Office. Before discussing issues relative to reservoir sustainability and the concept of economic benefit districts for Kansas reservoirs, I want to provide a summary of activities that have occurred since January:

- **Reservoir Roadmap** – requested by the 2009 Kansas Legislature, the Roadmap outlines the actions necessary to insure adequate future water supply for areas currently or potentially served by federal, state or municipal reservoirs. The initial Roadmap was completed in 2010 and basin-specific volumes are added each year (Neosho, Verdigris). The section related to reservoir sustainability in the Marais des Cygnes was completed this year.
- **Regional State/Federal Collaboration in Water Resource Planning and Management** – the Kansas Water Office, Oklahoma Water Resources Board, Texas Water Development Board and U.S. Army Corps of Engineers signed a collaborative charter in August 2011 to partner on common water resource issues including water supply management from Corps reservoirs. The group met with the Congressional delegations of each state and with Corps of Engineers Headquarters to discuss changes to the Water Resource Development Act (WRDA).
- **Assistant Secretary to the Army JoEllen Darcy and Governor Sam Brownback Visit** – In June, the Assistant Secretary to the Army (AS A) for Civil Works, JoEllen Darcy, visited Kansas and toured via helicopter several water resources issues with the Governor. Stops included flooding on the Missouri River, sedimentation at Perry Reservoir, streambank stabilization, and the reallocation at John Redmond Reservoir. The tour significantly elevated the attention of Kansas water resource issues at the national level.
- **John Redmond Reservoir Reallocation** – Following the ASA visit in June, KWO received notice that remediation efforts at the Hartford Levee will be funded by the Army Corps in fall 2011. Corps Headquarters has directed the Tulsa District to complete the reallocation report and request reclassification of the Hartford Levee in summer 2012. If this schedule is maintained, the reallocation at John Redmond could be completed in fall 2012.
- **Reservoir Bathymetric Surveys** – To date, bathymetric surveys have been completed (either by KBS or the Corps) at 58 lakes. The Kansas Biological Survey has been contracted this year to complete surveys at three federal reservoirs and six non-federal reservoirs. A plan is being developed for periodic re-sampling of the lakes after this year to determine trends in sedimentation.
- **Streambank Stabilization** – Reach-based streambank stabilization above federal reservoirs has been implemented successfully above Perry and John Redmond Reservoirs. In 2012, additional stream mileage on the Delaware and Cottonwood Rivers will be stabilized to reduce sedimentation downstream.
- **Ohio Dredging Program** – The concept of a state-owned dredging program is being examined and Kansas is looking to Ohio for answers. Below is a summary of the Ohio program:
  - The state dredging program has been active since the early 1900s and their "dredging system" has been in place since the 1950s. The system was started in response to a need for maintaining canal operations.
  - Funding for the program comes from the Waterway Safety Fund, which is a dedicated fund for the dredging program. This fund receives its revenue from the state gasoline sales tax.

- Annual operating budget is about $4 million with 10% spent annually on equipment
- Dredging staff of about 50 people
- Ohio Department of Natural Resources (DNR) owns ten dredges. Four dredges remain stationary at one project and six are dedicated for the statewide program (move around).
- Most of their dredges are 1960s vintage machines, but they have purchased new dredges in 2000, 2005 and just submitted a purchase order for a new one in 2011. The latest purchase order was for $600,068. One of the newer dredges cost closer to $800,000 because it is a "swinging ladder design."
- Ohio DNR works with the dredging industry to "spec out" dredges that will meet their needs. Their equipment is then tailor-made to their conditions.
- Disposal facilities in their program are called Dredge Material Relocation Areas (DMRAs). They choose locations in upland areas, outside of stream channels.
- Some of their disposal options have been leasing land from a private landowner and then returning the land to the owner after disposal and reclamation (Lake Erie) and creating a sledding park on Corps of Engineers property to dissuade citizens from sledding on the dam (Delaware Lake).
- Recreation is their primary driver for the dredging. Boating/Marinas are a big economic ticket in the state so they use the dredges to maintain marinas, boating channels, fishing areas, etc.
- They have dredged state lakes and Corps of Engineer Lakes. Four Corps Districts cover Ohio and they have worked with each one for dredging.
- Having the state dredging system helps to keep cost lower than the cost of dredging with a contractor. Their costs range from $4.00-$12.00 per cubic yard (all inclusive cost) and they try to keep closest to the $4.00 range. Occasionally they will bid out a dredge project to compare costs and find that the state costs is usually 50% less than contracted prices.
- Several of the lakes they dredge do have public water supply, but that is not a benefit they are seeking from the dredging.
- This year they are starting on a dredge project on Grand Lake/St. Mary Lake which is a public water supp lake for the City of Salina. Salina is not paying for any of the dredging.

Reservoir Storage Purchases

Within Kansas' system of Corps reservoirs, the Water Office has contracts for "future use storage" in five of them. Each contract has a termination date by which the state has to call the storage into service or begin paying for the storage. We also refer to this storage as the "unfunded liability" under the Water Marketing Program. Over the past several years, a number of options have been reviewed to secure this storage beyond the contract termination date, including:

- Create an escrow account financed by the State Water Plan Fund
- Build a reserve amount in the annual water marketing rate and accumulate funds for future storage purchases.
- Issue bonds to purchase the storage and retire bonds with fees collected from water marketing customers
- Purchase with direct appropriation from other sources such as ELARF.

