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

State Fiscal Year 2021

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I. Introduction

The State of Kansas Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) is prepared in accordance with the provisions of Title VI of the Federal Water Pollution Control Act. If any additional provisions come with future federal funding, these will also be included in the KWPCRF program.

This IUP is a required part of the process to request Capitalization Grant. This IUP describes the intended uses for all funds available in the Kansas CWSRF program for SFY 2021 and an overview of how the state will comply with federally mandated requirements.

The Kansas CWSRF was established pursuant to the Clean Water Act of 1987 and by state statutes K.S.A. 65-3321 thru 65-3329, to establish the Kansas Water Pollution Control Revolving Fund (KWPCRF) to provide below market interest rate financing to local governments for certain water quality projects. The implementing regulations are found at K.A.R. 28-16-110 thru 28-16-138. The KWPCRF operates through an Inter-Agency Agreement (IAA) between the Kansas Department of Health and Environment (KDHE), the Kansas Department of Administration (KDA), and the Kansas Development Finance Authority (KDFA). The IAA also provides for joint administration of the Kansas Public Water Supply Loan Fund (the Drinking Water SRF). The KDHE is responsible for all aspects of the KWPCRF and administers the technical and environmental aspects of the program, the KDA provides accounting and fiscal management services, and the KDFA issues bonds to provide state match and leveraging funds as well as fund investment administration.

The KWPCRF provides low-cost financial assistance for wastewater, stormwater and nonpoint source projects. Since the program’s authorization in 1988, Kansas has awarded over $1.37 billion in assistance to both small and large municipalities. In the upcoming year, Kansas has identified over $240 million in potential projects that could be funded (see the Project Priority List in Appendix A).

How the CWSRF Program Operates

Every year since the inception of the KWPCRF program, the federal government has appropriated funds for the KWPCRF in the form of capitalization grants. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1989, the Kansas CWSRF has received over $411 million in federal capitalization grants. In addition, as required by federal law, the state of Kansas has provided matching funds equal to 20 percent of the capitalization grants by issuing state match revenue bonds. In some years, the KWPCRF has leveraged the program by issuing additional revenue bonds. The leveraging bonds allow Kansas to fund more projects sooner by making additional funds available. The KWPCRF receives an annual independent financial audit.

II. State Fiscal Year 2021 Project Funding

The state fiscal year (SFY) runs from July 1st to June 30th and the federal fiscal year (FFY) runs from October 1st to September 30th. The FFY 2020 federal capitalization grant awarded June 26, 2020, is $14,344,000. The FFY 2021 federal capitalization grant is estimated to be $14,344,000, and is expected to be awarded during FFY 2021 but before the end of SFY year 2021. KDHE anticipates the ceiling for administrative costs allowed will be determined by 4% of all the capitalization grant awards received by the KWPCRF (excluding federal administrative funds spent). This calculation will be documented in the grant application. Through appropriation law, Congress has mandated that 10% of the 2020 amount ($1,434,400) be put towards projects that qualify under the EPA Green Project Reserve (GPR). KDHE will also abide by any new federal appropriation requirements in use
of FFY 2021 funding. Appropriation law has also mandated that a minimum 10% of the 2020 amount ($1,434,400) be directed to additional subsidy, and the Federal Water Pollution Control Act allows up to an additional 30% ($4,303,200) be directed to additional subsidy. Kansas anticipates providing only the minimum additional subsidy amounts of FFY 2020 and FFY 2021 grants.

The Federal Water Pollution Control Act requires all CWSRF projects funded after September 30, 2015, regardless of funding source, to pay construction workers the federal Davis-Bacon wage rates for their job classification, comply with American Iron and Steel (AIS) requirements, and projects which repair, replace, or expand treatment works must provide a Fiscal Sustainability Plan (FSP) for the wastewater utility. KDHE must also obtain a certification from all applicants, in a manner determined by the Governor, that the facility planning has studied and evaluated cost and effectiveness of water use, reuse, recapture and conservation, and energy conservation, for all projects funded on or after October 1, 2015. These KDHE guidance documents are also available on the KDHE website at http://www.kdheks.gov/muni/index.htm.

In SFY 2021, Kansas expects to finance many wastewater collection and treatment projects and continue to pursue funding stormwater infrastructure and nonpoint source pollution control projects, while also meeting the federal requirements to provide 10% of FFY 2020 appropriation ($1,434,400) to GPR designs and provide the required additional subsidization. These subjects are discussed in further detail below:

The FFY 2020 additional subsidy (principal forgiveness) funding ($1,434,400 that is mandatory by appropriation law and up to $4,303,200 that is allowed under Section 603(i) of the FWPCA) will be allocated to several projects as presented in the Project Priority List (Appendix A). The amount of additional subsidy provided and allowed for principal forgiveness is presented in the table below for FFY 2015 through FFY 2020 (current open grants).

<table>
<thead>
<tr>
<th>FFY</th>
<th>Section 603(i) Authorities</th>
<th>Appropriation Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 3,777,300</td>
<td>$ 0</td>
</tr>
<tr>
<td>2016</td>
<td>$ 3,618,000</td>
<td>$ 1,206,000</td>
</tr>
<tr>
<td>2017</td>
<td>$ 3,590,100</td>
<td>$ 1,196,700</td>
</tr>
<tr>
<td>2018</td>
<td>$ 4,346,400</td>
<td>$ 1,488,800</td>
</tr>
<tr>
<td>2019</td>
<td>$ 4,302,600</td>
<td>$ 1,434,200</td>
</tr>
<tr>
<td>2020</td>
<td>$ 4,303,200</td>
<td>$ 1,443,440</td>
</tr>
</tbody>
</table>

The additional subsidy that is mandated by the federal appropriation for 2020, can be used for principal forgiveness for any eligible project that meets state developed criteria. For the 2020 Capitalization Grant, this category of principal forgiveness will be awarded to projects that repair sloughing dikes on vinyl lined lagoons (up to $500,000 per loan). Any remaining principal forgiveness under this authority will be awarded according to criteria applicable to the Section 603(i) authorities for additional subsidy.

Under the authority of Section 603(i) (A) of the FWPCA, projects that meet the affordability criteria found in Appendix F can qualify for up to 30% principal forgiveness of the associated loan disbursement amount, not to exceed $1,000,000 for any single loan agreement (as funds are available).

Under the authority of Section 603(i) (B) of the FWPCA, projects that encourage sustainable project planning design and construction – specifically projects that develop regionalization studies,
construct facilities that treat wastewater from more than one municipality, converts a mechanical treatment system (includes activated sludge package plant or Imhoff Tank) with a capacity of 1 MGD or less to a lagoon treatment system, or converts a discharging lagoon treatment system to a non-discharging lagoon treatment system, can qualify for up to 30% principal forgiveness of the associated loan disbursement amount, not to exceed $1,000,000 (as funds are available).

Below are tables that show the status of additional subsidy of open Cap Grants for the KWPCRF.

