

State of Kansas  
Department of Health and Environment  
Division of Environment  
Bureau of Water

Intended Use Plan  
for  
The Kansas Water Pollution  
Control Revolving Loan  
Program

Final State Fiscal Year 2009

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## Intended Use Plan

### Table of Contents

Title	
I	Introduction
II	List of Projects
III	Long-term and Short-term Goals
IV	Information on Activities to be Supported
V	Criteria and Methods for Distributing Funds
VI	Assurances and Specific Proposals
VII	Public Review and Comment
VIII	Appendices
	A. KWPCRLF Project Information
	B. Proposed Payment Schedule
	C. Multi-Year Payment Schedule of Actual and Projected Increases in SRF Letter of Credit
	D. KWPCRF Sources and Uses of Funds; Loan Administration Fees
	E. Project Priority Ranking System (by reference)
	F. Project Priority List (by reference)

## I. INTRODUCTION

Section 606(c) of the Water Quality Act of 1987 requires the states to prepare an annual plan to identify the intended uses of the capitalization grants and other moneys within the states' revolving funds.

The primary purpose of this Intended Use Plan (IUP) is to identify the intended uses of the Kansas Water Pollution Control Revolving Fund (KWPCRF) upcoming FY 2009 available monies.

The secondary purpose of this IUP is to supplement the Kansas Capitalization Grant application with prospective projects and payment information.

This IUP is based on a total of \$75,971,053 fund amount projected to be available for direct loans from the current FY 2009 Capitalization Grant and State Match, the future sale of Leveraging Bonds, and repayments of loan principal and interest as of December 22, 2008 (see Appendix D). This includes the 2009 Capitalization Grant of \$6,104,200 and State Match of \$1,220,840. Also, the Kansas Department of Health and Environment (KDHE) receives repayments from prior loans, with the interest portion dedicated to repay State Match borrowing, the interest and principal repay Leveraging Bond borrowing, and the remaining monies are placed in the Fund and available for new Loans. KDHE recently completed the sale of \$5.6 M State Match and \$60 M leveraging bonds in December 2008. As of December 22, 2008 there is approximately \$75,971,053 of funds available for new loans including the 2009 Capitalization Grant and the future sale of State Match and leveraging bonds. The total anticipated costs of projects wishing to proceed with KWPCRF low interest loans exceeds available monies, therefore, KDHE is planning the sale of additional leveraging bonds in the future in the amount of \$90 M.

Regarding the provision of State Match to the Capitalization Grants, KDHE sells State Match bonds to provide these funds. Typical practice is to conduct a state match bond sale every 2 to 4 years as the need arises, that is, as new Capitalization Grants are received and have fully utilized prior State Match borrowings. Certain regulations by other Federal Agencies require 100% of bond proceeds be spent within three years of receiving the proceeds of the bond sale. KDHE does estimates of the amounts of current and future Capitalization Grants, and borrows based on this 2 to 4 year estimate. For the recent \$5.6 M State Match bond sale, the following actual and estimated amounts were utilized:

FFY 2007 Cap Grant State Match - Shortfall	\$ 745,145
FFY 2008 Cap Grant State Match - Actual	1,220,840
FFY 2009 Cap Grant State Match - Est.	1,220,840
Actual Available for Future Cap Grants	
State Match	<u>2,413,175</u>
	\$5,600,000

Please also note, all cash proceeds of bond sales and also all temporary cash balances from loan repayments, that is, the "recycled" funds, are invested to earn interest to support the KWPCRF in accordance with the requirements of the Master Bond Resolution and all Supplemental Bond Resolutions authorizing the sale(s) of State Match and Leveraging bonds.

With this Final SFY 2009 IUP, KDHE is continuing to pursue the funding of the Non-Point Source Pollution Control Projects. The Environmental Initiatives Fund (EIF) has now been used to fund certain projects, and KDHE is considering various options to implement funding NPS projects. With the December 2008 sale of additional bonds, KDHE has committed to placing \$1.0 M per year into the EIF for the next 4 years, a total of \$4.0 M available for EIF projects.

KDHE has employed financial advisors and legal counsel to implement the feasibility of continued "leveraging" in the Kansas Water Pollution Control Revolving Fund. "Leveraging" is the process of revenue bonding State Match monies beyond the minimum 20% required by EPA, up to as much as the market will bear. KDHE has been successful in marketing Leveraging Revenue Bonds and continues to study future opportunities. A recent "borrowing capacity analysis" has been completed by the financial advisors to the KWPCRF, indicating an additional \$90 M of Leveraging bonds can be sold in current market conditions, and these additional funds are included in this IUP.