	Balance October 1, 2010	Final Contract Year	Balloon or Balance at Term	Additional 2010 O&M with Future Use in Service
Perry	$ 16,246,554	2040	$ 39,966,434	$ 236,250
Milford	$ 16,949,180	2040	$ 36,951,533	$ 178,515
Big Hill	$ 9,246,929	2029	$ 19,139,647	$ 89,414
Clinton	$ 5,699,323	2027	$ 7,679,986	$ 92,411
Hillsdale	$ 35,659,311	2030	$ 51,037,921	$ 193,830
Total	**$ 41,358,634**		**$ 154,775,521**	**$ 790,420**

nomic Benefit Districts for Kansas Reservoirs

I was requested to provide some thoughts on the concept of Economic Benefit Districts for Kansas Reservoirs. Every federal reservoir serves a flood control and recreation purpose. Nearly all provide some form of water supply purpose and a few fulfill irrigation, water quality and navigation purposes. Presumably, a benefit district would be established include all beneficiaries of all applicable authorized purposes of a particular lake. A significant number of examples of benefit districts exist in Kansas. Several exist in statute pertaining to water projects or reservoirs, including:

- **Horsethief Reservoir Benefit District** – Comprised of five counties and allows for a dedicated sales tax to retire bonds for the construction and development of Horsethief Reservoir. The decision to form the district was determined by an election.
- **Watershed District Act** – Provides for the local formation of watershed districts primarily for the purpose of flood control. Financing provided by property taxes levied within the district. Financing also provided by special assessments on properties directly benefitting from projects, such as levees. The decision to form a watershed district is determined by an election or by the county commission.
- **Kansas Water Marketing and Assurance District Act** – Municipal and industrial water users purchase water or storage from 13 Corps lakes under contract with the Water Office. Those purchasing water from the Marketing Program currently pay approximately $0.33 per 1000 gallons (except for fixed rate customers paying $0.10/1000), including reservoir operation and maintenance costs. Assurance districts who own storage in these reservoirs pay a proportionate share of the O & M for those lakes where they own storage. Under the current structure, the marketing rates are established to include all O & M and the costs are distributed to all variable rate customers regardless of reservoir utilized by the contract holder.

Recreational users of our large reservoirs are a diverse and diffuse group. Boaters, campers, hunters and anglers come all over and in many cases, come from other states. As such, establishing a benefit district for recreationalists would be difficult to determine simply on a geographical basis. If a fee structure for lake users were to be considered, collection would be a challenge due to federal and/or state facility management at the reservoirs and the inability to assess fees uniformly to all lake users. Further complicating the issue is the fact that certain recreational fee funds are protected from diversion and if diverted, result in the loss of significant federal funds.