### Additional Subsidy Requirements (Congressional Appropriations)

<table>
<thead>
<tr>
<th>Grant Year</th>
<th>Required Additional Subsidy Amount</th>
<th>Projected Additional Subsidy (Includes Loans that are not Finalized)</th>
<th>Awarded Additional Subsidy (Finalized Loans)</th>
<th>Estimated Additional Subsidy Finalization Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,206,000.00</td>
<td>$1,206,000.00</td>
<td>$0.00</td>
<td>Jun-21</td>
</tr>
<tr>
<td>2017</td>
<td>$1,196,700.00</td>
<td>$1,196,700.00</td>
<td>$1,196,700.00</td>
<td>Oct-20</td>
</tr>
<tr>
<td>2018</td>
<td>$1,448,800.00</td>
<td>$1,448,800.00</td>
<td>$1,448,800.00</td>
<td>Oct-20</td>
</tr>
<tr>
<td>2019</td>
<td>$1,434,200.00</td>
<td>$854,500.00</td>
<td>$854,500.00</td>
<td>Aug-22</td>
</tr>
<tr>
<td>2020</td>
<td>$1,443,440.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>Aug-22</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$6,729,140.00</strong></td>
<td><strong>$4,706,000.00</strong></td>
<td><strong>$3,500,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Additional Subsidy Requirements (Section 603(i) CWA eligibilities - No Minimums)

<table>
<thead>
<tr>
<th>Grant Year</th>
<th>Maximum Additional Subsidy</th>
<th>Projected Additional Subsidy (Includes Loans that are not Finalized)</th>
<th>Awarded Additional Subsidy (Finalized Loans)</th>
<th>Estimated Additional Subsidy Finalization Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$3,777,300</td>
<td>$3,777,300</td>
<td>$2,529,706</td>
<td>Dec-20</td>
</tr>
<tr>
<td>2016</td>
<td>$3,618,000</td>
<td>$3,618,000</td>
<td>$1,894,495</td>
<td>Aug-21</td>
</tr>
<tr>
<td>2017</td>
<td>$3,590,100</td>
<td>$3,590,100</td>
<td>$1,127,563</td>
<td>Aug-21</td>
</tr>
<tr>
<td>2018</td>
<td>$4,346,400</td>
<td>$3,544,520</td>
<td>$0</td>
<td>Aug-21</td>
</tr>
<tr>
<td>2019</td>
<td>$4,302,600</td>
<td>$0</td>
<td>$0</td>
<td>Aug-22</td>
</tr>
<tr>
<td>2020</td>
<td>$4,303,200</td>
<td>$0</td>
<td>$0</td>
<td>Aug-22</td>
</tr>
<tr>
<td><strong>2021 Est.</strong></td>
<td><strong>$4,303,200</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>Aug-23</strong></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$24,463,500</strong></td>
<td><strong>$10,752,620</strong></td>
<td><strong>$3,022,058</strong></td>
<td></td>
</tr>
</tbody>
</table>

Principal forgiveness will not be used to pay the costs of interest and service fee charges during construction.

Congressional Appropriations have required 10% of the 2016 through 2020 Cap Grant amounts be used to fund projects eligible for the Green Project Reserve (GPR). Eight projects potentially qualify for the Green Project Reserve as shown on the Project Priority List. Estimated funding for these projects totals $3.7 M. Below is a table showing the status of GPR requirements from open KWPCRF Cap Grants. KDHE only needs to commit to $388,800 of GPR in future loans to meet the minimum requirements of current open grants.
In conformance with the state legislation establishing the KWPCRF, KDHE will insure a minimum 10% of the monies will be made available to municipalities with 5,000 population or less.

Appendix A includes the Kansas project priority list.

III. Short and Long Term Goals

Kansas has developed short-term and long-term goals for the KWPCRF program. The status of these goals will be discussed in the annual report.

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.

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

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.

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

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.

6. Fund green infrastructure, water and energy efficiency and environmentally innovative projects.
7. To encourage municipalities to use the KWPCRF to implement EPA’s Sustainability Policy.

8. Continue implementing of the current and successful financial model.

Long-Term Goals

1. To maintain a self-supporting, effective and efficient, revolving loan program through the Kansas Water Pollution Control Revolving Fund to provide the type and amount of assistance most advantageous to local communities and to provide low-cost financing for important water quality projects in order to improve and protect water quality and public health while maintaining the perpetuity of the CWSRF.

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

3. To support implementation of Water Quality improvements plans as presented within the Kansas Water Plan and TMDL plans written by KDHE and approved by EPA.

4. To provide funding to non-traditional projects for water quality improvement and public health protection projects, and non-point source pollution control projects. Expand CWSRF accessibility by creating financial assistance programs that address nonpoint source control and other nontraditional CWSRF projects.

5. Work with other state funding sources to coordinate water quality and asset management financing.

6. Use effective outreach techniques to address important water quality priorities and maintain a high pace level.

7. Expand available financing by issuing KWPCRF leveraged bonds when needed.

IV. Allocation of Funds

a. Criteria and Method for Distribution of Funds

The Kansas Project Priority Ranking System is found in Appendix E. The Priority Ranking System has not been updated since the 2019 Intended Use Plan. The ranking criteria emphasize high priority waterbodies, implementation of TMDL waste loan allocations, projects proactively addressing needs, and projects addressing enforcement and compliance issues. In addition, projects receive consideration for implementation of green infrastructure, energy efficiency, water efficiency and environmental innovation.

Project ranking information is not listed on the Project Priority List. KDHE intends to fund any eligible project from the Project Priority List that completes the application process in the order that the applications are processed. Federal regulations do not require loan commitments to follow the order of the state developed ranking procedure.

Additional subsidy amounts will be determined at the time of loan execution. The total estimated additional subsidy shown in the Project Priority List exceeds the minimum required amount of all open capitalization grants but does not exceed the maximum allowed amount
of additional subsidy for remaining open grants.

KDHE may elevate any eligible project to the Project Priority List due to emergency conditions as determined by the Secretary; however, the application process is the same as non-emergency projects except that emergency projects do not need 30 days’ notice for the public hearing. All projects must be on the Project Priority List in order to receive funding.

b. Financing Rates and Types of Projects to be Funded

The interest rate of all loans made through the KWPCRF is set by state regulation (K.A.R. 28-16-113) at 60% of the previous 3 months average of the Bond Buyers Weekly 20-Bond General Obligation index. The financing term for most projects will be 20 years, a shorter repayment period is available if desired by the applicant or required if the useful life of the project is less than 20 years.

Section 212 Projects, Nonpoint Source and Estuary Protection Projects

All of the loans in the Project Priority List are considered Section 212 Projects. There are no nonpoint source or estuaries projects listed in the Project Priority List.

Green Project Reserve

Some of the projects that qualify (in whole or in part) for the Green Project Reserve as Energy Efficiency, Water Efficiency, Green Infrastructure or Environmentally Innovative are listed in the Project Priority List. Additional projects may be meet the thresholds for qualification as projects are further developed and designed.

V. Financial Management

a. Source of State Match and Cash Draw Ratio

The 2020 capitalization grant required a state match of $2,868,800 of which $852,800 was deposited on March 1, 2019. The remaining amount of $2,016,000 needed for the state match of the 2020 capitalization grant was obtained from $3,500,000 of bond proceeds that were deposited on February 27, 2020. This leaves $1,484,000 that will be used as part of the 2021 state match requirement.

The $852,800 that was deposited in 2019 was fully disbursed to loans in March of 2019 (as documented for the 2019 capitalization grant application). The remaining requirement of $2,016,000 that was deposited on February 27, 2020 was fully disbursed to loans by March 3, 2020, prior to any grant draws, therefore the draw ratio for the 2020 capitalization grant is 100%.

<table>
<thead>
<tr>
<th>FFY</th>
<th>EPA Grant</th>
<th>Grant Award Date</th>
<th>SM requirement</th>
<th>2018 SM Bonds 04/05/18</th>
<th>2019 SM Bonds 03/01/19</th>
<th>2020 SM Bonds 02/27/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$14,488,000</td>
<td>08/01/18</td>
<td>$2,897,600</td>
<td>2,778,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$14,342,000</td>
<td>07/08/19</td>
<td>$2,868,400</td>
<td>221,200</td>
<td>2,647,200</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$14,344,000</td>
<td>06/26/20</td>
<td>$2,868,800</td>
<td></td>
<td>852,800</td>
<td>2,016,000</td>
</tr>
<tr>
<td>2021</td>
<td>$14,344,000</td>
<td>06/26/20</td>
<td>$2,868,800</td>
<td></td>
<td></td>
<td>1,484,000</td>
</tr>
</tbody>
</table>

Total SM Bond Proceeds per Issue | 3,000,000 | 3,500,000 | 3,500,000
The March 3, 2020 disbursement date is the date that funds were transferred to reimburse for previous loan disbursements made to 4 different projects.

b. Fee Income

As established by K.A.R. 28-16-113 the gross interest rate for a KWPCRF loan shall include the service fee. Assistance recipients are assessed a service fee of 0.25%, which is included as a component of the gross interest rate. The fee income is used to help cover the costs of administration of the KWPCRF by paying for a portion of KWPCRF staff salary and benefits, costs incurred by other state agencies under the IAA, costs of annual independent financial audits, ongoing costs of rent, travel, communications, office equipment, etc., for the KWPCRF program. Service fees are also used for other salaries and similar expenses of administering 106 activities such as the NPDES permit program. As service fees are earned on the FFY 2020 capitalization grant, $100,000 of service fees are expected to be deposited into the CWSRF as program income earned during the grant period.