Congress continues to debate legislation to revise the SRF program, which may include additional funding for the Clean Water State Revolving fund program. If additional funding is received, it will be quickly utilized to fund the numerous projects included on Table I which in total exceed the current and future funding capability of the KWPCRF.

## II. LIST OF PROJECTS

With the total projected fund amount currently available for FY 2009 program of \$75,971,053 as of December 22, 2008, KDHE is proposing to assist communities and the administration of the Kansas Water Pollution Control Revolving Fund. The following page lists the specific projects funded in the recent past, and Table I lists projects to be funding in the future including many projects carried over from the Final FY '08 IUP. Non-Point Source Pollution Control Management Plan projects will also be included in Table I. At this time no projects have been identified for funding.

The interest rates on loans are determined in accordance with K.A.R. 28-16-113, which requires the loan interest rate, including service fee, be set at 60% of the prior 3 months average Bond Buyers 20 Year Bond Index. In conformance with State Legislation establishing the KWPCRF, KDHE will insure a minimum 10% of the total "Basic Program" and "Leveraging Program" monies will be made available to Municipalities of 5,000 population or less.

The total estimated cost for projects listed in Table I exceeds the available fund projection by about 1 percent. An "over listing" approach was used in the past to assure that adequate projects are readily available to proceed to utilize funding available from the KWPCRF. Project readiness will determine the assistance order. Please note, KDHE policy is to fund all projects on Table I, and to carry unfunded projects forward onto the next year's IUP. Projects are retained on the IUP until funded by the KWPCRF, funded by another source, or the wastewater treatment issue is otherwise resolved. The number and cost of wastewater improvement projects currently necessary and pursuing KWPCRF low interest loan financing continues to exceed available funding. Therefore, several larger cost projects to provide capacity for future growth are lower priority and have been denied funding, and have not been placed on the IUP. These projects have proceeded with local funds.

The added number of required improvement projects is the direct result of more stringent regulatory requirements including the 1992 EPA Part 503 Domestic Sewage Sludge Reuse and Disposal regulations and recent revisions to the Kansas Surface Water Quality Standards regulations, as well as continuing growth and replacement needs. The primary source of new funding for KWPCRF loans is Capitalization Grants from EPA, which have been reduced in recent years and we expect will continue to be reduced in the future. Placing a project on the IUP is the KDHE commitment funds are available to that project, and KDHE is making every effort to meet that commitment.

Rural Hardship Assistance Grants (RHAG) projects have previously been funded but RHAG funds remain available. KDHE will continue to consider all options for these funds.

Many projects previously listed on the Final SFY 2008 IUP have received funding, and are listed here for informational purposes:

1.	Atchison (Relia.)	1305 01	Sewer Rehab.	\$ 3,657,035
2.	Baldwin City *	1748 01	I/I Corr.	\$ 1,659,825
3.	Basehor *	1767 01	WWTP Impvts	\$ 6,417,016
4.	Benton *	1483 01	WWTP Impvts	\$ 1,250,000
5.	Goddard *	1734 01	WWTP Impvts	\$ 7,000,000
6.	Greeley *	1763 01	WWTP & Sewer Rehab	\$ 237,610
7.	Haven *	1671 01	WWTP Impvts	\$ 500,000
8.	Hillsboro *	1641 01	WWTP Impvts	\$ 3,952,600
9.	Jeff. Co. S.D. #7	1557 01	WWTP Impvts	\$ 490,750
10.	Jetmore *	1579 01	WWTP Impvts	\$ 1,600,000
11.	Latham *	1718 01	WWTP Impvts	\$ 207,000
12.	McPherson	1474 01	WWTP Impvts	\$12,167,471
13.	Newton (Ph. I)	1747 01	WWTP Impvts	\$ 5,800,000
14.	Olathe (CC Exp, Ph I)	1728 01	WWTP Impvts	\$ 5,000,000
15.	Osborne *	1760 01	Sewer Rehab	\$ 235,500
16.	Oskaloosa *	1637 01	I/I Corr.	\$ 4,120,000
17.	Rose Hill *	1720 01	WWTP Impvts	\$ 5,800,000
18.	Severy *	1724 01	WWTP Impvts	\$ 171,222
19.	Soldier *	1759 01	Sewer Rehab	\$ 162,500
20.	Sterling *	1460 01	WWTP Impvts	\$ 1,020,348
21.	Wellington +	1722 01	WWTP & Int.	\$19,050,000

+ EPA has requested the IUP identify the specific project or projects that will receive KWPCRF low interest loan funding with the Federal funds directly provided by the 2009 Cap Grant. The project at Wellington WWTP & Int. received Federal funds from the FFY 2007, FFY 2008, and FFY 2009 Cap Grants.

