

## PUBLIC WATER SUPPLY PROGRAM

The Kansas Water Office (KWO) operates the Kansas Water Marketing, Water Assurance and Access District programs as part of its overall Public Water Supply (PWS) Program. KWO has developed the Public Water Supply Program Comprehensive Capital Development Plan (CCDP) in order to account for all revenue and expenses related to the State's public water supply storage, and to provide for the long-term planning of future program needs, including acquisition of all the water supply storage under federal contracts, potential new storage development and protection and restoration of the storage owned by the State. Various funding sources contribute to KWO's

### WATER SUPPLY STORAGE

Kansas has contracts with the Corps of Engineers for purchase of water supply storage in 14 reservoirs; 11 of those have storage currently committed to, and being paid for by, the customers of the Water Marketing Program, 8 of the reservoirs have storage that has been sold to Assurance Districts for district members, and 5 of the reservoirs have Future Use storage that has been purchased by the State, but has not yet been called into service.

### FUTURE USE STORAGE IN CORPS OF ENGINEERS RESERVOIRS

Future Use storage is storage that is not currently in service (controlled by the State). Water supply contracts between the Corps and the KWO allow the State to defer payments on a portion of the contracted storage until the end of the payment term (End Year). The table below provides the 2022 status of Future Use Storage in all reservoirs where the State has contracted for storage. The balances due are capital cost obligations of the State, due by the End Year of each contract. The State has three options for payment: 1) Pay current balance 2) Annual payments through the End Year (amortized schedule) 3) Balloon payments in End Year.

Reservoir	Big Hill	Clinton	Hillsdale	Milford	Perry	
2022 Water Supply Storage (AF)	22,031	89,470	58,797	355,430	187,554	
2022 Water Supply Storage In-Service (AF)	7,888	53,704	18,621	120,420	31,265	
2022 Water Supply Storage - Future Use (AF)	14,143	35,766	40,177	235,010	156,288	
Percent Future Use	64%	40%	68%	66%	83%	
Contract Payment Term, <b>End Year</b>	<b>2029</b>	<b>2028</b>	<b>2030</b>	<b>2034</b>	<b>2041</b>	
Contract Interest Rate	4.012%	3.502%	4.012%	2.632%	3.046%	<b>Total</b>
Option 1: Pay Current Balance (Sept. 2022)	\$15,419,101	\$8,614,065	\$56,354,638	\$27,765,139	\$27,882,975	\$136,035,918
Option 2: Amortization of Current Balance	\$2,570,110	\$1,616,692	\$8,374,380	\$2,728,423	\$1,954,554	\$17,244,159
Option 3: Balloon Payments Due in <b>End Year</b>	\$20,306,879	\$10,590,113	\$77,196,434	\$37,922,186	\$49,309,516	\$195,325,128

## EXPENDITURES OF ALL PUBLIC WATER SUPPLY PROGRAMS

### PRINCIPAL AND INTEREST TO CORPS

The State is obligated to fully pay the capital costs of the water supply storage assigned to the all of the PWS Programs – including the Water Marketing, Water Assurance, and Access District programs. The Principal and Interest (P&I) costs paid by each program are associated with the amount of water supply storage in each reservoir designated to each program by contract.

### OPERATION AND MAINTENANCE

The State pays the annual operation, maintenance and repair costs incurred by the Corps of Engineers for that portion of the storage space designated to each program. In addition to the PWS Programs, State Water Plan funds are utilized to pay the annual operation and maintenance costs associated with the portion of the state-owned storage in Reserve Capacity. The operation and maintenance costs vary from year to year and by reservoir.

### ADMINISTRATION AND ENFORCEMENT

The Water Marketing Program pays for administration and enforcement costs to the state to operate and administer the Program. The Assurance District Program (directly through the Marketing Fund) and Access District Program also pay a small portion of administration and enforcement costs.

