

KANSAS WATER OFFICE

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 1,158,682	\$ 1,120,864	\$ 1,120,864	\$ 1,160,307	\$ 1,160,307
Other Funds	7,978,132	7,852,618	7,852,618	7,837,969	7,837,969
TOTAL	\$ 9,136,814	\$ 8,973,482	\$ 8,973,482	\$ 8,998,276	\$ 8,998,276
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 9,136,814	\$ 8,973,482	\$ 8,973,482	\$ 8,998,276	\$ 8,998,276

Percentage Change:

Operating Expenditures					
State General Fund	(2.0) %	(3.3) %	(3.3) %	3.5 %	3.5 %
All Funds	18.7	(1.8)	(1.8)	0.3	0.3
FTE Positions	16.0	19.0	19.0	19.0	19.0
Non-FTE Perm.Uncl.Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	18.0	21.0	21.0	21.0	21.0

AGENCY OVERVIEW

The Kansas Water Office is the water planning, policy, and coordination agency for the state. The agency, in conjunction with the Kansas Water Authority, develops water policies through an open planning process, facilitates the coordination of agencies' activities regarding water, and operates a raw water marketing program to ensure an adequate supply for the citizens, municipalities, environment, and industries in the state.

Through the agency's operations and the guidance of the Kansas Water Authority, the Kansas Water Office focuses on water policy planning, including developing the State Water Plan, which details the management, conservation, and development of water resources for the state. Working with the 12 major river basins, the agency develops basin planning sections for the State Water Plan, which documents objectives and critical issues occurring in each of the basins. Additionally, the agency provides the coordination function in focusing action on priority issues as identified in the basin sections of the Kansas Water Plan.

In addition, the agency administers the following programs and acts: Assessment and Evaluation program, Water Marketing program, Water Assurance program, Water Conservation program, the public water supply component of the Multipurpose Small Lakes program, the Kansas Water Planning Act, State Water Plan Storage Act, Kansas Weather Modification Act, portions of the Water Appropriations Act, and the Water Transfer Act. The agency also negotiates with the federal government for water supply storage in federal lakes.

The Kansas Water Authority provides water policy advice to the Governor, Legislature, and the Director of the Kansas Water Office. The 24-member board is responsible for approving water storage sales, the State Water Plan, federal contracts, and regulations and legislation proposed by the Kansas Water Office.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added \$2.5 million from the Water Conservation Projects Fund in FY 2007 to the Kansas Water Office for projects in the Upper Arkansas River Basin, including the lining of the Southside Ditch and the Southern Alternative delivery system. The Legislature also added language directing the agency to work with Groundwater Management District #5 to begin negotiations involving the purchase of water rights for the streamflow augmentation of Rattlesnake Creek during FY 2007. In addition, the Legislature added \$552,000 from the Water Conservation Projects Fund in FY 2006 and FY 2007 for feasibility studies related to projects in the Upper Arkansas River Basin directly impacted by the litigation between Kansas and Colorado. Combined, total expenditures for both fiscal years were not to exceed \$552,000.

The **2007 Legislature** added \$500,000 from the State Water Plan Fund to address Neosho River Basin issues, such as sedimentation and water quality problems that have emerged within the Neosho Basin Watershed in recent years. The funding will be utilized as follows: \$300,000 for John Redmond reservoir pool raise mitigation required by the U.S. Corps of Engineers for a two-foot permanent pool raise; \$150,000 for Marion reservoir for a feasibility study related to addressing sedimentation and algae bloom issues; and \$50,000 for a riparian area inventory of areas below Marion and Council Grove reservoirs to the upper reaches of John Redmond reservoir. In addition, the Legislature added additional funding for weather modification, weather stations, technical assistance to water users, and for MOU (Memorandum of Understanding) – Storage Operations and Maintenance.