For loans with an effective date after May 31, 2018, the service fee is calculated differently through the first 4 years of repayments than in the remaining years of repayments. Through the first 4 years of repayments the service fee will be equal to the gross interest rate minus 0.25%. For the remaining years of repayments, the service fee will be equal to 0.25%. The service fees collected through the first 4 years of repayments will be set aside and used as funds for future state match requirements.

c. Program Administration

Section 603(d)(7) of the Federal Water Pollution Control Act allows a certain amount of the federal capitalization grant to be used for SRF administration. This amount is the greater of 3 determinations; $400,000, 1/5 percent (0.2%) of the current valuation of the fund, and 4% of all capitalization grant awards received by the State CWSRF (excluding federal administrative funds spent). The current valuation of the fund (Total Net Position from the 2019 audit) is $379,952,499 resulting in possible administration use calculation of $759,905. The total Kansas Capitalization Grants awarded through 2020 is $425,537,647, of which 4% is $17,021,505.88. Federal administrative funds spent as of June 30, 2019 is equal to $11,200,180.83 which results in a possible administration use calculation of $5,821,325.05. The greater of these 3 options is $5,821,325.05 which sets the maximum annual amount of SRF funds that can be used for administration costs during the year (excluding fees).

d. Transfer of Funds from or to the Drinking Water State Revolving Fund

The Kansas Department of Health and Environment reserves the right to transfer up to 33% of the amount of the Clean Water FFY 2019, 2020 and 2021 Capitalization Grant to the Kansas Public Water Supply Loan Fund (KPWSLF) in the future. The transferred funds will not be federal funds and will come from either bond proceeds, investment earnings, or recycled funds. This would help the KPWSLF to meet loan demands in the future and should not impact the ability for the KWPCRF to fund demand for projects.
<table>
<thead>
<tr>
<th>Year</th>
<th>Capitalization Grant Amount</th>
<th>Potential Transfer to DW SRF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$14,342,000</td>
<td>$4,732,860.00</td>
</tr>
<tr>
<td>2020</td>
<td>$14,344,000</td>
<td>$4,733,520.00</td>
</tr>
<tr>
<td>2021 (Estimated)</td>
<td>$14,344,000</td>
<td>$4,733,520.00</td>
</tr>
<tr>
<td><strong>Total Transfer Authority</strong></td>
<td></td>
<td>$14,199,900</td>
</tr>
</tbody>
</table>

e. Estimated Sources and Uses

The Sources and Uses of Funds table in Appendix C identifies the estimated sources and the uses of the available funds in the KWPCRF in SFY 2021. Sources of funds include federal capitalization grants and state matching funds, as well as repayments from existing loans. The KWPCRF frequently reviews the need to sell additional leveraging bonds, and additional bonds will be sold as needed. The potential need will be reviewed prior to the end of SFY 2021. Investment earnings and service fees are also sources of funds shown in Appendix C.

In keeping with the objectives of the KWPCRF, the majority of the available funds are used to pay for municipal wastewater collection and treatment water quality projects. Funds are also used to pay for program administration and repayments are used first for debt service on leveraged and state match bonds, and then become available for new loans.

f. Financial Management Strategies

Comprehensive financial planning is essential for the KWPCRF. Financial planning is used to determine appropriate investment strategies, leveraging practices, use of additional subsidies, and annual and long-term financing capacity. The KWPCRF strives to balance the need to provide as much low-cost financing as possible while ensuring that the fund can continue to operate in perpetuity. Each year, KDHE and the partner agencies and various consultants review the financial conditions of the KWPCRF, including the need and timing to sell leveraging bonds.

The KWPCRF leverages periodically as necessary to increase the funds available for assistance. A leveraging bond issue will be considered in SFY 2021. The leveraging capacity of the program is substantial due to large size of the loan portfolio. The KWPCRF balances the leveraging ability with the need to ensure significant funds remain available for financing agreements in the long term, particularly if capitalization grants were to end. In past bond issues the KWPCRF bonds have received a AAA credit rating – the highest rating available – from Standard & Poor’s, Moody’s, and Fitch Ratings and the KWPCRF strives to maintain this credit rating through strong financial management.

g. Cross Collateralization

The Master Financing Indenture (MFI), was established in 2010 by KDFA Bond Resolution No.287 and combines both the KPWSLF and KWPCRF programs as one entity for the purpose of interfacing with the capital market. All current outstanding bonds associated with the Kansas SRF programs are under the MFI. The entire MFI is structured as a cross
collateralization mechanism as all interest revenues are pledged to the State Match bonds and all other revenues are pledged to the Leveraged Bonds.

The MFI interface provides for an understanding to bond holders as to how debt service will be paid. However, as indicated in Section 903 of the MFI, the KPWSLF and KWPCRF will maintain and operate the loan programs as separate entities with separate accounting of all loan disbursements, interest revenues, principal revenues, State Match debt service, Leveraged debt service, State Match bond issuance amounts, Leveraged bond issuance amounts, State Match bond proceeds, Leveraged bond proceeds, and any other fund or account established in the MFI.

In the event that cross-collateralization is used to pay debt service on bonds, KDHE accounting will show revenue from one program was needed to pay debt service of the other program. That amount will be treated as a loan (without interest) to be repaid once the borrowing program has available funds in its portion of the Program Equity Fund. In the unlikely event that State Match debt service could not be paid using the corresponding program’s portion of interest revenues in the MFI, an amount necessary needed to pay the State Match debt service of the program would be transferred from the corresponding program’s Service Fee account to the State Match debt service account (Service Fees are an interest component of the loan repayments). This will assure that the assets of one program are not used, even temporarily, to pay for the other program’s State Match. Furthermore, the MFI will not issue any bonds unless it can show that the program which receives bond proceeds can pay 100% of the debt service of the corresponding bonds (in other words, without using cross-collateralization).

VI. Program Management

a. Assurances and Specific Proposals

Historically KDHE has provided the necessary assurance and certifications as part of the Operating Agreement with US EPA. The Operating Agreement (OA) describes the mutual obligations between EPA and KDHE, and through the IAA with DOA and KDFA. The purpose of the OA is to provide a framework of procedures to be followed in the management and administration of the KWPCRF. The OA was last updated March 15, 2012. KDHE intends to document these assurances and procedures through information on its website and Intended Use Plans rather than amend the existing Operating Agreement with EPA.

The OA addresses the commitment of the KWPCRF to key CWSRF requirements, including:

- Establishment of the SRF through state statutes and regulations (K.S.A. 65-3321 through K.S.A. 65-3329).
- A grant payment schedule will be included in the grant application.
- Required matching funds for the capitalization a grant will be deposited into the Fund before grant payments are made. Details regarding the state match will be provided in the grant application.
- Enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- Has and will continue to expend all funds in the CWSRF in a timely manner.
• Will conduct environmental reviews according to the State Environmental Review Process developed for the SRF (See Appendix G).

• Will use capitalization grant funds to assure maintenance of progress toward compliance requirements of the Clean Water Act.

• Will expend grant payments in accordance with laws and procedures applicable to the commitment and expenditure of revenue of the State of Kansas.

• Will establish and continue to use fiscal controls and accounting procedures to comply with Generally Accepted Accounting Principles (GAAP).

• Will make annual reports to EPA as required by the Clean Water Act.

• Will prepare an Intended Use Plan as required by the Clean Water Act.

• Will credit all principal and interest payments on the loans directly to the KWPCRF.

• Will not provide assistance to any project unless that project is consistent with plans developed under Section 205(j), 208, 303(e), 319, or 320 of the Clean Water Act.