The projects included on Table I include many small projects in communities with less than 5,000 population as directed by the enabling state legislation. Funding has not been available for several larger cost projects due to reduced Federal Grants and reduced interest earnings. The projects identified to be funded in the future are listed in alphabetical order in Table I, and in Priority Order in Appendix A. As indicated above, project readiness will determine the assistance order.

Preliminary review for the proposed projects listed in Table I indicates no need for requiring the preparation of an Environmental Impact Statement (EIS) for any of these projects.

TABLE I  
KWPCRL PROJECT FUNDING

Basic Program

1.	Alden *	1766 01	PS Repl.	100,000
2.	Anthony *	1775 01	Int. & Coll.	440,000
3.	Argonia *	1782 01	WWTP Impvts.	500,000
4.	Arlington *	1771 01	I/I Corr.	300,000
5.	Atchison (Dis)	1787 01	WWTP Impvts.	2,500,000
6.	Baxter Springs *	1755 01	WWTP Impvts.	550,000

7.	Burlington *	1752 01	I/I Corr.	5,000,000
8.	Butler Co. SD #8 *	1754 01	PS & FM	100,000
9.	Cherokee Co. SD #1 *	1745 01	PS Repl.	200,000
10.	Coolidge *	1703 01	WWTP Impvts.	400,000
11.	Council Grove *	1784 01	WWTP Impvts.	500,000
12.	Derby (Sludge)	1789 01	WWTP Impvts.	3,000,000
13.	Douglass *	1788 01	I/I Corr.	300,000
14.	Downs Ind. Park +	1679 01	WWTP Impvts.	200,000
15.	Emmett *	1765 01	WWTP Impvts.	659,700
16.	Fredonia - Ph. 2 *	1750 01	I/I Corr.	500,000
17.	Garden Plain *	1716 01	WWTP Impvts.	1,200,000
18.	Goodland *	1383 01	WWTP Impvts.	2,500,000
19.	Great Bend	1768 01	Sewer Rehab.	4,600,000
20.	Hesston *	1643 01	Sl. Handl. Impvts.	425,000
21.	Hoisington *	1717 01	Sewer Rehab.	795,910
22.	Horton *	1665 01	WWTP Impvts.	1,727,300
23.	Hutchinson	1780 01	Sl. Handl. Impvts.	4,625,000
24.	K.C. - CSO (Ph 2)	1596 02	CSO Separation	15,000,000
25.	LaCrosse *	1206 01	WWTP Impvts.	2,000,000
26.	Lv. Co S.D. #3 & #5	1785 01	Int. & PS	404,000
27.	Liberal (Phase I)	1391 01	WWTP Impvts.	12,000,000
28.	Liberty *	1779 01	WWTP & Sewer Rehab	155,396
29.	Lindsborg *	1790 01	WWTP Impvts.	4,670,600
30.	Moscow *	1762 01	WWTP Impvts.	100,000
31.	Natoma *	1714 01	WWTP Impvts.	200,000
32.	Osage City *	1667 01	WWTP Impvts.	500,000
33.	Pt. Co. (Blue Twsp)	1786 01	PS & FM	5,000,000
34.	Rantoul *	1570 01	WWTP Impvts.	200,000
35.	Rush Center *	1400 01	WWTP Impvts.	1,000,000
36.	Sharon *	1654 01	WWTP Impvts.	100,000

37.	Smolan *	1719 01	PS Replace	150,000
38.	Solomon *	1791 01	WWTP Impvts.	500,000
39.	Spivey *	1715 01	I/I Corr.	100,000
40.	Spring Hill *	1743 01	Interceptor	1,000,000
41.	St. George *	1713 01	WWTP Impvts.	1,700,000
42.	Summerfield *	1640 01	WWTP Impvts.	85,000
43.	Viola *	1692 01	WWTP Impvts.	200,000
44.	Weir *	1744 01	PS Repl.	40,000
45.	Woodston *	1770 01	WWTP Rehab.	100,000
			TOTAL	<u>\$76,327,906</u>

Future State Match and Lev. Bond Issue - Est. Amount \$90 M

Funds Available as of December 22, 2008 Including  
 Funds Available from Future Leveraging Bond Issue \$75,971,053

\* 5000 or Less Population

\*\* 100.5% of Program Available Funding of approximately \$75,971,053  
 as of December 22, 2008.

