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Testimony on Senate Bill 358
Senate Committee on Agriculture and Natural Resources

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City of Hays, Kansas

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Chairman Kerschen and Members of the Committee:

I am Toby Dougherty, City Manager of Hays. Thank you for allowing me the opportunity to provide testimony in support of SB 358. As proposed, SB 358 amends K.S.A. 65-163d which addresses the Public Water Supply Loan Program removing the prohibition on projects utilizing the water transfer process.

Part of the State of Kansas's revolving fund, the Public Water Supply Loan Program provides low-interest loans for public water supply system infrastructure. K.S.A. 65-163d currently prohibits the fund from financing projects that acquire water through a water transfer. The Cities of Hays and Russell own water rights in Edwards County and are pursuing a regional project to develop this sustainable source of water to provide a long-term supply for a growing region. Hays and Russell are navigating the water transfer process as outlined in K.S.A. 82a-1501.

The Kansas Public Water Supply Loan Fund may be the most cost-effective way to finance the project, but Hays and Russell are currently prohibited from utilizing the fund. If forced to seek alternative financing, the financing cost may be significantly higher, leading to higher water rates for customers in the region.

With the recent passage of a federal infrastructure bill, hundreds of millions of dollars will be funneled to Kansas over the next five years. According to officials at KDHE, those federal dollars earmarked for water projects will be distributed via the Public Water Supply Loan Fund. If K.S.A. 65-163d is not adopted, Hays and Russell will be prohibited from accessing these dollars.

In 2015, Kansas adopted a 50-year water vision. One of the action items of the vision was to "allow for the transfer of water supplies between basins where feasible and cost-effective". A further action item was to "eliminate statutory prohibition to use Drinking Water State Revolving Fund (SRF) funds for water transfers". Adopting SB 358 is in line with this vision.

Nothing in SB 358 modifies the Water Transfer Act as outlined in K.S.A. 82a-1501. Hays and Russell must successfully navigate that process before developing a public water supply project.

The Hays and Russell region is a \$2B economy that is growing in economic output and population. A viable long-term water supply is critical to the continued regional growth. Thank you for allowing me the opportunity to provide this testimony in support of SB 358.