The **2008 Legislature** transferred the balance of the Water Conservation Projects Fund (\$9,134,446) and \$739,964 from the State Water Plan Fund in FY 2008 to a new fund called the Western Water Conservation Projects Fund, with guidelines directing the funding to Groundwater Management District No. 3 for oversight of funding projects, and creation of an advisory committee consisting of six ditch companies, and requiring a report by the Groundwater Management District No. 3 every three months on the status of new projects. In addition, the Legislature approved an increased transfer from the Economic Development Initiatives Fund (EDIF) of \$1,043,985 to avert a negative ending balance in the State Water Plan Fund. The Legislature also approved \$534,000, all from the State General Fund, in FY 2009 for a new fund called the Reservoir Storage Beneficial Use Fund.

The **2009 Legislature** approved the transfer of \$2.0 million from the State General Fund to the State Water Plan Fund for FY 2009 and suspended the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund for both FY 2009 and FY 2010. For FY 2010, the Legislature approved the transfer of \$3.3 million from the State General Fund to the State Water Plan Fund. The agency's FY 2010 State Water Plan Fund expenditures were increased by \$825,487. The Governor's July 2009 allotments eliminated the FY 2010 transfer approved by the Legislature and expenditures based on the increased transfer were reduced accordingly.

The **2010 Legislature** approved the transfer of \$1.3 million from the State General Fund to the State Water Plan Fund for FY 2011 and that it be appropriated for four specific programs: Contamination Remediation (\$226,161), Treece Superfund Buyout (\$350,000), Interstate Water Issues (\$137,945), and Aid to Conservation Districts (\$634,138). The 2010 Legislature also

changed the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.

The **2011 Legislature** suspended the \$6.0 million demand transfer to the State Water Plan Fund. In addition, the Legislature approved transfers from the State Water Plan Fund of \$75,000 to the Grain Warehouse Inspection Fund, \$175,000 to the Swine Eradication Fund, and \$20,000 to the Livestock Market Reporting Fund. The Legislature added funding for the Wichita Aquifer Storage and Recovery Project (\$11,390) and the memorandum of understanding (MOU) with the Army Corps of Engineers (\$80,702). Those additions were offset by reductions for technical assistance for water users (\$25,000), assessment evaluation (\$16,702), and several universal reductions (\$72,274).

The **2012 Legislature** added \$500,000, all from the Expanded Lottery Act Revenues Fund, for FY 2013 for the Wichita Aquifer Storage and Recovery project and \$40,000, all from the State Water Plan Fund, for Water Resource Education. The funding was subsequently vetoed by the Governor. The Legislature also added \$200,000, all from the State Water Plan Fund, for FY 2013 for the weather modification program contingent upon ten counties participating in the project. The 2012 Legislature suspended the \$6.0 million transfer from the State Water Plan Fund.

The **2013 Legislature** added \$100,000, all from the State Water Plan Fund, for the Weather Modification program in FY 2014.

In **2013** the Governor charged the agency with leading the development of a 50-year vision for water in Kansas. The vision will be incorporated into the Kansas Water Plan. The agency will conduct multiple meetings with stakeholders through March of 2014 and produce a first draft of the 50-year vision in the summer of that year. The agency intends for the vision to be completed by November 2014.

The **2014 Legislature** deleted \$419,000, all from the Water Marketing Fund, to reduce FY 2015 bond payments for the John Redmond Reservoir dredging project from \$2,109,400 to \$1,690,400.

The **2015 Legislature** added \$400,000 in both FY 2016 and FY 2017, all from the State Water Plan Fund, for streambank stabilization.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$9.0 million, including \$1.1 million from the State General Fund, in FY 2016. This estimate is an increase of \$2.3 million, or 33.5 percent, all funds, above the approved amount. The State General Fund amount is the same as the approved. The increase is largely attributable to the expenditure of funds received from the State of Nebraska pursuant to a ruling of the Supreme Court of the United States regarding the use of the Republican River. These funds will be expended on conservation projects for the Republican River.

