



133 W 8th St
PO Box 112
Russell KS 67665-0112
Phone: (785) 483-6311
Fax: (785) 483-4397

Testimony on Senate Bill 358
Senate Committee on Ag & Natural Resources

Jon Quinday, City Manager
City of Russell, Kansas

January 26, 2022

Chairman Kerschen and Members of the Committee:

I am Jim Cross, Mayor of Russell. 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 removing the prohibition on projects utilizing the water transfer process.

Russell is geographically unique like Hays and other communities in our region; we do not have the reservoirs enjoyed by Eastern Kansas nor sit over the Ogallala like most communities in Western Kansas. Our region's \$2 billion economies are growing, and having a secure long-term water source is crucial for continued growth and contribution to the Kansas economy. To that end, Russell and Hays are navigating the water transfer process outlined in K.S.A. 82a-1501 to develop water rights owned by both cities in Edwards County as a long-term (50 years) water source that can serve Russell and Hays needs for generations. This project can benefit numerous other communities in this region.

Russell prides itself on the ability to pay as you go for significant projects. However, when our resources fall short, we are fortunate to have worked with the State Revolving Loan Fund. When the Environmental Protection Agency changed the ammonia requirement for the city's NPDES permit, we worked with the State Revolving Fund, enabling us to move forward with the \$4 million modifications to meet the NPDES requirements. The city was fortunate to partner with the State of Kansas using the Public Water Supply Loan program to update one of the city's water treatment plants, built-in 1934. Due to the partnership with the State of Kansas using the Public Water Supply Loan Program for these two multi-million-dollar projects, we obtained low-interest loans, saving our customers money.

Russell was surprised that K.S.A. 65-163d prohibits the fund from financing projects that acquire water through a water transfer. The Kansas Public Water Supply Loan Fund may be the most cost-effective way to finance the project, yet Russell and Hays cannot utilize 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.

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

Thank you for this opportunity to support SB 358.