• Equivalency projects funded through the KWPCRF will comply with applicable federal authorities otherwise known as cross cutters.

b. Federal Requirements

Many federal requirements apply to the KWPCRF, and to all projects funded by the KWPCRF, including federal environmental cross-cutters, Davis/Bacon prevailing wages, American Iron and Steel requirements, preparation of a Fiscal Sustainability Plan, a certification that the facility planning considered cost effectiveness, energy efficiency, water use efficiency, and energy and water reuse, and a memo documenting the determination of the “useful life” of the final engineering design (in years). The following additional requirements apply as Equivalency requirements, but only to certain loan agreements in a total amount equal to the capitalization grant.

These requirements are:

• Disadvantaged Business Enterprise utilization
• Single Audit Act
• Federal Funding Accountability and Transparency Act (FFATA) reporting (completed by KDHE)
• Procurement of A/E services in accordance with the federal Brooks Act (a qualifications-based selection process, with subsequent negotiated fees for services)
• Public Notification or signage requirements
The KWPCRF is expected to designate in the Intended Use Plan a project or group of projects equal to the capitalization grant amount that will be required to comply with Equivalency requirements. At the time of loan execution, KDHE will determine if such loan will be required to comply with equivalency requirements. Because it is unknown which projects listed in the IUP will actually execute loan agreements, it is not possible to list specific loans in the IUP. These specific loans will be listed in the annual report.

As required for equivalency projects, compliance with the Brooks Act for procurement of engineering services as presented in 40 USC Chapter 11 - a qualifications-based selection process with subsequent negotiated fees for services - is required for loans that includes any engineering fees, but only to certain loan agreements in a total amount equal to the capitalization grant. This requirement does NOT apply to equivalency loans that do not include engineering fees.

All KWPCRF assistance recipients identified will:

- Demonstrate compliance with the federal environmental crosscutting authorities during the environmental review and project planning stage.

- Comply with the guidance and requirements set forth for American Iron and Steel (AIS) requirements. (Applies to only projects for “treatment works”.

- Prepare a Fiscal Sustainability Plan submitted for approval prior to completion of construction for any projects which repair, replace, or expand “treatment works”.

- Certify the Facility Planning Considered Cost Effectiveness, Water Use, Reuse, Recapture, and Conservation, and Energy Conservation

The project applicant(s) will be informed of the requirements, and the requirements are included as conditions within the Loan Agreements. The KWPCRF will be maintaining records of project compliance in the project files.

c. Davis-Bacon Wage Rates

The Federal Water Pollution Control Act requires the application of Davis-Bacon prevailing wage rates to all treatment works projects funded in whole or in part by the CWSRF. The Davis-Bacon requirements do not apply to nonpoint source or decentralized wastewater treatment projects unless they are considered “treatment works”. Davis-Bacon applies to any construction contracts over $2,000.

To ensure compliance with these requirements, KDHE in administering the KWPCRF will confirm that the correct wage determinations are being included in the bid specifications and construction contracts. KDHE will also provide assistance recipients with the specific EPA Davis-Bacon contract language as conditions within the Loan Agreements that are to be included in bid specifications and construction contracts. In addition, KDHE will collect Certifications of Davis-Bacon compliance from assistance recipients with disbursement requests.

d. Audits and Reporting

The KWPCRF is committed to transparency and accountability. To that end, program information such as the Independent Financial Audit, Intended Use Plan, Annual Reports,
and other program materials are posted on the KDHE website: www.kdheks.gov/muni/index.htm.

Project milestones and information are reported through EPA’s Clean Water Benefits Reporting (CBR) database. The KWPCRF commits to entering benefits information on all projects into the CBR by the end of the quarter in which the assistance agreement is signed.

VII. Public Review and Comment

A public hearing was held to receive comments on this KWPCRF IUP for SFY 2021 and the revised affordability criteria. The hearing was held in the KDHE offices at the Curtis State Office Building, 1000 SW Jackson Street, Topeka, Kansas, on August 25, 2020 in the Azure Conference Room. The hearing was advertised in the Kansas Register.

Appendix C contains the following:

- Public Hearing Notice
- Summary of the public hearing
- List of Public Hearing Attendees
- Summary of Email and Letter Comments Received and Responses Provided
# APPENDIX A

## 2021 Project Priority List

<table>
<thead>
<tr>
<th>Project #</th>
<th>Municipality</th>
<th>NPDES Permit No.</th>
<th>Project Description</th>
<th>Loan Amount</th>
<th>Project Eligible for Additional Subsidy (Congressional, Sec. 603(i)(A), Sec. 603(i)(B))</th>
<th>Estimated Principal Forgiveness Amount</th>
<th>Estimated GPR Amount</th>
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<td>3016-01</td>
<td>Aiden</td>
<td>0051641</td>
<td>Wastewater Treatment Plant Improvements and Rehabilitation</td>
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<td>3005-01</td>
<td>Anthony</td>
<td>J000688</td>
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<td>Atchison</td>
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<td>0029114</td>
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<td>0029114</td>
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<td>Chetopa</td>
<td>0031135</td>
<td>Rehab Sewer Collection System</td>
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<td>2068-01</td>
<td>Coffeyville</td>
<td>0050733</td>
<td>Upgrade the WWTP Processes to Add a SCADA System to Improve Nutrient Removal.</td>
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<td>2026-01</td>
<td>Colwich</td>
<td>0090956</td>
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<td>Courtland</td>
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<td>2048-01</td>
<td>Edgerton</td>
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<td>0094609</td>
<td>Replace Lift Station and Add Chemical Feed to Wastewater Plant</td>
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<td>3011-01</td>
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<td>1204-01</td>
<td>Geary Co. S.D. #4</td>
<td>0078917</td>
<td>Replace the Existing WWTP with a Lagoon Treatment Facility</td>
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<td>Sec. 603(i)(A)</td>
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<td>1991-01</td>
<td>Haven</td>
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<td>Upgrade the Existing Sewage Pumping Stations in the Collection System</td>
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<td>Haviland</td>
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<td>Wastewater Lagoon Improvements</td>
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<td>2040-01</td>
<td>Herington</td>
<td>0022811</td>
<td>Upgrade WWTP to Provide Nutrient Removal and Upgrade the Sludge Handling Processes</td>
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<td>2037-01</td>
<td>Herndon</td>
<td>NA-NQ Lagoon</td>
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<td>3007-01</td>
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<td>0047457</td>
<td>Replace/Rehab Sewer Lines</td>
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<td>1665-01</td>
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<td>Independence</td>
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<td>NA-NQ Lagoon</td>
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<td>1973-02</td>
<td>Junction City</td>
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<td>Rehabilitate and Upgrade the WWTP to Provide Nutrient Removal</td>
<td>$23,746,000</td>
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<td>Item No.</td>
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<td>1838-01</td>
<td>Kansas City</td>
<td>Rehabilitate Portions of the Wastewater Collection System</td>
<td>$10,000,000</td>
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<td>2057-01</td>
<td>Kansas City</td>
<td>Construct a Major Interceptor to Serve the Area Flowing into the Wolcott Treatment Plant</td>
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<td>2035-01</td>
<td>Lakeside Village</td>
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<td>3025-01</td>
<td>Latham</td>
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<td>2075-01</td>
<td>Liebenthal</td>
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<td>3024-01</td>
<td>Linn Valley</td>
<td>Convert Existing WWTP Lagoon System to Nondischarging Lagoon System</td>
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<td>2076-01</td>
<td>Lucas</td>
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<td>3001-01</td>
<td>Maize</td>
<td>New Blower Building, Electrical, and Laboratory Improvements</td>
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<td>3019-01</td>
<td>Mayetta</td>
<td>Extend Sewer Service</td>
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<td>2083-01</td>
<td>Osage Co SD#1</td>
<td>Rehabilitate the Wastewater Collection and Lagoon Systems</td>
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<td>3015-01</td>
<td>Osawatomie</td>
<td>Wastewater Treatment Plant Improvements and Rehabilitation</td>
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<td>1928-02</td>
<td>Ottawa</td>
<td>Construct a Northeast Interceptor Sewer and Replace an Existing Sewage Pumping Station</td>
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<td>1957-01</td>
<td>Parsons</td>
<td>Construct a Peak Flow Pump Station</td>
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<td>3008-01</td>
<td>Pittsburg</td>
<td>Construct a Regional Wastewater Treatment Plant</td>
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<td>3004-01</td>
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<td>Repair Dikes on Vinyl Lined Lagoon</td>
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<td>2049-01</td>
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<td>Rehabilitate and Upgrade the WWTP to Provide Nutrient Removal</td>
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<td>2078-01</td>
<td>Smith Center</td>
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<td>3022-01</td>
<td>Soldier</td>
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<td>1188-01</td>
<td>Spring Hill</td>
<td>Rehabilitate a Portion of the Wastewater Collection System</td>
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<td>2080-01</td>
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<td>Construct an Interceptor</td>
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<td>1965-01</td>
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<td>Combined Sewer Correction/Control Projects</td>
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<td>1955-01</td>
<td>Ulysses</td>
<td>Upgrade and Rehabilitate the Existing WWTP Lagoon and Effluent Irrigation System</td>
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<td>3010-01</td>
<td>Wakefield</td>
<td>Rehabilitate Sewer Mains, Manholes, and Replace Service Tap Connections</td>
<td>$3,765,000</td>
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<td>3012-01</td>
<td>Westmoreland</td>
<td>Rock Creek Stream Bank Stabilization</td>
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<td>3014-01</td>
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<td>Convert Treatment from Discharging Lagoon System to Non-Discharging Lagoon System</td>
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<td>2039-01</td>
<td>Windom</td>
<td>Provide Comprehensive City-Wide Sewer Rehabilitation</td>
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**Totals**: $240,085,001 $5,740,026 $3,205,000
## Appendix B
Kansas Water Pollution Control Revolving Fund
Estimated Sources and Uses