### RESERVOIR RESTORATION AND PROTECTION

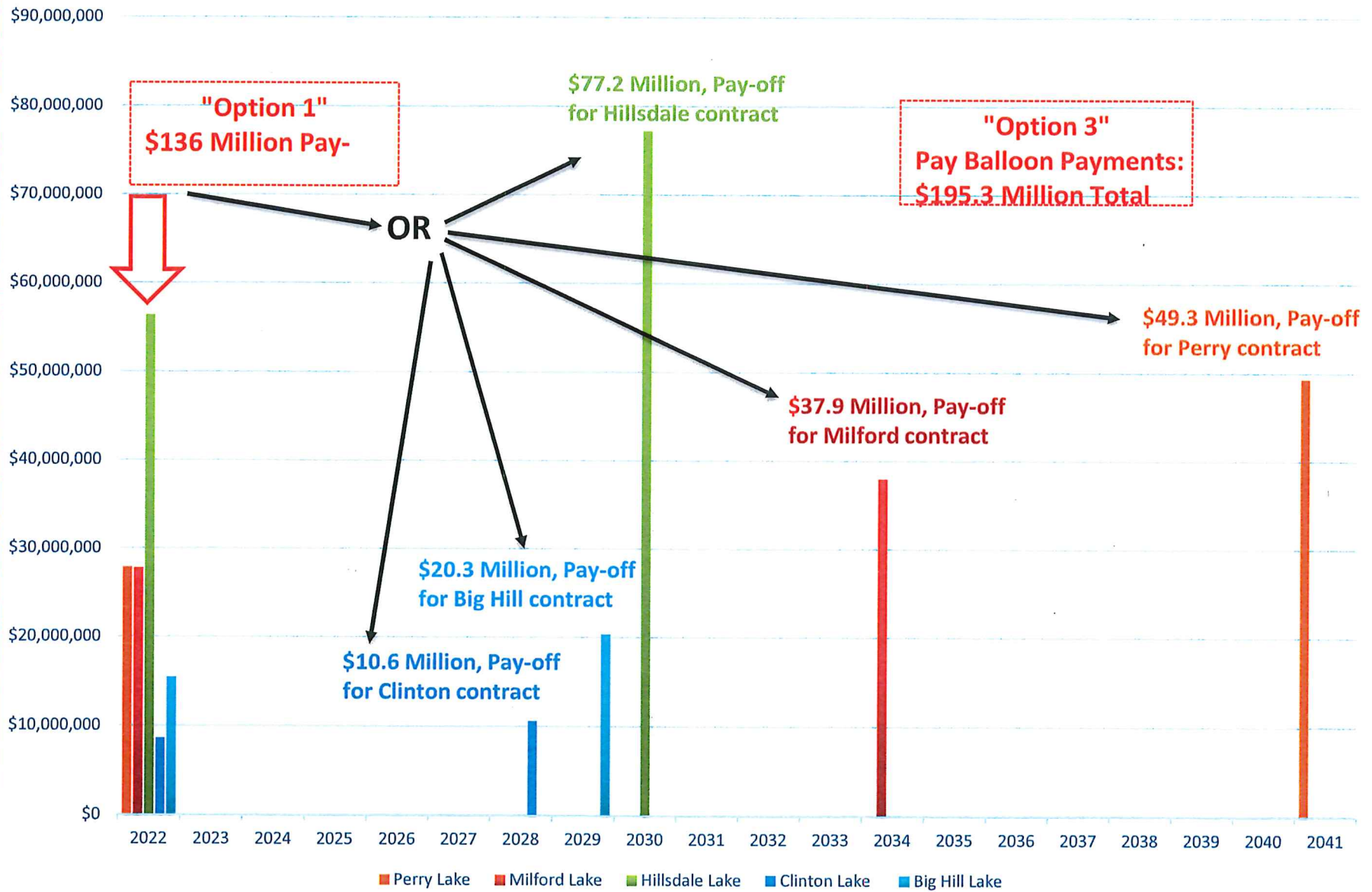
A component of the PWS CCDP is the budgeting and planning for projects that will restore and protect the water supply storage in the state-owned reservoirs. Sediment deposition reduces the water supply yield from a reservoir. The state-owned reservoir storage is considered an asset, and management of these assets includes maintenance of the storage to ensure long-term viability. As part of the 50-year Vision for the Future of Water in Kansas, PWS capital projects, such as streambank stabilization projects above the reservoirs, were identified as a need in order to meet long-term water public water supply needs in Kansas.