+ Project to be Funded from Environmental Initiatives Fund

The listing is not in a priority order, readiness will determine the actual assistance order. Projects from the Kansas Project Priority List may be substituted for the projects on this list. If significant additional Federal funds should become available, such as from an economic stimulus bill, an "update" to this SFY 2009 IUP will be prepared and distributed showing the additional projects to be funded.

Note: The projects funded by the KWPCRF at Prescott, Ellsworth, Larned, Iola, and anticipating funding at Great Bend also received EPA grant funding from Congress.

III. GOALS OF THE STATE REVOLVING FUND

A. Long-term Goals

1. To maintain a self-supporting revolving loan program through the Kansas Water Pollution Control Revolving Fund in order to improve and protect water quality and public health.

Planned Actions: KDHE in conjunction with KDFA and the legal and financial consultants to the KWPCRF continue to review the long-term capabilities of the KWPCRF to meet all financial obligations of the leveraged borrowings and also generate adequate service fee revenue to support the program in the future. The long term financial capability reviews occur with the preparation of the Leveraging Bond issues.

2. To establish and manage an effective and efficient State Revolving Fund Program, while assuring the revolving nature of the Fund continues in perpetuity.

Planned Actions: KDHE in conjunction with KDFA and the legal and financial consultants to the KWPCRF review the perpetuity requirement in conjunction with each leveraging bond issue. These efforts will continue in the future with every leveraging bond issue.

KDHE in conjunction with the Kansas Department of Administration has contracted for annual independent audits of the KWPCRF, and these financial audits will continue into perpetuity. The availability of the Independent Auditors Report is scheduled by contract to allow the Audit Report to be included in the Annual Report.

3. To provide the type and amount of assistance most advantageous to local communities consistent with assuring the long-term purchasing power stability of the fund.

Planning Actions: Continue the current program, which has proven to be useful and successful.

4. To continue to fund water quality improvement, sludge handling improvements, and public health protection projects on a priority basis as presented in the Project Priority List.

Planned Actions: Continue the current program of giving high priority to these project needs, which is proving successful in resolving water quality impairments, improving compliance with EPA Part 503 regulations, and improving the sanitary conditions of Kansas streams.

5. To support implementation of Water Quality improvements plans as presented within the Kansas Water Plan, TMDL plans written by KDHE and approved by EPA, the Kansas Nutrient Reduction Plan to control and reduce nutrients in streams, and support the decisions from the anti-degradation procedures of processing NPDES permits.

Planned Actions: The KWPCRF hopes to increase activity to implement Water Quality improvement plans by utilizing the Environmental Initiatives Fund opportunity to fund Non-Point Source pollution control projects. Funding for water pollution reduction projects as recommended by TMDL plans is being accomplished and will continue into the future.

6. To provide funding to non-traditional borrowers for water quality improvement and public health protection projects, including non-point source pollution control projects, through the Environmental Initiatives Fund.

Planned Actions: The Environmental Initiatives Fund has been established, and will continue to make funds available to projects for non-traditional borrowers and projects. Beginning in SFY 2009, \$1.0 M of recycled monies per year will be transferred to the EIF, for the next four years, to transfer a total cash amount of \$4.0 M.

#### B. Short-term Goals

1. To provide financial assistance to water quality improvement projects for discharge to streams and water bodies within "high quality watersheds" consistent with the provisions of the Project Priority System.

Planned Actions: Continue the successful implementation of this goal.

2. To provide financial assistance for sewerage facilities to municipalities with population less than 5,000.

Planned Actions: Continue the successful implementation of this goal.

3. To assure compliance with Water Quality Standards and effluent limitations through encouraging construction of sewerage improvements in support of KDHE Permitting and Enforcement activities.

Planned Actions: Continue the successful implementation of this goal.

4. To encourage municipalities to use the KWPCRF for solving problems related to public health protection, water quality improvement, sludge handling improvements, and wastewater treatment facilities compliance through the construction of sewerage projects.

Planned Actions: Continue the successful implementation of this goal.

5. To assure compliance with domestic sewage sludge reuse criteria and disposal practices through construction of any necessary sludge handling improvements to comply with the 40 CFR Part 503 EPA regulations.

Planned Actions: Continue the successful implementation of this goal.

6. To fully utilize all available RHAG funds for public sewer systems in unsewered communities to resolve potential public health threats.

Planned Actions: This goal has been met, all RHAG funds have been offered to projects.

#### IV. INFORMATION ON ACTIVITIES TO BE SUPPORTED

Information pertinent to each proposed KWPCRF project to be funded is in Appendix A. As detailed in the Capitalization Grant Application, the State of Kansas intends to use 4% of the federal funds for administering the KWPCRF. A projected payment schedule is listed in Appendix B. Appendix C is a Multi-Year Payment Schedule of Actual and Projected Increases in the SRF Automated Clearinghouse. Appendix D is the sources and Uses of Funds Summary, and the Loan Administration Fees Summary.