### Sources:

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<td>Interest Earnings (other than loan repayments)</td>
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<tr>
<td>2019 Grant</td>
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<td>2020 Grant</td>
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<td>2021 Grant (est.)</td>
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<td>Loan Repayments</td>
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<td>Service Fees</td>
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<td>Bond Proceeds</td>
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**Total Sources** $166,127,866

### Uses:

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<td>SRF Administration</td>
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<td>Water Quality Program Assistance</td>
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<tr>
<td>SRF Debt Service Payments</td>
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<td>Investments</td>
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**Total Uses** $166,127,866
APPENDIX C

Public Review

a. Public Hearing Notice
b. Summary of Public Hearing
State of Kansas

Department of Health and Environment

Notice of Hearing (Rescheduled)

A public hearing previously scheduled for August 11, 2020, has been rescheduled to be conducted at 1:00 p.m. Tuesday, August 18, 2020, in the Arthur Conference Room of the Curtis State Office Building, 4th floor, 1000 SW Jackson St., Topeka, Kansas, to discuss the 2021 intended Use Plans for the Kansas Public Water Supply Loan Fund (KPWSLF) and the Kansas Water Pollution Control Revolving Fund (KWPCR). These Intended Use Plans will make additions to the Project Priority List of each program and include estimates and uses of anticipated capitalization grants from EPA. Copies of the draft IUPs can be obtained online at www.kdahks.gov/wwl/loans/grants/loanfund/documents/download.html.

Any individual with a disability may request accommodation to participate in the public hearing. Requests for accommodation should be made at least five working days before the hearing by contacting Linda White at 785-296-6214.

Comments can be presented at the hearing or in writing prior to the hearing. Due to the uncertainty of gathering restrictions that may be in effect at the time and location of the scheduled public hearing, written comments are strongly encouraged. Written comments should be addressed to William Carr, Bureau of Water, Kansas Department of Health and Environment, 1000 SW Jackson St., Suite 420, Topeka, KS 66612.

Lee A. Norman, M.D.
Secretary

Doc No. 048509

State of Kansas

Wichita State University

Notice of Intent to Lease Land and/or Building Space

Public notice is hereby given that Wichita State University (WSU) intends to lease available land and building space. The university will consider leasing such property and/or space to those whose presence on campus would advance the university's applied learning vision or its mission as an educational, cultural, and economic driver for Kansas and the greater public good, or otherwise provide supporting services and amenities to the campus community (such as restaurants, retail establishments, financial institutions, etc.). Because tenant use must be a good fit with the university's educational mission and available space, please be prepared to provide the following information: (1) name; (2) square footage of space needed and desired lease term and location; (3) equipment, design, or other special needs; (4) description of anticipated use; and (5) the anticipated benefits to the university, its students, and the WSU community (e.g. applied learning, joint research, faculty start-up, etc.). The university will consider serious offers and inquiries from any financially qualified individual, group, organization, or company. If interested, please contact Vice President for Research &

Lee A. Norman, M.D.
Secretary

Vol. 39, No. 30, July 23, 2020
FY2021 IUP
Summary of Public Hearing
August 25, 2020 1:00 pm

FY2021 IUP Public Hearing Attendance List

<table>
<thead>
<tr>
<th>Name</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td>William Carr</td>
<td>KDHE</td>
</tr>
</tbody>
</table>

No members from the public attended the hearing and no written comments were received.
APPENDIX D

Service Fees

K.A.R. 28-16-113 establishes the method of the KWPCRF to collect service fees for administration costs of the KWPCRF. A portion of the gross interest rate charged on the outstanding balance of loans (predominantly 0.25%) is collected as a service fee. For loans with an effective date after May 31, 2018, the service fee is calculated differently through the first 4 years of repayments than in the remaining years of repayments. Through the first 4 years of repayments the service fee is equal to the gross interest rate minus 0.25%. For the remaining years of repayments, the service fee is equal to 0.25%. All service fees collected are held outside the SRF.

Service fees can be divided into four categories – fees included in CWSRF loans, program Income earned during the grant period, program income earned after the grant period, and fees other than program income (non-program income). EPA requires estimates for these categories of fees be made in the Intended Use Plan.

The KWPCRF anticipates a very small amount of fees charged during the program year to be classified as fees included in CWSRF loans - these are fees which are included in the loan principal. There is no standard fee that is included in the loan principal, however loan recipients have the ability to capitalize service fee charges that occur during the construction period of the project. There will likely be a few loan recipients that will choose to capitalize those fee charges during construction which will then be included as principal of the loan. KDHE estimates about $20,000 of fees in this category for SFY 2021. Fees in this category will be used only for KWPCRF administration.

The fee classification of program income earned during the grant period is for fees earned during the grant period on any CWSRF disbursement of federal funds. These service fees will be spent in support of the KWPCRF program or as state match. KDHE estimates about $50,000 of fees in this category will be collected.

The fee classification of program income earned after the grant period is for fees earned after the grant period on any CWSRF disbursement of federal funds. These fees will be spent in support of the KWPCRF program, state match, and in support of Water Quality Related expenses including Section 106 NPDES permit program activities. KDHE estimates about $200,000 of fees in this category will be collected.

The fee classification of non-program income is for fees earned from loan disbursements that were not federal funds. These fees can be spent in support of the KWPCRF program, state match, and in support of Water Quality Related expenses including Section 106 Program NPDES permit program activities (same allowability as program income earned after the grant period). KDHE estimates about $800,000 of fees in this category will be collected.

Service fees that are spent in support of Water Quality Related activities are in support of Section106 NPDES permit program activities. These include such typical expenses as salaries and benefits, travel, rent, office supplies and equipment, communications, technical and financial association fees and conferences, and technical assistance contracts.

All KWPCRF service fees for any expense are reviewed by the KWPCRF program management staff. Monthly reports of service fee expense expenditures from federal SRF program administration and to KWPCRF service fees are reviewed to assure any expense is properly assigned to be paid by KWPCRF service fees, and/or also properly assigned as a KWPCRF expense spent in support of the KWPCRF program or as a Water Quality Related 106 Program NPDES expense.
Appendix E – Project Priority System

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
KANSAS WATER POLLUTION CONTROL
REVOLVING FUND
PROJECT PRIORITY SYSTEM
SFY 2021

I. INTRODUCTION

The Federal Water Pollution Control Act, the Clean Water Act as amended through 1987, requires states to develop and utilize a priority system to identify and schedule publicly-owned sewerage facilities for State Revolving Fund loan assistance.