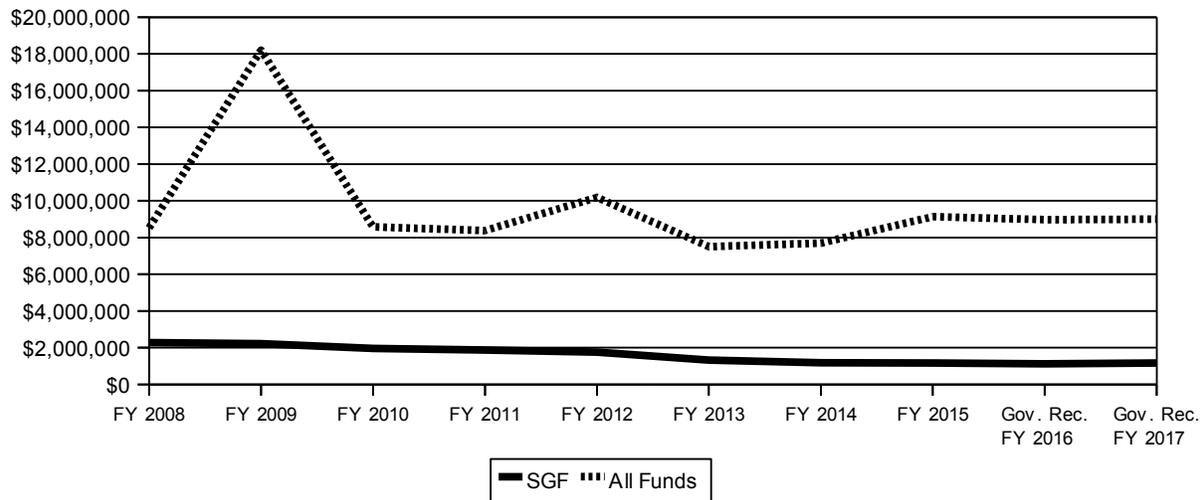
The **Governor** concurs with the agency request in FY 2016.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$9.0 million, including \$1.2 million from the State General Fund, for FY 2017. This estimate is an increase of \$108,697, or 1.2 percent, all funds, above the approved amount. The State General Fund amount is the same as the approved amount. The increase is largely attributable to the expenditure of funds received from the State of Nebraska pursuant to a ruling of the Supreme Court of the United States regarding the use of the Republican River. These funds will be expended on conservation projects for the Republican River. This increase is offset by decreases in expenditures for John Redmond Reservoir dredging bonds due to a change in how debt service for that project is being paid by the state. The Water Office transfers the funding to pay those bonds to the Department of Administration; the bond payments appear in that budget.

The **Governor** concurs with the agency request in FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 2,277,280	(0.3)%	\$ 8,522,585	23.3 %	23.5
2009	2,226,752	(2.2)	18,205,826	113.6	23.5
2010	1,962,416	(11.9)	8,578,248	(52.9)	23.5
2011	1,879,209	(4.2)	8,377,752	(2.3)	21.0
2012	1,762,575	(6.2)	10,182,947	21.5	21.0
2013	1,319,859	(25.1)	7,500,801	(26.3)	18.0
2014	1,182,230	(10.4)	7,694,691	2.6	19.0
2015	1,158,682	(2.0)	9,136,814	18.7	16.0
2016 Gov. Rec.	1,120,864	(3.3)	8,973,482	(1.8)	19.0
2017 Gov. Rec.	1,160,307	3.5	8,998,276	0.3	19.0
Ten-Year Change Dollars/Percent	\$ (1,116,973)	(49.0)%	\$ 475,691	5.6 %	(4.5)