Interest in use of the KWPCRF continues as shown by the number of loan agreements and the list of projects on Table I. The EPA Domestic Sewage Sludge Reuse and Disposal regulations continue to encourage sludge handling improvement projects, typically completed with a comprehensive project for a mechanical wastewater treatment facility. KDHE continues to adopt revisions to the Surface Water Quality Standards regulations, which are requiring major capital outlays for numerous treatment plant improvement projects. The funds available to the KWPCRF could not meet all these projected needs, and so KDHE proceeded to both "leverage", or increase the percentage of State funding in the Program by issuing additional revenue bonds, and also review the status and timing of projects to be included in Table I.

KDHE, in conjunction with the Kansas Development Finance Authority (KDFA), conducts extensive financial and legal analysis of the concept of "leveraging" additional monies for the KWPCRF, i.e. borrowing more than the basic required 20% State Match to the EPA Capitalization Grant. The KWPCRF will continue to sell Leveraging Bonds at every opportunity. Even with efforts to maximize leveraging borrowing of the KWPCRF, larger projects associated with growth cannot be funded by the KWPCRF, and are not included in this IUP.

#### V. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS

The Kansas Department of Health and Environment has developed a Final SFY 2009 Project Priority Ranking System and a Final SFY 2009 Project Priority List. These documents provide a clear, objective order of ranking for wastewater facilities projects. Appendix E is by reference the Final SFY 2009 Project Priority Ranking System and Appendix F is by reference the Final SFY 2009 Project Priority List.

The funding order of projects may not be identical to the project ranking in the priority list. Readiness to proceed is an over-riding factor, however, the general order of the priority ranking is followed.

There are several reasons "lower ranked" projects from the Priority List are included on the IUP. This is primarily due to the requirement up to 10% of monies in the fund must be made available to Cities of less than 5,000 population (Reference Table I projects noted with an \*). Past KDHE policy was to fund all projects on Table I and so any project included on the Final IUP Table I which did not receive funding this fiscal year would typically be carried over to next year's IUP. Table I has been revised to insure timely use of monies, and funding in priority order. All proposed projects are listed in the priority list.

## VI. ASSURANCES AND SPECIFIC PROPOSALS

The Kansas Department of Health and Environment provides the necessary assurances and certifications in detail within the Operating Agreement. The Operating Agreement also includes the following requirements reiterated here:

### 1) 602(a) - Environmental Review

The KDHE will conduct environmental reviews in accordance with K.A.R. 28-16-13 the Kansas Environmental Review Procedure.

### 2) 602(b)(3) - Binding Commitment

The KDHE will enter into binding commitments with eligible applicants equal to at least 120% of each quarterly capitalization grant payment within one year after receipt of the payment from EPA to the KWPCRF.

### 3) 602(b)(4) - Expeditious and Timely Expenditures

The KDHE will expend all funds in the KWPCRLF in an expeditious and timely manner.

### 4) 602(b)(5) - First Use for Enforceable Requirements

Funds will first be used to assure maintenance of progress toward compliance with enforceable deadlines, goals and requirements of the Clean Water Act.

### 5) 602(b)(6) - Compliance with Title II Requirements

EPA has clarified the "Title II Requirements" of Section 602(b)(6) are no longer applicable for loan projects executed after October 1, 1994. There are no projects included in Appendix A that include "Title II Reqmts."

### 6) Other Federal Requirements (Cross cutters)

EPA has also clarified the Federal "Cross Cutting" authorities (that is, other Federal laws and authorities that apply by their own terms in Federal financial assistance programs) are separate issues. Even though the "Title II Requirements" have now "sunsetting", all projects funded with funds "directly made available by" capitalization grants must also comply with these Federal "Cross Cutting" laws and authorities. These "Cross Cutters" are listed in the October 2003 Cross-Cutting Federal Authorities Handbook.

7) Environmental Benefits Reporting

The KDHE will provide Environmental Benefits reporting to EPA by completing the "one-pager" information submittal to the web-based information collection system, and add this spreadsheet as an Appendix to the Annual Report.

The KWPCRF project requirements to manage a loan project have been updated. The KWPCRLF "Procurement Procedures" were reviewed and revised in FFY '98 and loan projects must now comply with the "Cross Cutters" as listed in the October 2003 Cross-Cutting Federal Authorities Handbook, as additional Federal monies has increased the amounts of funds "directly made available by" EPA capitalization grants. Therefore, all projects in this IUP are identified as required to comply with "Cross Cutters".