## Reservoir Storage Purchase Obligations to the Corps of Engineers

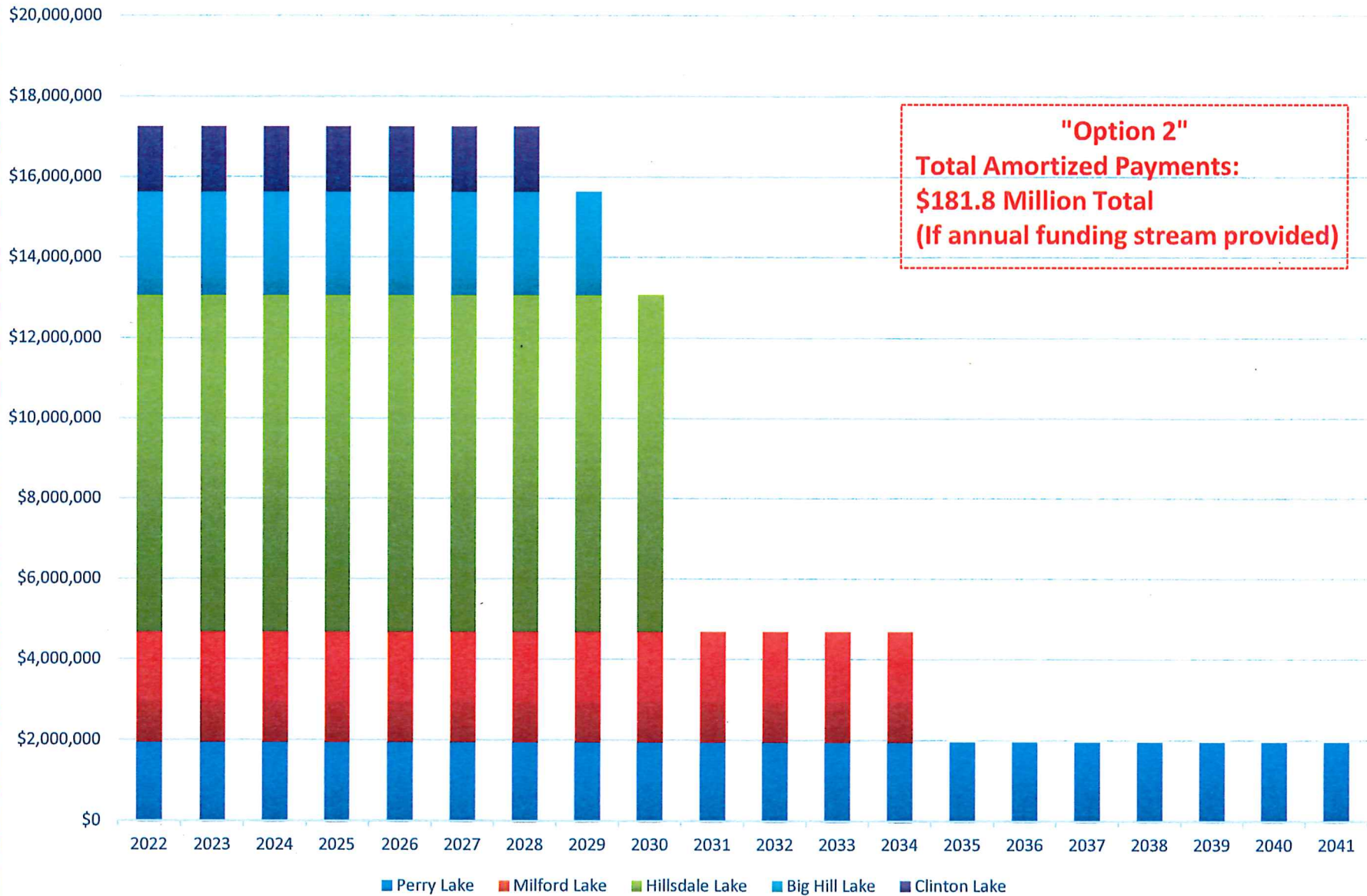
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*Note: The balances due are contractual capital cost obligations of the State, due by the End Year of each contract. The State has three options for payment: 1) Pay current balance 2) Annual payments through the End Year (amortized schedule) 3) Balloon payments in End Year.*