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 4,758,640	\$ 5,546,937	\$ 4,934,388	\$ (612,549)	(11.0) %	\$ 5,546,937	\$ 4,934,388	\$ (612,549)	(11.0) %
Kansas Water Authority	41,307	28,692	28,696	4	0.0	28,692	28,696	4	0.0
Water Supply Contracts	4,336,867	3,397,853	4,035,192	637,339	18.8	3,397,853	4,035,192	637,339	18.8
TOTAL	\$ 9,136,814	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,365,179	\$ 1,432,076	\$ 1,485,227	\$ 53,151	3.7 %	\$ 1,432,076	\$ 1,485,227	\$ 53,151	3.7 %
Contractual Services	7,170,570	6,135,490	6,476,167	340,677	5.6	6,135,490	6,476,167	340,677	5.6
Commodities	75,609	19,620	20,120	500	2.5	19,620	20,120	500	2.5
Capital Outlay	20,510	16,762	16,762	0	0.0	16,762	16,762	0	0.0
Debt Service	0	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$ 8,631,868	\$ 7,603,948	\$ 7,998,276	\$ 394,328	5.2 %	\$ 7,603,948	\$ 7,998,276	\$ 394,328	5.2 %
Aid to Local Units	494,946	369,534	0	(369,534)	(100.0)	369,534	0	(369,534)	(100.0)
Other Assistance	10,000	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
TOTAL	\$ 9,136,814	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %
Financing:									
State General Fund	\$ 1,158,682	\$ 1,120,864	\$ 1,160,307	\$ 39,443	3.5 %	\$ 1,120,864	\$ 1,160,307	\$ 39,443	3.5 %
State Water Plan Fund	2,159,669	2,406,978	2,108,440	(298,538)	(12.4)	2,406,978	2,108,440	(298,538)	(12.4)
Water Marketing Fund	3,719,876	2,821,968	3,469,069	647,101	22.9	2,821,968	3,469,069	647,101	22.9
Federal Funds	1,567,976	351,850	0	(351,850)	(100.0)	351,850	0	(351,850)	(100.0)
All Other Funds	530,611	2,271,822	2,260,460	(11,362)	(0.5)	2,271,822	2,260,460	(11,362)	(0.5)
TOTAL	\$ 9,136,814	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %	\$ 8,973,482	\$ 8,998,276	\$ 24,794	0.3 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$1.1 million for the Kansas Water Office in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 1,120,864	\$ 1,120,864	\$ 0	\$ 1,120,864	\$ 0
All Other Funds	5,601,704	7,852,618	2,250,914	7,852,618	2,250,914
TOTAL	\$ 6,722,568	\$ 8,973,482	\$ 2,250,914	\$ 8,973,482	\$ 2,250,914
FTE Positions	19.0	19.0	0.0	19.0	0.0

The **agency** requests a revised estimate of \$9.0 million, including \$1.1 million from the State General Fund, in FY 2016. This estimate is an increase of \$2.3 million, or 33.5 percent, all funds, above the approved amount. The State General Fund amount is the same as the approved. The increase is largely attributable to expending funds received from the *Kansas v. Nebraska* Supreme Court ruling regarding violations of the Republican River Compact. These funds will be expended on conservation projects for the Republican River. Additionally, the increase is attributable to the receipt of a new EPA wetland grant award. The request includes expenditures in the following categories:

- **Salaries and Wages.** The agency requests \$1.4 million for salaries and wages in FY 2016, a decrease of \$5,955, or 0.4 percent, below the approved amount. These salaries are utilized to fund 19.0 FTE positions and 2.0 non-FTE positions. Almost all positions are unclassified;
- **Contractual Service.** The agency requests \$6.1 million for contractual services, an increase of \$887,335, or 16.9 percent, above the approved amount. The increase is largely attributable to a portion of the funds received from the Supreme Court ruling which will be expended on conservation projects for the Republican River. Contractual services expenditures also include state water plan fund projects, federal grant studies, travel, communications, rent, and streamgauge support;
- **Commodities.** The agency requests \$19,620 for commodities, the same as the approved amount. Commodities expenditures include office supplies, computer parts, data storage backup, and plotters;

- **Capital Outlay.** The agency requests \$16,762 for capital outlay, the same as the approved amount. Capital outlay expenditures include the replacement of three or four computers and accessories each year, in addition to software upgrades and maintenance agreements;
- **Aid to Local Units.** The agency requests \$369,534 for aid to local units, an increase above the \$0 approved in this category. The increase is attributable to rolling forward unused expenditures in the State Water Plan Fund regarding technical assistance to water users and the use of the federal EPA wetland development grant; and
- **Other Assistance.** The agency requests \$1.0 million for other assistance, an increase above the \$0 approved in this category. The increase is attributable to a portion of the funds received from the Supreme Court ruling which will be expended on conservation projects for the Republican River.