8) Financial Audits

The KWPCRF is subject to an annual financial audit, and these audits have been performed for over 10 years. The KWPCRF has always received an "unqualified opinion" on these audits.

9) Cross Collateralization

With the bond issue completed in December 2008, the KWPCRF established a mechanism to allow cross collateralization of funds with the Kansas Public Water Supply Loan Fund (KPWSLF - the Kansas Drinking Water SRF program). This provides one more assurance that the KPWSLF and KWPCRLF will repay bonds. The KPWSLF and KWPCRLF bond resolutions and operating agreements have been amended to allow funds that would normally be transferred to the recycled loan account each fiscal year, to be used to remedy a bond payment default situation in the other SRF program. Those funds would then be paid back once the defaulting program generates funds that would normally go into its recycled loan account. Transfers of funds due to the cross collateralization mechanism would not involve transfer of capitalization grant funds, only recycled funds. The impact of such a transfer would only affect the funds available for new recycled loans until the transfer is repaid.

VII. PUBLIC REVIEW AND COMMENT

A public hearing was held at 10:00 A.M. on November 5, 2008 in the Azure Conference Room, 4<sup>th</sup> Floor, Curtis Building, 1000 SW Jackson, Topeka, Kansas, and comments were received on the Priority System, Priority List, and IUP, and the Environmental Initiatives Fund. A summary of the hearing and other appropriate comments will be forwarded to EPA.

APPENDIX A  
 KWPCRF PROJECT INFORMATION  
 PROJECTS TO BE FUNDED  
 SFY 2009  
 LISTED ALPHABETICALLY

Application Name	Project Number	Loan Amount	Priority Points
Alden *	1766 01	100,000	24.00
Anthony *	1775 01	440,000	15.00
Argonia *	1782 01	500,000	92.00
Arlington *	1771 01	300,000	48.00
Atchison (Dis)	1787 01	2,500,000	76.42
Baxter Springs *	1755 01	550,000	77.00
Burlington *	1752 01	5,000,000	50.00
Butler Co. SD #8 *	1754 01	100,000	19.00
Cherokee Co. SD #1 *	1745 01	200,000	34.00
Coolidge *	1703 01	400,000	42.00
Council Grove *	1784 01	500,000	67.00
Derby *	1789 01	3,000,000	22.00
Douglass *	1788 01	300,000	70.00
Downs Ind. Park +	1679 01	200,000	27.00
Emmett *	1765 01	659,700	44.10
Fredonia - Ph. 2 *	1750 01	500,000	27.11
Garden Plain *	1716 01	1,200,000	37.53
Goodland *	1383 01	2,500,000	15.00
Great Bend	1768 01	4,600,000	10.00
Hesston *	1643 01	425,000	28.10
Hoisington *	1717 01	795,910	9.00
Horton *	1665 01	1,727,300	51.21

Hutchinson	1780 01	4,625,000	68.00
K.C. - CSO (Ph 2)	1596 02	15,000,000	88.00
LaCrosse *	1206 01	2,000,000	28.84
Lv. Co. S.D. #3 & #5	1785 01	404,000	67.00
Liberal (Phase I)	1391 01	12,000,000	63.00
Liberty *	1779 01	155,396	34.00
Lindsborg *	1790 01	4,670,600	40.00
Moscow *	1762 01	100,000	14.00
Natoma *	1714 01	200,000	46.47
Osage City *	1667 01	500,000	44.11
Pt. Co. (Blue Twsp)	1786 01	5,000,000	78.00
Rantoul *	1570 01	200,000	47.00
Rush Center *	1400 01	1,000,000	15.00
Sharon *	1654 01	100,000	22.00
Smolan *	1719 01	150,000	9.00
Solomon *	1791 01	500,000	57.00
Spivey *	1715 01	100,000	35.00
Spring Hill *	1743 01	1,000,000	10.00
St. George *	1713 01	1,700,000	62.00
Summerfield *	1640 01	85,000	62.53
Viola *	1692 01	200,000	67.00
Weir *	1744 01	40,000	9.00
Woodston *	1770 01	100,000	14.00
		76,327,906	