The Water Quality Act of 1987 (Act) became law on February 4, 1987. A major part of the Act was establishment of Title VI - State Water Pollution Control Revolving Funds (SRF). The Act requires a potential loan project be identified on the Priority List. Federal appropriations for SRF began in FFY 1989 and have continued through FFY 2019. K.S.A. 65-3321 through 65-3329 authorizes the Kansas Water Pollution Control Revolving Fund (KWPCRF) in Kansas.

This FINAL SFY 2021 "Kansas Water Pollution Control Revolving Fund Project Priority System" supersedes the prior DRAFT SFY 2021 "Kansas Water Pollution Control Revolving Fund Project Priority System" dated April 16, 2019. The priority system for state revolving fund loans makes provisions for the following:

(1) Consideration of water use impairment.
(2) Emphasis on discharges to priority water bodies.
(3) Technology considerations.
(4) County-wide Wastewater Management Plan completion.
(5) Category of projects.
(6) Population affected.
(7) Public health effects.
(8) Discharge to high quality watersheds.

The KWPCRF loan will be for 100% of eligible costs for water pollution control facilities including planning, design, and construction costs. Also, all reasonable costs of administrative support directly provided for the project are allowable. The costs of full-time employees of the Municipality and the purchase price of land and easements, as well as interest expense associated with the purchase price of land and easements, are not allowable within the Kansas SRF Program. Projects will be encouraged to consider innovative or alternative technologies (I/A); however, there is no added financial incentive from the KWPCRF for utilizing I/A technology.

This project priority ranking system can be used to identify and rank, on a priority basis, projects to abate non-point sources of pollution. Non-Point Source Pollution Control Implementation Plan projects are eligible to receive low interest loan financing from the Kansas Water Pollution Control Revolving Fund, subject to all other terms and conditions of Federal and State Law and
KWPCRF loan eligibility will be limited to exclude other than the most cost-effective alternative.

The Combined Sewer Overflow Correction/Control and Storm Water Pollution Control projects will continue to be included on the overall list with all other types of projects. Also, projects to eliminate or upgrade wastewater and sludge discharges from municipally-owned drinking water treatment facilities are allowable and are included on the overall list with all other types of projects. Only construction necessary to improve or eliminate the discharge is an allowable cost of the Clean Water SRF. However, construction and costs to expand or enhance water production is an allowable project under the new Drinking Water SRF also administered by KDHE and ranked by an entirely separate process.

Up to 10% of total available monies will be made available to communities of less than 5,000 population. These "small communities" will be identified on the priority list. Even if a project has a low environmental priority, a project for a community of less than 5,000 may receive a loan to satisfy this program requirement.

No projects will be eligible for KWPCRF funding unless they are in compliance with the Kansas Water Quality Management Plan, the 208 Area-wide Water Quality Management Plan, an applicable County-wide Wastewater Management Plan, and any formally adopted County environmental plan.

II. PRIORITY RATING CRITERIA

The priority rating criteria numerically ranks projects identified for KWPCRF funding eligibility. In determining the numerical score of each project, the Bureau of Water will consider the following factors: 1) impairment of designated water uses; 2) discharges to priority water bodies; 3) technology considerations; 4) completion of county-wide plan; 5) category of projects; 6) population affected; 7) public health effects; 8) discharge to high quality watersheds; and 9) allowance for the Director of the Bureau of Water to add supplemental points to insure adjustment for achieving:

1. Zero discharge.
3. The elimination of health hazard conditions.
4. The use of land disposal of treated wastewater.
5. Reuse of treated wastewater in water shortage areas.
6. The elimination of existing dry weather raw sewage discharges into waters of the state.
7. Significant progress in local water pollution control abatement program.
EPA has requested the Project Priority System for the state revolving fund programs be revised to consider higher priorities for discharge into a stream reach or watershed identified as a high-quality water body, or identified as a relatively higher priority watershed. In July 1999, KDHE completed the revisions to the Kansas Surface Water Quality Standards regulations, and within these new regulations have identified high environmental quality water bodies as "Outstanding Natural Resource Waters" (ONRW), “Exceptional State Waters” (ESW) and higher valued aquatic life use stream reaches as "Special Aquatic Life Use" (SALU). This priority system will provide additional priority points for projects which improve the quality of or eliminate discharges into ONRW, ESW, and SALU water bodies.

III. PRIORITY RATING CRITERIA (Non-Point Source Pollution Control Management Plan Implementation)

The policies and procedures for priority ranking of Non-Point Source Pollution Control Management Plan Implementation projects are being developed, and will be added following public review and input, and Public Hearing to solicit comments.

IV. ADMINISTRATIVE PROCEDURES

The following procedures will be observed in the administration of the priority system:

(1) The Bureau of Water will, by July 1 of each year, prepare a tentative priority list of all publicly-owned sewerage projects to be included for possible receipt of financial assistance during the following federal fiscal year. The projects will be ranked and the list will incorporate the priority score for each project.

(2) The Bureau of Water will give public notice of the priority list prepared under Section V(1) of this document and will hold one or more public hearings to receive comments on the list. The Bureau of Water will, upon request, provide information on the detailed calculations of the priority standing for a project.

(3) The Bureau of Water will, by October 1 of each year, provide EPA with a copy of the priority list.

(4) The Secretary of the Kansas Department of Health and Environment may amend the priority list to include a project(s) requested by the Bureau of Water as needed to protect the public health, meet emergency community needs or reflect changes in federal regulations, laws or allocations.

(5) The Bureau of Water intends to obligate available loan funds within the first year of their availability. Projects will be elevated to the Intended Use Plan (IUP) for funding based both on priority ranking and readiness to proceed.

(6) Any project on the Priority List may be funded as a KWPCRF loan project regardless of priority ranking. However, to receive a loan, a project must be contained within the Intended Use Plan (IUP) prepared by KDHE and approved by EPA.
(7) Available monies will be provided to projects on the IUP that are ready to proceed.

(8) Adequate wastewater treatment capacity must be pre-existing or must be constructed concurrently with a collection system project.

(9) As required by the Kansas enabling legislation, up to 10% of the total monies available for SRF projects on an annual basis must be made available to communities of less than 5,000 population. The monies targeted for the "Less than 5,000" population projects will be separately identified in the priority list.

V. IDENTIFICATION OF PROJECTS

Projects to be placed on the priority list may be identified by: 1) municipal officials; 2) KDHE, through the assessment of municipal sewerage needs (Needs Survey) prepared in accordance with Section 516 of the Federal Water Pollution Control Act; and 3) studies or inspections conducted by the Bureau of Water or by the request of federal, state or local agencies, agents or private individuals as confirmed by appropriate studies and/or investigations by the Bureau of Water.

Projects may also be identified by the Secretary of KDHE in accordance with Section IV(4) of this document, as necessary, for the elimination of a health emergency or as a necessary project for meeting a community need which was not foreseen or identified during the planning stage.

The Bureau of Water, from time to time, will inform the municipalities of the type of projects eligible to be placed on the priority list.

The priority list will identify all projects available for funding and the list will be updated annually.

VI. PROJECT RATING PROCEDURE

Projects identified in accordance with provisions of Section IV, other than those under Section IV(4), will be ranked in accordance with the rating system set forth in this Section. The ranking will be in descending order with the highest point total having the highest priority for funding. The following ranking procedure will be applied to each project to determine relative standing:

1. Priority for Impairment of Designated Water Use.
   A. Project located______________________________River Basin;
      Discharging__________________________________________
   B. Water Uses Affected.
      Identify the water uses the project affects or potentially affects. (Designated water use of the effluent receiving water).
### Reference

a) Drinking Water  

b) Aquatic Life/Fishing  
c) Swimming & Wading  
d) Boating  
e) Agric. Water Supply  
f) Indust. Water Supply  
g) Shoreline Recreation

### C. Project Pollutant Removal.

Determine project pollutant removal factor.

