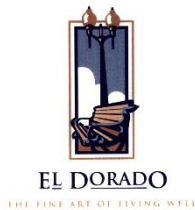


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TO: House Committee on Water and Environment  
FROM: David Dillner, City Manager  
SUBJ: Testimony Concerning HB 2513  
DATE: January 30, 2018

On behalf of the City of El Dorado, Kansas, I wish to thank you for the opportunity to provide written testimony to the House Committee on Water and Environment concerning HB 2513. The City of El Dorado opposes efforts by the Kansas Legislature to create and assess a surface water protection fee in the proposed bill primarily for reasons that will be explained in this testimony.

The City of El Dorado's only water supply is El Dorado Lake, a reservoir commissioned in 1981 by the U.S. Army Corps of Engineers (USACE). The City is unique in the fact that it has contracted with the USACE for the storage of all water within the reservoir. In other words, the City of El Dorado is the only public water supplier to have direct access to the water contained in El Dorado Lake. As such, El Dorado Lake does not participate in the State's Water Marketing Program and any water to be purchased by another user must be sold to such user by the City of El Dorado.

The passage of HB 2513 would require public water suppliers to pay a fee of \$0.05 per 1,000 gallons sold to a surface water protection fee fund to be administered by the State of Kansas. This fee would amount to about \$50,000 per year that El Dorado water customers, including its wholesale and raw water customers, would have to pay to the surface water protection fee fund.

The funds collected and remitted to the surface water protection fee fund would be authorized to assist in the protection, preservation, and extension of the life of reservoirs throughout the State of Kansas. Such an objective is an important consideration for the State of Kansas as access to water is essential to the state's long-term prosperity.

The City of El Dorado, however, opposes the surface water protection fee for the following reasons: 1) funds collected and remitted to the surface water protection fee fund would be invested in reservoirs throughout Kansas with no clear allocation formula to ensure equitable distribution of funds; 2) future administrations could potentially sweep funds from the surface water protection fee fund to provide temporary or permanent funding relief during soft budgetary periods; and 3) the proposed framework provides no incentive for the State of Kansas to allocate the \$8 million per year presently required by state law for surface water and aquifer protection, preservation, and maintenance.

The proposed bill allows funds remitted to the surface water protection fee fund to be used to acquire reservoir water storage and pay the attributed operation and maintenance costs. Presently, the City of El Dorado pays debt service of about \$350,000 each year for water storage created with the acquisition and construction of El Dorado Lake. The City also pays a substantial annual operations and maintenance payment to the USACE that has averaged about \$150,000 over the last several years. In all likelihood, the City of El Dorado, and its citizens and water customers, would not benefit from the use of the surface water protection fee funds for the aforementioned purposes and would not only be paying its debt service and operations and maintenance expenses for El Dorado Lake but would also subsidize other such expenses for reservoirs throughout the State of Kansas.

K.S.A. 82a-2101 currently authorizes a clean drinking water fee, also known as the water protection fee. This fee was intended to provide funds to the state highway fund and the state water plan fund to be used to provide on-site technical assistance for public water supply systems to aid such systems in conforming to responsible management practices and complying with regulations of the EPA and KDHE, and to renovate and protect lakes which are used directly as a source of water for such public water supply systems, so long as where appropriate, watershed restoration and protection practices are planned or in place.

As such, the State of Kansas already has a dedicated source of funds for the purposes defined in HB 2513. The State should ensure that funds from the clean drinking water fee are appropriately allocated to these uses, and should further fund the allocation of \$8 million to fund the State Water Plan, as set forth in state law.

For these reasons, the City of El Dorado respectfully requests your consideration to oppose proposed legislation to create a surface water protection fee to be assessed on all public water suppliers. Thank you for your consideration on this important matter.