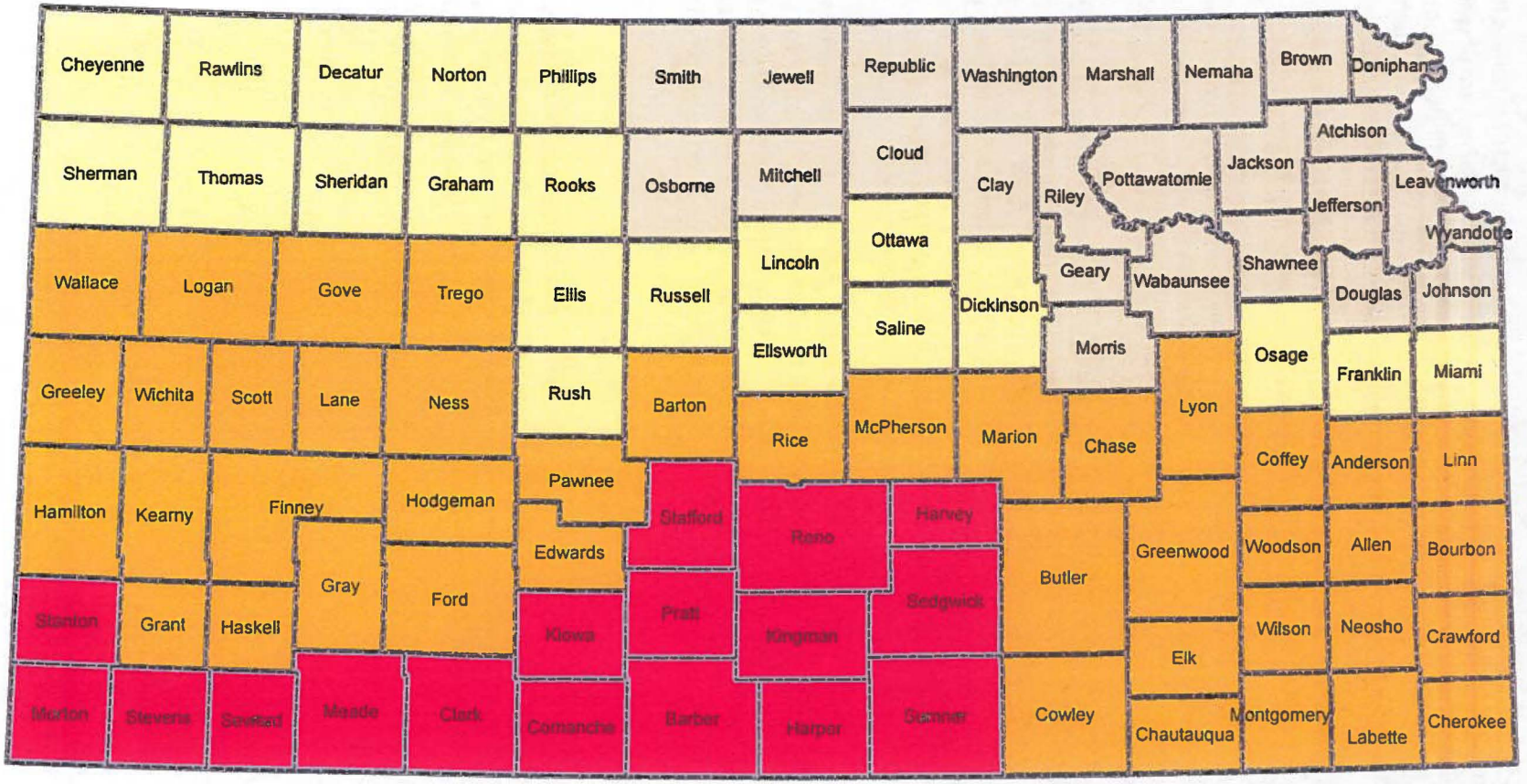
Drought

Attached are two maps. The first illustrates the most recent drought declarations issued by Governor Brownback. The second is the most recent Drought Monitor. Currently, the Water Office is making water available from certain reservoirs with surplus storage for emergency drought use via a surplus water contract. In those counties in a drought emergency, water can be made available from federal reservoirs and state fishing lakes free of charge.

Thank you, again, for the opportunity to appear before the committee. I will respond to questions at the appropriate time.

Kansas Drought Conditions

September 2, 2011



Kansas Water Office
September 2, 2011

- Kansas Drought Emergency
- Kansas Drought Warning
- Kansas Drought Watch

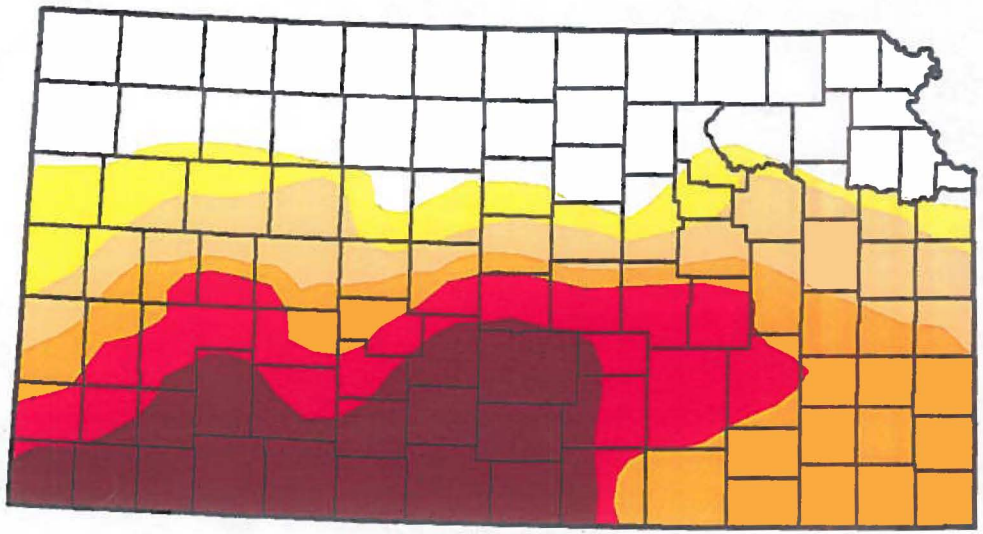
U.S. Drought Monitor

September 6, 20
Valid 7 a.m. EST

Kansas

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	28.64	71.36	62.33	49.90	31.86	17.46
Last Week (08/30/2011 map)	27.92	72.08	62.31	49.78	31.86	17.46
3 Months Ago (06/07/2011 map)	23.44	76.56	57.35	35.82	12.67	1.05
Start of Calendar Year (12/28/2010 map)	17.82	82.18	43.85	3.48	0.00	0.00
Start of Water Year (09/28/2010 map)	83.23	16.77	0.00	0.00	0.00	0.00
One Year Ago (08/31/2010 map)	89.93	10.07	0.00	0.00	0.00	0.00



Intensity:

- *D0 Abnormally Dry*
- *D1 Drought - Moderate*
- *D2 Drought - Severe*
- *D3 Drought - Extreme*
- *D4 Drought - Exceptional*

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://drought.unl.edu/dm

Released Thursday, September 8, 2011

National Drought Mitigation Center,