APPENDIX A  
 KWPCRF PROJECT INFORMATION  
 PROJECTS TO BE FUNDED  
 SFY 2009  
 LISTED PRIORITY RANKING

Application Name	Project Number	Loan Amount	Priority Points
Argonia *	1782 01	500,000	92.00
K.C. - CSO (Ph 2)	1596 02	15,000,000	88.00
Pt. Co. (Blue Twsp)	1786 01	5,000,000	78.00
Baxter Springs *	1755 01	550,000	77.00
Atchison (Dis)	1787 01	2,500,000	76.42
Douglass *	1788 01	300,000	70.00
Hutchinson	1780 01	4,625,000	68.00
Viola *	1692 01	200,000	67.00
Lv. Co. S.D. #3 & #5	1785 01	404,000	67.00
Council Grove *	1784 01	500,000	67.00
Liberal (Phase I)	1391 01	12,000,000	63.00
Summerfield *	1640 01	85,000	62.53
St. George *	1713 01	1,700,000	62.00
Solomon *	1791 01	500,000	57.00
Horton *	1665 01	1,727,300	51.21
Burlington *	1752 01	5,000,000	50.00
Arlington *	1771 01	300,000	48.00
Rantoul *	1570 01	200,000	47.00
Natoma *	1714 01	200,000	46.47
Osage City *	1667 01	500,000	44.11
Emmett *	1765 01	659,700	44.10
Coolidge *	1703 01	400,000	42.00

Lindsborg *	1790 01	4,670,600	40.00
Garden Plain *	1716 01	1,200,000	37.53
Spivey *	1715 01	100,000	35.00
Cherokee Co. SD #1 *	1745 01	200,000	34.00
Liberty *	1779 01	155,396	34.00
LaCrosse *	1206 01	2,000,000	28.84
Hesston *	1643 01	425,000	28.10
Fredonia - Ph. 2 *	1750 01	500,000	27.11
Downs Ind. Park +	1679 01	200,000	27.00
Alden *	1766 01	100,000	24.00
Sharon *	1654 01	100,000	22.00
Derby *	1789 01	3,000,000	22.00
Butler Co. SD #8 *	1754 01	100,000	19.00
Anthony *	1775 01	440,000	15.00
Rush Center *	1400 01	1,000,000	15.00
Goodland *	1383 01	2,500,000	15.00
Moscow *	1762 01	100,000	14.00
Woodston *	1770 01	100,000	14.00
Great Bend	1768 01	4,600,000	10.00
Spring Hill *	1743 01	1,000,000	10.00
Weir *	1744 01	40,000	9.00
Hoisington *	1717 01	795,910	9.00
Smolan *	1719 01	150,000	9.00
		76,327,906	

APPENDIX B

Proposed Payment Schedule  
(Increases in ACH Ceiling)  
SFY 2009

Quarter (FFY)	Month/Yr.	Administration	Project	Total
2nd - 2009	Jan. 2009	106,035		106,035
2nd - 2009	Jan. 2009		2,544,837	2,544,837
2nd - 2009	March 2009	138,133		138,133
2nd - 2009	March 2009		3,315,195	3,315,195
<hr/>				
TOTALS		244,168	5,860,032	6,104,200

APPENDIX C: MULTI-YEAR PAYMENT SCHEDULE OF ACTUAL  
AND PROJECTED INCREASES IN SRF AUTOMATED CLEARINGHOUSE (ACH) (\$000)

		ACH Payments															
		FY 1989 (A)				FY 1990 (A)				FY 1991 (A)				FY 1992 (A)			
TOTAL		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
89 GRANT OFFER & AMENDMENT NO. 1	8,783			9		4,740	3,751			283							
90 GRANT OFFER & AMENDMENT NO. 1	9,077							6,558	1,667	571				281			
91 GRANT OFFER	18,524										5,140	4,400		8,984			
92 GRANT OFFER	17,538																17,538

		ACH Payments															
		FY 1993 (A)				FY 1994 (A)				FY 1995 (A)				FY 1996 (A)			
TOTAL		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
93 GRANT OFFER	17,349				4,000			5,100		5,100	3,149						
94 GRANT OFFER	10,764										5,000	5,764					
95 GRANT OFFER	11,117										500			10,617			
96 GRANT OFFER	18,211													6,471			5,212

		ACH Payments															
		FY 1997 (A)				FY 1998 (A)				FFY 1999 (A)				FY 2000 (A)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
96 GRANT OFFER		1,873	4,655														
97 GRANT OFFER				4,482				1,100									
98 GRANT OFFER								12,154									
99 GRANT OFFER										9,845				2,310	381		
00 GRANT OFFER														12,155			

	FY 2001 (A)				FY 2002 (A)				FY 2003 (A)				FY 2004 (A)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
01 GRANT OFFER	12,007															
02 GRANT OFFER					12,033											
03 GRANT OFFER									3,665 8,291							
04 GRANT OFFER													504 11,458			