## Capital Investment Obligation to Corps of Engineers - "Unfunded Liabilities" (Lump Sum Payments)

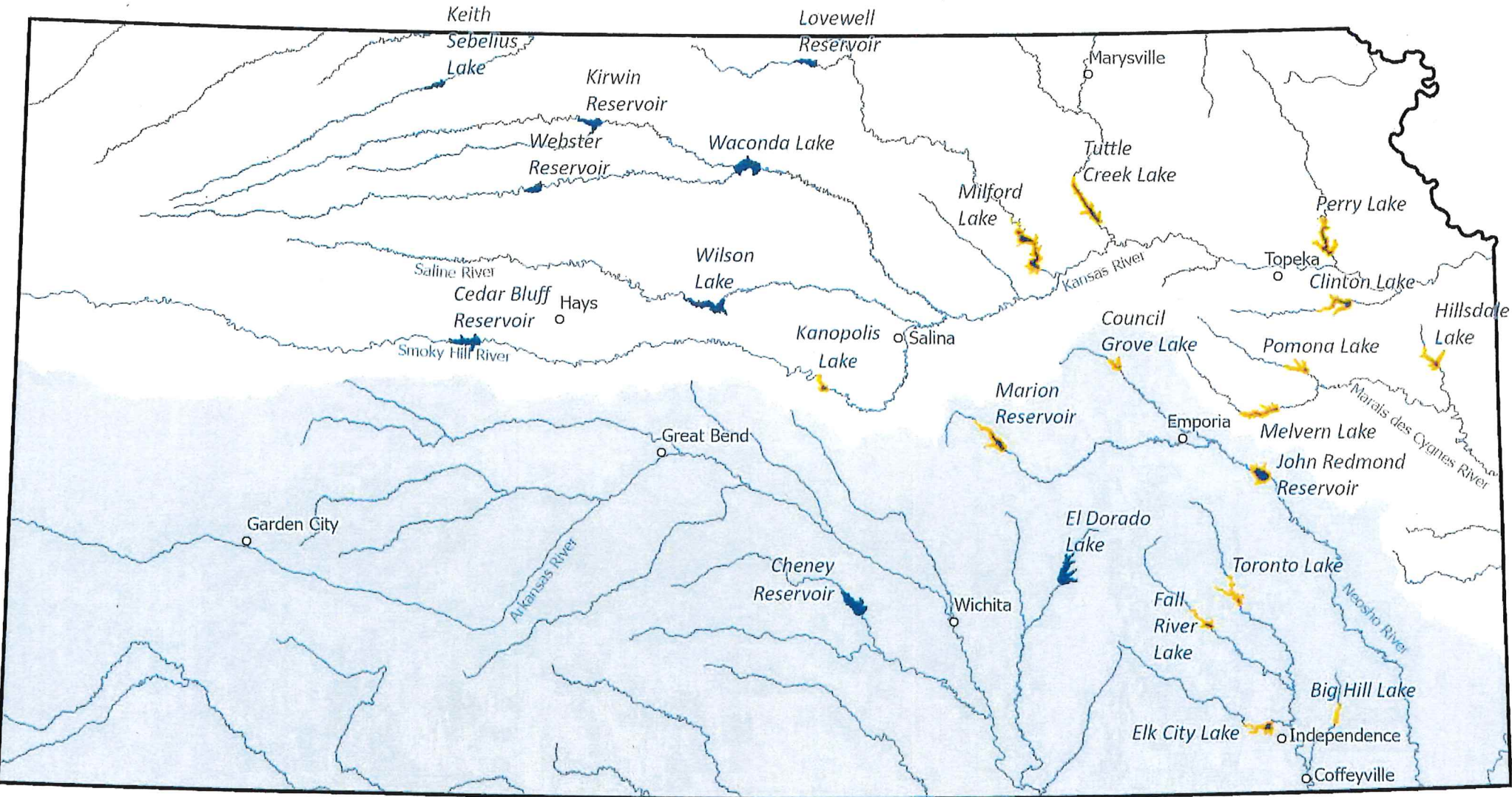


## Capital Investment Obligation to Corps of Engineers - "Unfunded Liabilities" (Amortized Payments Per Contract Terms)



**"Option 2"**  
**Total Amortized Payments:**  
**\$181.8 Million Total**  
**(If annual funding stream provided)**

# Public Water Supply Reservoirs



 Public Water Supply Reservoirs  
(Managed by the Kansas Water Office)

 Federal Reservoirs

USACE - Tulsa District

# memo

## US Army Corps of Engineers Kansas City District

To: Nathan Westrup, KWO  
From: Jennifer Henggeler  
CC: Mary Kenney, Kansas City District RM; Andrea McKenzie, Kansas City District RM; Joe Rosa, Kansas City District, OC  
Date: 2-23-2022  
Re: Information regarding current principal and interest payments on Hillsdale and future use storage at Clinton, Hillsdale, Milford, and Perry

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The Kansas Water Office (KWO) has requested financial information regarding water supply contracts at Clinton, Hillsdale, Milford and Perry Reservoirs. The contract numbers and storage amounts are displayed in Table 1.