<table>
<thead>
<tr>
<th></th>
<th>Pre-Project Condition (1)</th>
<th>Post-Project Condition (1)</th>
<th>(c)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td></td>
<td></td>
<td>1 - b/a</td>
</tr>
<tr>
<td>Heavy Metals(2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toxic Organics(3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ammonia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fecal Coliform(4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*If zero (0) or less than 0.01 use 0.01

1. Condition can be effluent concentration, waste load, discharge volume, etc.; this condition must reflect capability of treatment units rather than poor operation of facility.

2. Sum of all heavy metals present (if known). Recurring failure of bio screens or effluent toxicity analyses, use 0.5 in Column (c).

3. Sum of all known toxic organics (if known).

4. Indicate disinfection need, use 0.9 in Column (c) if disinfection required.
D. Determine Projects Water Quality Impact.

(a) Enter pollutant removal factors (c) calculated under C, above, in the following tables for the uses identified under B.

<table>
<thead>
<tr>
<th></th>
<th>BOD</th>
<th>Heavy Metals</th>
<th>Toxic Organics</th>
<th>Ammonia</th>
<th>Fecal Colif.</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drinking Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aquatic Life/Fishing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swimming/Wading</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agric. Water Supply</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Indust. Water Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shoreline Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) Sum of all entries in table

(c) Divide sum by 19

(d) Water quality impact points
(Multiply (c) x 500)

2. Discharge to Priority Water Bodies.

If any entry is made under Section I. B. a), b) or c), add 10 points.

3. Technology Consideration.

Add the following points for innovative project:

<table>
<thead>
<tr>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative/Alternative Project*</td>
</tr>
<tr>
<td>Lagoon</td>
</tr>
<tr>
<td>Regional Plant</td>
</tr>
</tbody>
</table>

Maximum points ---15.

* Shall be in proportion to the ratio between the total project and the I/A part of the project.
4. **Countywide Plan / Local Environmental Protection Program Consideration.**

Five (5) points will be awarded projects located within a County which has completed a Countywide Wastewater Management Plan or is developing a Local Environmental Protection Plan in conformance with the KDHE Local Environmental Protection Program.

5. **Category of Projects.**

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Treatment</td>
<td>10</td>
</tr>
<tr>
<td>More Stringent Treatment, e.g. Ammonia Removal,</td>
<td>10</td>
</tr>
<tr>
<td>Nutrient Removal, Toxicity Control</td>
<td></td>
</tr>
<tr>
<td>Sludge Handling Improvements</td>
<td>8</td>
</tr>
<tr>
<td>I/I Correction</td>
<td>8</td>
</tr>
<tr>
<td>New Collector</td>
<td>3</td>
</tr>
<tr>
<td>New Interceptor</td>
<td>3</td>
</tr>
<tr>
<td>Reliability Related Support Facilities e.g., pump</td>
<td>2</td>
</tr>
<tr>
<td>station monitoring, administration buildings</td>
<td></td>
</tr>
</tbody>
</table>

Only one category can be considered for rating points. Maximum points --- 10.

6. **Population Affected.**

Population of the grantee entity in which the project is located.

<table>
<thead>
<tr>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 75,000</td>
</tr>
<tr>
<td>50,000 to 75,000</td>
</tr>
<tr>
<td>25,000 to 50,000</td>
</tr>
<tr>
<td>10,000 to 25,000</td>
</tr>
<tr>
<td>0 to 10,000</td>
</tr>
</tbody>
</table>

Maximum points -- 10.

<table>
<thead>
<tr>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Health Hazard Declared by Local Health Dept. or KDHE</td>
</tr>
<tr>
<td>Potential Health Problem Declared by Local Health Dept. or KDHE</td>
</tr>
<tr>
<td>Groundwater Protection Determined Necessary by KDHE</td>
</tr>
<tr>
<td>Unsanitary Condition Identified by Local Health Dept.</td>
</tr>
<tr>
<td>Unsanitary Condition Identified by KDHE</td>
</tr>
</tbody>
</table>

Only one category can be considered.

Maximum points ---20.

8. Discharge to High Quality Watersheds.

<table>
<thead>
<tr>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the stream reach or waterbody receiving the discharge from a wastewater treatment plant is designated as an Outstanding Natural Resource Water (ONRW), Exceptional State Water (ESW), or Special Aquatic Life Use (SALU) within the Kansas Surface Water Quality Standards regulations, add 10 points.</td>
</tr>
</tbody>
</table>

Section 303(d) of the Clean Water Act requires development of a list of water bodies that do not achieve applicable water quality standards after application of technology-based effluent limitations and best management practices. Any project for pollution abatement, either point-source or non-point source, identified within a Total Maximum Daily Load (TMDL) study as necessary to restore or protect the stream segment water quality condition receives 10 additional priority points.

(Note, these criteria are additive, i.e. a total 30 points can be added to the Priority Ranking (PRANK) from this category.)
PROJECT PRIORITY SCORE SUMMARY

(General Projects)

1. Use Impairment/Restoration _______________________
2. Discharge to Priority Water Bodies _______________________
3. Technology Consideration _______________________
4. County-wide Plan/Local Environmental Protection Program _______________________
5. Category of Projects _______________________
6. Population Affected _______________________
7. Public Health Effect _______________________
8. Discharge to High Quality Watershed _______________________
9. Bureau of Water Point Adjustment* _______________________

TOTAL PROJECT SCORE (sum of 1 through 9) _______________________

*Provide reasoning; maximum adjustment is 15 points.
Appendix F

Affordability Criteria as Required by the Clean Water Act for the Kansas Water Pollution Control Revolving Fund

The Clean Water Act requires the states consider income, unemployment data, population trends, and other data determined to be relevant in establishing affordability criteria used to award certain additional subsidy under the SRF program.

In order to qualify for additional subsidy awarded under the Section 603(i)(A) authority, the proposed project must be for a facility that is under a consent order from KDHE for noncompliance and the proposed project will bring the facility back into compliance.

Once the facility is determined to be eligible for consideration of additional subsidy under the Section 603(i)(A) authority, the municipality that owns the facility will be evaluated based on the following criteria to determine if additional subsidy can be awarded.

1. The municipality is located in a Kansas Opportunity Zone.

2. The municipality serves a population of 500 or less. Populations for Cities will be determined by the most current certified population data maintained by the Kansas Division of Budget as of the beginning of the program year. If the municipality is not listed within this population data, a multiplication factor of 2.5 times the number of connections of the sewer system will be used as the population.

3. The municipality has a median household income (MHI) that is less than 80% of the Kansas MHI as determined by the most current data from the US Census Bureau at the beginning of the program year.

4. The municipality is located in a county with an unemployment rate that is greater than 115% of the statewide average (measured using the previous 12 months data maintained by the Kansas Department of Labor).

If the municipality meets at least 2 of the 4 listed criteria, the project will be eligible for up to 30% principal forgiveness, (not to exceed $1,000,000) based on actual KWPCRF disbursed amounts associated with the qualifying project – as long as additional subsidy amounts are available in such quantities.
Appendix G

Environmental Review Procedure
I. Authority

This procedure was developed under the authority of K.S.A. 65-3323 and K.A.R. 28-16-137 and implements K.S.A. 65-3322 and K.A.R. 28-16-137. For further guidance throughout this document, reference is made to 40 CFR Part 6 as in effect January 1, 1989.

II. Purpose

The purpose of this document is to establish Kansas Department of Health and Environment's (KDHE) policies and procedures for the identification and analysis of the environmental impacts of projects to be provided using financial assistance from the Kansas Water Pollution Control Revolving Fund (KWPCRF).

III. Definitions

1. "Applicant" means any individual, agency or entity which has filed an application for loan assistance under the Kansas Water Pollution Control Revolving Fund Act.

2. "Categorical exclusion" means an exemption from the substantive environmental review requirements of this environmental review procedure granted by KDHE based on the requirements of Chapter VI of this document.

3. "Environmental review" means the process whereby an evaluation is conducted by KDHE to determine whether a proposed project financed from the KWPCRF may have a significant impact on the environment and therefore require preparation of an Environmental Impact Statement (EIS).

4. "Environmental information document" means any written analysis prepared by a loan applicant describing the environmental impacts of a proposed project. This document shall include sufficient information necessary to prepare an environmental assessment.