The **Governor** concurs with the agency request in FY 2016.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$1.2 million for the Kansas Water Office in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 1,160,307	\$ 1,160,307	\$ 0	\$ 1,160,307	\$ 0
All Other Funds	7,729,272	7,837,969	108,697	7,837,969	108,697
TOTAL	<u>\$ 8,889,579</u>	<u>\$ 8,998,276</u>	<u>\$ 108,697</u>	<u>\$ 8,998,276</u>	<u>\$ 108,697</u>
FTE Positions	0.0	19.0	19.0	19.0	19.0

The **agency** requests a revised estimate of \$9.0 million, including \$1.2 million from the State General Fund, for FY 2017. This estimate is an increase of \$108,697, or 1.2 percent, all funds, above the approved amount. The State General Fund amount is the same as the approved. The increase is largely attributable to the expenditure of funds received from the State of Nebraska pursuant to a ruling of the Supreme Court of the United States regarding the use of the Republican River. These funds will be expended on conservation projects for the Republican River. This increase is offset by decreases in expenditures for John Redmond Reservoir dredging bonds due to a change in how debt service for that project is being paid by the state. The Water Office transfers the funding to pay those bonds to the Department of Administration; the bond payments appear in that budget. The request includes expenditures in the following categories:

- **Salaries and Wages.** The agency requests \$1.5 million for salaries and wages in FY 2017, a decrease of \$5,584, or 0.4 percent, below the approved amount. These salaries are utilized to fund 19.0 FTE positions and 2.0 non-FTE positions. Almost all positions are unclassified;
- **Contractual Services.** The agency requests \$6.5 million for contractual services, a decrease of \$885,719, or 12.0 percent, below the approved amount. The decrease is largely attributable to the method that debt payments are made for the John Redmond Reservoir dredging project. Since the Water Office transfers the funds to the Department of Administration to pay the debt service, those amounts appear as an off-budget item to ensure they are not counted twice in the state budget. The approved budget accounted for these expenses as on-budget, which accounts for the decrease. This decrease is partially offset by a portion of the funds received from the Supreme Court ruling which will be expended on conservation projects for the Republican River. Contractual services expenditures also include state water plan fund projects, federal grant studies, travel, communications, rent, and streamgage support;
- **Commodities.** The agency requests \$20,120 for commodities, the same as the approved amount. Commodities expenditures include office supplies, computer parts, data storage backup, and plotters;
- **Capital Outlay.** The agency requests \$16,762 for capital outlay, the same as the approved amount. Capital outlay expenditures include the replacement of three or four computers and accessories each year, in addition to software upgrades and maintenance agreements; and
- **Other Assistance.** The agency requests \$1.0 million for other assistance, an increase above the \$0 approved in this category. The increase is attributable to a portion of the funds received from the Supreme Court ruling which will be expended on conservation projects for the Republican River.

The **Governor** concurs with the agency request for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	12.9 %	12.9 %
State Water Plan Fund	23.4	23.4
Water Marketing Fund	38.6	38.6
All Other Funds	25.1	25.1
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