Table 1. Contract Information

Project	Contract No.	Total Storage	Activated Storage	Future Use Storage
Clinton	DACW41-77-C-0149	89,200	53,520	35,860
Hillsdale	DACW41-74-C-0098	53,000	16,783	36,217
Milford	DACW41-74-C-0081	300,000	101,650	198,350
Perry	DACW41-77-C-003	150,000	25,000	125,000

The purpose of this memo is to document the following information:

1. Payoff of Hillsdale activated storage assuming a payoff date of September 2022 Reference Table 2.
2. Current balances of remaining storage at Clinton, Hillsdale, Milford and Perry, which includes the original cost of storage and accumulated interest. The exact amount will be provided once official request is received. Accumulated interest may be less or more depending on when the request is received. Reference Table 3.
3. Per language in all contracts (Clinton Article 5d; Hillsdale Article 5e(2); Milford, Article 5e; Perry, Article 5e), it is allowable to pay off accumulated interest prior to activating the future-use storage.
4. The Kansas Water Office may elect to payoff the original cost of storage at Clinton, Hillsdale, Milford, and Perry, but not assume fiscal responsibility for

annual Operations, Maintenance, Repair, Rehabilitation, or Replacement (OMRR&R) costs under each contract until either the Kansas Water Office calls the storage into service based on increased demand OR the applicable contract term ends, whichever occurs first. Precedence for this allowance is based on payments allowed previously at Milford and Perry prior to calling the storage into service. Payments at Milford, including principal and interest, totaled \$916,050.25 from 1976-1985. Payments at Perry, including principal and interest, totaled \$683,969.18 from 1978-1985. The Kansas Water Office then decided to call a portion of storage into service and requested that the prepayment invoices be terminated. The end of contract terms for each project is also listed in Table 3.

A financial summary to pay off the water supply storage being used now (active) storage are provided in Table 2 below. Please note that the cyclical billing date is September 1<sup>st</sup> of each year and payment due within 30 days.

Table 2. Final Pay-off Amounts

<b>Previously paid off</b>			
<b>Project</b>	<b>Contract No.</b>	<b>Amount of Storage (acre-feet)</b>	<b>Invoice amount for payment May 2021</b>
Clinton	DACW41-77-C-0149	53,520	\$1,188,456.83 PAID
Hillsdale	DACW41-74-C-0098	7,500	\$1,363,513.11 PAID
<b>Project</b>	<b>Contract No.</b>	<b>Amount of Storage (acre-feet)</b>	<b>September 1<sup>st</sup>, 2022</b>
Hillsdale	DACW41-74-C-0098	5,750 (1 <sup>st</sup> Increment)	\$2,249,052.84
Hillsdale	DACW41-74-C-0098	3,533 (2 <sup>nd</sup> Increment)	\$2,356,036.61

A financial summary for amount of accumulated interest and original cost of storage on the future-use storage is summarized in Table 3.

Table 3. Accumulated Interest Summary

Project	Contract No./ End Date	Amount of Storage Remaining (acre-feet)	Int. Rate (%)	Accumulated Interest thru 2022**	Cost of Storage	TOTAL Payoff Amount
Clinton	DACW41-77-C-0149 / 10-30-2028	35,860	3.502	\$6,031,792	\$2,582,273	\$8,614,065
Hillsdale	DACW41-74-C-0098 / 6-10-2030	36,217	4.012	\$40,349,502	\$16,005,135	\$56,354,638
Milford	DACW41-74-C-0081 / 10-10-2034	198,350	2.63	\$19,139,839	\$8,625,300	\$27,765,139
Perry	DACW41-77-C-003 / 10-1-2041	125,000	3.046	\$20,209,358	\$7,673,618	\$27,882,977

\*\*Estimate is approximate, will be refined if official request is made.

If you have any questions on this matter, please contact Jennifer Henggeler at (816) 389-3778 or [Jennifer.A.Henggeler@usace.army.mil](mailto:Jennifer.A.Henggeler@usace.army.mil).