5. "Environmental impact statement" (EIS) means a document prepared by KDHE to discuss any significant adverse effect on the environment resulting from a proposed KWPCRF project. An EIS also includes potential mitigation measures.

6. "Finding of no significant impact" (FNSI) means a document issued by KDHE following its determination based on the findings of the environmental assessment that an EIS will not be prepared in accordance with Chapters VII and X of this document.

IV. Applicability

This environmental review procedure shall result in either the issuance of a categorical exclusion, a finding of no significant impact, or the preparation of an environmental impact statement, and applies to KWPCRL projects at any one of the following project completion stages:

1. Approval of a facilities plan or an amendment to the plan;

2. Loan award for a project where significant change has occurred in the project or its environmental impact since prior compliance with this review procedure;

3. More than 5 years elapsed between the dates of the environmental review and the loan application; and

4. Loan award for a project when or where project documentation were completed prior to filing a loan application.
V. Public and Other Agency Involvement

1. General

KDHE will involve the public in the environmental review process in accordance with program regulations and agency policies on public participation.

2. Publication of notice of intent for an EIS.

Following a KDHE decision to prepare an EIS, appropriate notifications to interested and affected members of the public will be given and the notice of intent will be published in the Kansas Register.

3. Public meetings or hearings.

Appropriate public meetings or hearings will be conducted by KDHE following the completion of a draft EIS. The draft EIS will be made available to the public at least 30 days in advance of the meeting or hearing.

4. Finding of no significant impact.

A FNSI document will afford the same public review opportunity as an EIS which will not be shorter than 30 days. KDHE will consider comments submitted on the FNSI before approval of a loan.

5. Record of decision (ROD).

KDHE will disseminate the ROD to those parties which commented on the EIS.

6. Categorical exclusion.

An applicant who files for and receives a determination of categorical exclusion shall publish a notice indicating the determination of eligibility in the local official newspaper and indicate the availability of the supporting documentation for public inspection.

VI. Categorical Exclusions

Projects which do not have a significant effect on the quality of the human environment may be exempted from substantive environmental review requirements. Environmental information documents (EID) and/or environmental impact statements will not be prepared for excluded projects. Such projects may include:

1. Projects which do not affect the degree of treatment or capacity of the existing facility;

2. Infiltration and inflow corrections;

3. Replacement projects of existing mechanical equipment or structures;

4. Upgrading of existing treatment processes and minor expansion of existing treatment works projects in communities with less than 10,000 population; and,

5. Projects using on-site disposal techniques for communities with less than 10,000 population.
VII. **Environmental Review Process**

KDHE's environmental review process for loan projects under the KWPCRF Act will use an interdisciplinary team approach and will include the following actions:

1. **Review of facilities plans.**

   A facilities plan shall include adequate environmental information documentation for preparing an environmental assessment.

2. **Environmental assessment (EA).**

   The EA process will include the analyzing of all potentially significant environmental impacts including:

   a) description of the existing environment;

   b) description of the future environment with and without the proposed loan project;

   c) purpose and need for the project including population projection;

   d) comparative analysis of feasible alternatives to the project, the analysis should list the proposed project as one of the alternatives and consider, if applicable to the project, the following:

      i) flow and waste reduction measures included infiltration/inflow considerations;

      ii) pretreatment requirements;

      iii) water conservation measures;

      iv) alternative locations, capacities, and construction planning;

      v) alternative waste management techniques: pretreatment, no discharge, treatment and discharge, wastewater reuse, land application, and individual systems;

      vi) alternative sludge management techniques;

      vii) more efficient operation and maintenance;

      viii) energy reduction measures;

      ix) multi-use including recreation, other open space, and environmental education considerations; and,

      x) environmental consequences of the alternatives including mitigating measures of adverse environmental effects.

   The alternatives shall be ranked with respect to present value of costs; direct, indirect and cumulative environmental effects; physical, legal, or institutional constraints; and compliance with regulatory requirements;

   e) requirements for irretrievable commitments of resources to the entire project including mitigation of adverse environmental effects.
3. FNSI/EIS determination.

a) Conditions for producing a FNSI.

When the environmental review indicates no significant impacts are anticipated or when the project is altered to eliminate any potential significant adverse environmental impacts, a FNSI will be issued. The EA will be part of the FNSI document.

b) Conditions requiring an EIS.

1. The project would significantly affect the existing land use or the growth and/or distribution of population.

2. The project is not consistent with local land use plan or policy.

3. The project would have significant adverse effects on or be located in wetlands.

4. The project would significantly affect threatened and endangered species or their habitats or be located in the habitat.

5. The project would induce changes that significantly:

   i) displace population;
   ii) alter the character of existing residential area;
   iii) adversely affect a flood plan; or
   iv) adversely affect significant amounts of important farm land or agricultural operations on this land.

6. The project would have significant adverse effects on park lands, preserves, other public lands or on areas of recognized scenic, recreational archeological or historic value.

7. The project would have a significant adverse effect upon local ambient air quality, noise levels, surface water or groundwater quality or quantity, water supply, fish, shellfish, wildlife, and their natural habitats.

8. The project is highly controversial.

VIII. Environmental Impact Statement Preparation

The following steps will be followed by KDHE in preparation of an EIS:

1. Issuance of a notice of intent to prepare an EIS.

2. Determination of the scope of the EIS. This process will include a scoping meeting with the applicant and parties potentially affected by the project.

3. Determination of the appropriate format of the EIS.

4. Determination of the need for and the procedure of coordinating the EIS process with other environmental review and/or consultation requirements.

5. Development of an agency review plan, a public participation plan, and a schedule and distribution process for the draft and final EIS documents.
IX. **Record of Decision (ROD) and Identification of Mitigating Measures**

After a final EIS has been issued, KDHE will prepare and issue the ROD in conjunction with the approval of the project. The ROD will include identified mitigating measures as loan conditions derived from the EIS process and will be widely distributed to all interested parties involved in the EIS process. The provisions of the Kansas Administrative Procedure Act (1988 Supp. 77-501 et seq) shall apply for adjudicative intervention during the deliberation of an ROD.

X. **Public Participation**

The following minimum public participation will be included in the environmental review process:

1. One public meeting during the preparation of the facilities plan to discuss alternatives.
2. One public hearing prior to the formal adoption of a facilities plan.
3. An EIS process will follow its specific public participation plan in addition to 1 and 2 above.

XI. **Coordination of an Environmental Review**

The environmental review procedure will be coordinated with all appropriate entities including, but not limited to:

1. Dept. of Agriculture - Division of Water Resources;
2. Kansas Biological Survey;
3. State Conservation Commission;
4. Kansas Corporation Commission;
5. Kansas Geological Survey;
6. Kansas Water Office;
7. Department of Wildlife and Parks;
8. Kansas State Historical Society;
9. Others as appropriate such as Local Planning Agencies;
10. U.S. Fish and Wildlife Service;
11. U.S. Soil Conservation Service;
12. U.S. Corps of Engineers; and,
13. U.S. Environmental Protection Agency.

The coordination of an environmental review will be integrated to include, in a practicable manner, considerations of the effects or potential effects of the following federal and state laws and federal Executive Orders:

1. Historic Sites Act of 1935 regarding landmarks;
3. Executive Order 11990 regarding wetlands;
4. Executive Order 11988 regarding floodplains;
5. Wild and Scenic River Act regarding wild and scenic rivers;
6. Farmland Protection Policy Act regarding preservation of prime farmland;
7. Endangered Species Act regarding threatened or endangered species. consultation with Fish and Wildlife required where habitat of such a species is impacted;
8. Fish and Wildlife Coordination Act to protect fish and wildlife resources;
9. Natural and scientific areas as designated by the Natural and Scientific Areas Advisory Board;
10. Outstanding natural resource waters of unique significance as listed in K.A.R. 28-16-28(c); and
11. Wildlife areas as designated pursuant to K.A.R. 23-8-1.

KDHE's response to public and agency comments received during the environmental review procedure will be incorporated in the final FNSI or ROD.