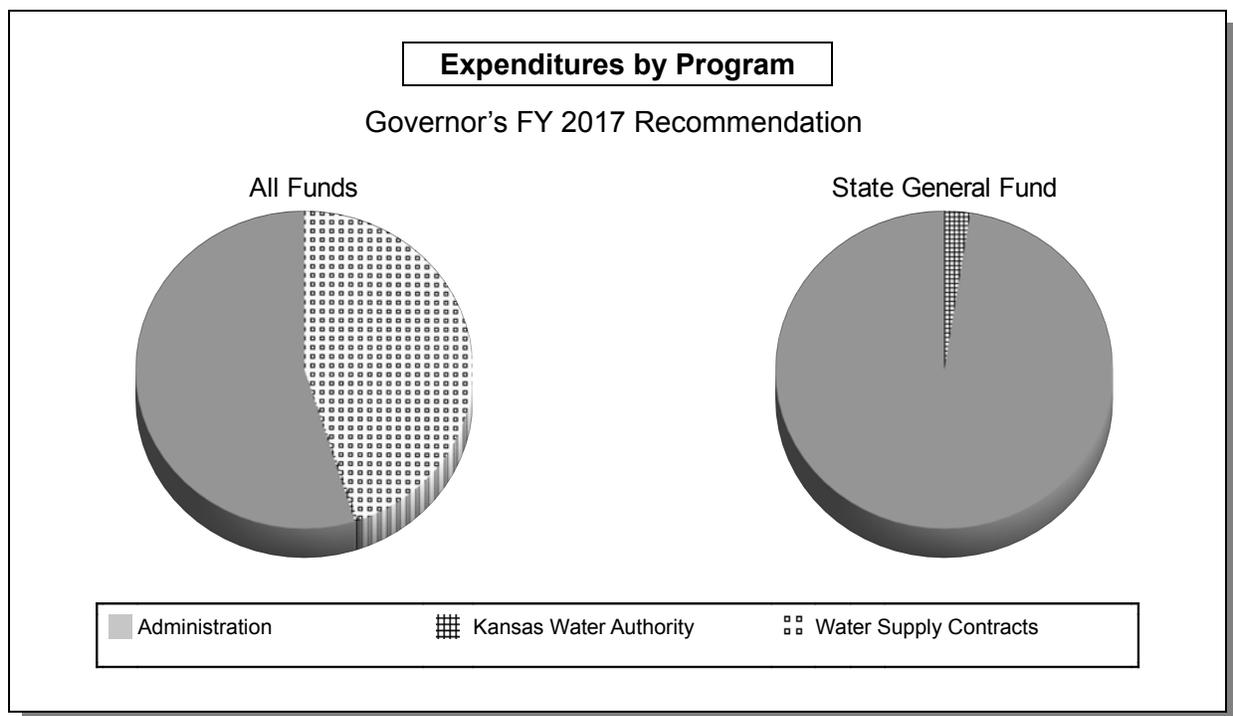
Water Marketing Fund

Under the federal Water Supply Act of 1958, federal reservoirs constructed in Kansas for the purpose of flood control were authorized to include storage space for municipal and industrial water supplies. In 1961, the Legislature provided financial assurance for inclusion of water storage in the federal reservoirs constructed in the state. In 1974, the Legislature enacted the State Water Plan Storage Act, which authorizes the agency to contract with water purchasers for sale of water from any reservoir included in the Kansas Water Marketing program. The Water Marketing Fund was created by the Legislature in 1991.

Revenue for the Water Marketing program is generated by the sale of water supplied under contracts with public water suppliers and industries from state-owned storage in federal lakes that is purchased from the U.S. Army Corps of Engineers. The price for water is set annually according to an established formula and is not negotiable. The fund is then used to meet the state's contractual water storage obligations to the federal government through transfers to the State Conservation Storage Water Supply Fund and any remaining funds are then transferred to the State General Fund for program administration. The table below summarizes receipts, expenditures, and transfers for the Water Marketing Fund as requested by the agency and as recommended by the Governor.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 4,320,467	\$ 3,997,687	\$ 3,997,687	\$ 4,287,833	\$ 4,291,233
Revenue	3,341,174	3,333,568	3,333,568	3,333,568	3,333,568
Transfers in	84,455	87,834	87,834	91,348	91,348
Total Funds Available	\$ 7,746,096	\$ 7,419,089	\$ 7,419,089	\$ 7,712,749	\$ 7,716,149
Less: Expenditures	3,719,876	2,821,968	2,821,968	3,469,069	3,469,069
Transfers Out	28,533	309,288	305,888	879,590	879,590
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 3,997,687</u>	<u>\$ 4,287,833</u>	<u>\$ 4,291,233</u>	<u>\$ 3,364,090</u>	<u>\$ 3,367,490</u>
Ending Balance as Percent of Expenditures	107.5%	151.9%	152.1%	97.0%	97.1%
Month Highest Ending Balance	March <u>\$ 4,776,478</u>	June <u>\$ 4,287,833</u>	June <u>\$ 4,287,833</u>	June <u>\$ 3,364,090</u>	June <u>\$ 3,364,090</u>
Month Lowest Ending Balance	November <u>\$ 1,604,093</u>	November <u>\$ 1,044,376</u>	November <u>\$ 1,044,376</u>	November <u>\$ 25,362</u>	November <u>\$ 25,362</u>