Sincerely,

Jennifer Switzer  
 Kansas City District Planning Branch  
 Chief



## CHAPTER 478

CONGRATULATING JOHN FITZGERALD KENNEDY ON HIS ELECTION  
AND INAUGURATION AS PRESIDENT OF THE UNITED STATES

House Concurrent Resolution No. 4

A CONCURRENT RESOLUTION congratulating John Fitzgerald Kennedy on his election and inauguration as President of the United States.

WHEREAS, John Fitzgerald Kennedy of Massachusetts has been elected President of the United States and was inaugurated on January 20, 1961; and

WHEREAS, The Kansas legislature desires to voice its congratulations without partisan affiliation: Now, therefore,

*Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein:* As representatives of the citizens of Kansas, we wish to congratulate John Fitzgerald Kennedy on his election and inauguration to the greatest office in the world, and to wish for his administration success in solving the many problems to be presented in the next four years; and

*Be it further resolved:* That the secretary of state be directed to send an enrolled copy of this resolution to President John Fitzgerald Kennedy, White House, Washington, D. C.

Adopted February 1, 1961.

## CHAPTER 479

NOTIFYING THE UNITED STATES ARMY CHIEF OF ENGINEERS OF  
THE DESIRE OF THE KANSAS LEGISLATURE RELATIVE TO  
WATER SUPPLY FEATURES IN CERTAIN AUTHORIZED RESERVOIR  
PROJECTS

House Concurrent Resolution No. 5

A CONCURRENT RESOLUTION notifying the United States army chief of engineers of the desire of the Kansas legislature relative to water supply features in Milford reservoir and other authorized reservoir projects.

WHEREAS, The federal water supply act of 1958 authorizes the inclusion of water supply storage in reservoirs constructed by the corps of engineers and the bureau of reclamation to meet future needs, provided the federal government receives reasonable assurances from the states or their political subdivisions that the water will be needed sometime in the future and that the nonfederal financial obligations for the water supply features will be fulfilled; and

WHEREAS, The Kansas constitution was amended in 1958 to authorize the state to participate in works for the conservation and development of water resources; and

WHEREAS, The Kansas water resources board, after thorough deliberation and study, has requested the inclusion of 300,000 acre-feet of water supply storage in the Milford reservoir on the Republican

river, 150,000 acre-feet in Perry reservoir on the Delaware river, and 34,900 acre-feet in John Redmond reservoir on the Neosho river to meet future anticipated needs; and

WHEREAS, The Kansas water resources board has also supported requests by the cities of Independence, Coffeyville, Emporia, and Council Grove for inclusion of water supply features in the Elk City reservoir on the Elk river and Council Grove reservoir on the Neosho river; and

WHEREAS, The United States senate, in its consideration of the public works bill passed by the 86th Congress, recommended that none of the fiscal year 1961 appropriation of \$500,000 for Milford reservoir be used to commence construction until the chief of engineers has been furnished a resolution or declaration of policy by the Kansas legislature recognizing the nonfederal repayment obligation and stating intent to fulfill same at the proper time; and

WHEREAS, The special report to the 1961 legislature prepared by the Kansas water resources board shows clearly that state assumption of responsibility for obtaining needed conservation storage in federal reservoirs would be in the best interests of the state of Kansas as a means of making more of the natural water supply available for beneficial future use within the state: Now, therefore,

*Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein:* That the legislature concurs in the recommendations made by the Kansas water resources board for inclusion of water supply storage in Milford, Perry, and John Redmond reservoirs, and concurs in the requests made by the cities named in the preamble hereof, which requests have been supported by the Kansas water resources board, for inclusion of water supply in the Elk City and Council Grove projects.

*Be it further resolved,* That the legislature recognizes the non-federal repayment obligations required relative to the development of water supply features in federally financed projects and does hereby assure the chief of engineers that the state or its political subdivisions will fulfill such obligations, prior to the use of the water, as they relate to the above-named projects and as the obligations are described in Public Law 534, 78th Congress (the flood control act of 1944), Title III of Public Law 85-500 (the water supply act of 1958), and such acts as may be supplemental or amendatory thereto.

*Be it further resolved,* That the secretary of state is directed to transmit enrolled copies of this resolution to the chief of engineers of the United States army corps of engineers, each member of the Kansas congressional delegation, the president of the United States senate, the speaker of the United States house of representatives, the chairmen of the United States senate and house appropriations committees, and the governor of Kansas.

Adopted March 10, 1961.