	FY 2005 (A)				FY 2006 (A)				FY 2007 (A)				FY 2008 (A)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
05 GRANT OFFER	11,500															
06 GRANT OFFER					7,884											
07 GRANT OFFER													5,900 3,758			
08 GRANT OFFER													6,104			

	FY 2009 (P)			
	Q1	Q2	Q3	Q4
09 GRANT OFFER	6,104			

(A) - Actual  
(P) - Projected

APPENDIX D

KWPCRF  
Sources and Uses of Funds  
For Program Year 2009  
As of December 22, 2008

Sources:

FFY 2009 Cap. Grant (w/o 604b - \$100,000)	\$ 6,104,200
State Match for 2009 Cap. Grant	\$ 1,220,840
Recycled Loan Account	\$ 14,026,102
State Match Future Cap Grants from Dec. 2008 Bonds	\$ 2,413,175
Future Borrowing Net Leveraging Bond Proceeds	<u>\$ 90,000,000</u>
	\$113,764,317

Uses:

Committed Loan Funds (Signed Loan Agreements)	\$ 37,406,928
2009 State Management [603(d)(7)]	\$ 386,336
2009 Cap. Grant - New Loans	\$ 5,617,864
2009 State Match – New Loans	\$ 1,220,840
Recycled Loan Fund – New Loans	\$ 14,026,102
Future Borrowing Lev. Bonds Funds for New Loans	<u>\$ 55,106,247</u>
	\$113,744,317

Total Amount Available for New Loans as of 12/22/08 is \$75,971,053.

## APPENDIX D

### Loan Administration Fees

On October 20, 2005, the Environmental Protection Agency issued guidance relative to the administrative fees charged by the states to recipients of CWSRF program assistance. The service fees collected by the Kansas Water Pollution Control Revolving Fund are not included as principal in the loans, but rather are paid as a portion of the total semi-annual repayments. The KWPCRF service fee is 0.25% of the remaining principal of the loan, and is included as part of the interest rate charged on a specific loan. The EPA guidance is somewhat complex, in that dependent upon the source of the funding for a loan, the service fee may be considered to be "program income." As shown in the following table, the administration fees collected are considered as either:

- program income earned during the Capitalization Grant period;
- program income earned after the Capitalization Grant period; or
- non-program income.

"During the grant period" is defined as "the time between the effective date of the grant award and the ending date of the award reflected in the final grant financial report."

Program income earned during the grant period may only be used for eligible KWPCRF activities, as defined in the Federal Clean Water Act, and KWPCRF program administration. Program income earned after the grant period, as well as non-program income, may also be used for eligible KWPCRF activities, as well as for a broad range of water-quality related purposes. The state must obtain approval from the Environmental Protection Agency to use program income earned after the grant period for water-quality related activities other than those currently identified as being eligible for the SRF program.

In prior years, EPA Region 7 had approved the use of KWPCRF service fees for staff time and efforts in support of the municipal NPDES permit program. The Department will continue this request to USEPA to utilize program income earned after the grant period to supplement the department's water quality initiatives in SFY 2009. It is anticipated that \$325,000 of non-program income will be expended during SFY 2009.

Sources and Distribution of Loan Service Fees				
Service Fee Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income	Totals
10/20/05 - 6/30/06	\$46,890	\$143,845	\$524,277	\$715,012
07/01/06 - 6/30/07	\$89,320	\$250,371	\$902,393	\$1,242,084
07/01/07 - 6/30/08	\$75,817	\$247,236	\$924,217	\$1,247,270
Total	\$212,027	\$641,452	\$2,350,887	\$3,204,366
Anticipated 07/01/08 - 06/30/09	\$75,000	\$245,000	\$950,000	\$1,270,000
Anticipated 07/01/09 - 06/30/10	\$70,000	\$240,000	\$975,000	\$1,285,000
Expenses				
Program Administration				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$218,547
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$211,483
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$234,571
Est. 07/01/08 - 06/30/09	\$250,000	\$0	\$0	\$250,000
Est. 07/01/09 - 06/30/10	\$275,000	\$0	\$0	\$275,000
Water Quality Related				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$174,242
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$202,221
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$242,630
Est. 07/01/08 - 06/30/09	\$0	\$0	\$325,000	\$325,000
Est. 07/01/09 - 06/30/10	\$0	\$0	\$350,000	\$350,000
Total				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$392,789
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$413,704
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$477,201
Est. 07/01/08 - 06/30/09	\$250,000	\$0	\$325,000	\$575,000
Est. 07/01/09 - 06/30/10	\$275,000	\$0	\$350,000	\$625,000

N/A - Not Available  
Est. - Estimated  
Act. - Actual

Prepared by: Rod Geisler  
08/28/08