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 4,934,388	54.8 %	\$ 1,131,611	97.5 %
Kansas Water Authority	28,696	0.3	28,696	2.5
Water Supply Contracts	4,035,192	44.8	0	0.0
TOTAL	\$ 8,998,276	100.0 %	\$ 1,160,307	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	9.0	12.0	12.0	12.0	12.0
Kansas Water Authority	0.0	0.0	0.0	0.0	0.0
Water Supply Contracts	7.0	7.0	7.0	7.0	7.0
TOTAL	16.0	19.0	19.0	19.0	19.0

A. Administration

The Kansas Water Office is the water planning, policy, and coordination agency for the State of Kansas. It prepares a state plan of water resources development, management, and conservation, reviews all water laws, and makes recommendations to the Governor and Legislature for new or amendatory legislation. The Office administers the Kansas Water Planning Act, State Water Plan Storage Act, Water Assurance Program Act, Kansas Weather Modification Act, and portions of the Water Appropriations Act and Water Transfer Act. The agency is also responsible for monitoring conditions related to drought, development of water conservation plan guidelines, and the collection and compilation of data related to water resources at state agencies.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 874,199	\$ 978,379	\$ 978,379	\$ 1,014,104	\$ 1,014,104
Contractual Services	3,296,723	3,173,551	3,173,551	2,894,311	2,894,311
Commodities	68,811	18,150	18,150	18,650	18,650
Capital Outlay	13,961	7,323	7,323	7,323	7,323
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,253,694</i>	<i>\$ 4,177,403</i>	<i>\$ 4,177,403</i>	<i>\$ 3,934,388</i>	<i>\$ 3,934,388</i>
Aid to Local Units	494,946	369,534	369,534	0	0
Other Assistance	10,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL	<u>\$ 4,758,640</u>	<u>\$ 5,546,937</u>	<u>\$ 5,546,937</u>	<u>\$ 4,934,388</u>	<u>\$ 4,934,388</u>
Financing:					
State General Fund	\$ 1,126,253	\$ 1,092,172	\$ 1,092,172	\$ 1,131,611	\$ 1,131,611
All Other Funds	3,632,387	4,454,765	4,454,765	3,802,777	3,802,777
TOTAL	<u>\$ 4,758,640</u>	<u>\$ 5,546,937</u>	<u>\$ 5,546,937</u>	<u>\$ 4,934,388</u>	<u>\$ 4,934,388</u>
FTE Positions	9.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>11.0</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>

The **agency** requests FY 2017 expenditures of \$4.9 million for the Administration program, an increase of \$1.8 million, or 57.4 percent, above the approved amount, including a decrease of \$1, or less than 0.1 percent, from the State General Fund. This increase is attributable to contractual services and other assistance.

- **Contractual Services.** The agency requests \$2.9 million for contractual services, an increase of \$800,911, or 38.4 percent, above the approved amount in this program. This increase is attributable to the expenditure of funds received from the State of Nebraska pursuant to a ruling of the Supreme Court of the United States regarding the use of the Republican River. These funds will be expended on conservation projects for the Republican River; and

- **Other Assistance.** The agency requests \$1.0 million for other assistance, an increase above the \$0 approved for this amount in this program. The increase is attributable to the funds received from the same Supreme Court ruling.

The **Governor** concurs with the agency request for the Administration program for FY 2017.

B. Kansas Water Authority

The Kansas Water Authority is statutorily within the Kansas Water Office. The Authority is responsible for advising the Governor, the Legislature, and the Director of the Kansas Water Office on water policy issues, for approving the Kansas Water Plan, accounting for and making recommendations on the expenditures of State Water Plan Funds, for approving water storage sales, water marketing rate setting, federal contracts, administrative regulations, and legislation proposed by the Kansas Water Office. The Authority is comprised of 24 members that represent stakeholder groups and that are informed of water-related issues representing water users, water interests, environmental interests, and the general public.

KANSAS WATER AUTHORITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 4,328	\$ 3,831	\$ 3,831	\$ 3,835	\$ 3,835
Contractual Services	36,164	24,861	24,861	24,861	24,861
Commodities	815	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 41,307</i>	<i>\$ 28,692</i>	<i>\$ 28,692</i>	<i>\$ 28,696</i>	<i>\$ 28,696</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 41,307	\$ 28,692	\$ 28,692	\$ 28,696	\$ 28,696
Financing:					
State General Fund	\$ 32,429	\$ 28,692	\$ 28,692	\$ 28,696	\$ 28,696
All Other Funds	8,878	0	0	0	0
TOTAL	\$ 41,307	\$ 28,692	\$ 28,692	\$ 28,696	\$ 28,696
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2017 expenditures of \$28,696, all from the State General Fund, for the Kansas Water Authority. This is an increase of \$1, or less than 0.1 percent, above the approved amount.

The **Governor** concurs with the agency request for the Kansas Water Authority program for FY 2017.

C. Water Supply Contracts

The Water Supply Contracts program administers certain municipal and industrial public water supply programs to ensure an adequate supply of water for all Kansans. These programs include the Water Marketing, Water Assurance, and public water supply components of the Multipurpose Small Lakes (MPSL) program (82a-1601 *et seq.*). The Kansas Water Office negotiates with the federal government for water supply storage in federal lakes and coordinated reservoir operations to meet multiple uses with that storage benefiting primarily municipal and industrial customers. The Kansas Water Office evaluates proposals for Multipurpose Small Lakes to determine whether the state should build additional storage in lakes to provide water supply for the region.

WATER SUPPLY CONTRACTS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 486,652	\$ 449,866	\$ 449,866	\$ 467,288	\$ 467,288
Contractual Services	3,837,683	2,937,078	2,937,078	3,556,995	3,556,995
Commodities	5,983	1,470	1,470	1,470	1,470
Capital Outlay	6,549	9,439	9,439	9,439	9,439
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 4,336,867</u>	<u>\$ 3,397,853</u>	<u>\$ 3,397,853</u>	<u>\$ 4,035,192</u>	<u>\$ 4,035,192</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 4,336,867</u>	<u>\$ 3,397,853</u>	<u>\$ 3,397,853</u>	<u>\$ 4,035,192</u>	<u>\$ 4,035,192</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,336,867	3,397,853	3,397,853	4,035,192	4,035,192
TOTAL	<u>\$ 4,336,867</u>	<u>\$ 3,397,853</u>	<u>\$ 3,397,853</u>	<u>\$ 4,035,192</u>	<u>\$ 4,035,192</u>
FTE Positions	7.0	7.0	7.0	7.0	7.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>

The **agency** requests FY 2017 expenditures of \$4.0 million for the Water Supply Contracts program, a decrease of \$1.7 million, or 29.5 percent, all from special revenue funds, below the approved amount. The decreases are primarily attributable to contractual services due to a change in accounting for debt service expenditures for the John Redmond dredging project. The debt service is paid for by the Water Office from the Water Marketing Fund and the State Water Plan Fund through transfers to the Department of Administration. The payments are accounted for in the Department of Administration's budget.

The agency requests \$3.6 million for contractual services, all from special revenue funds, a decrease of \$1.7 million below the approved amount. The decrease is attributable to budgeting John Redmond Reservoir dredging bonds as an off-budget expenditure.

The **Governor** concurs with the agency request for the Water Supply Contracts program for FY 2017.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of water resource technical analyses completed	20	20	20	20
Water marketing contracts administered	37	37	39	41
Number of citizens served by Water Marketing Program	301,352	301,352	304,195	307,064