

Fee Increases on Public Water Systems Proposed by KDHE



For more than the past year, a group of stakeholders (representatives of various organizations including KRWA, the League, Kansas Water Office, and others) have been meeting at the invitation of the Kansas Department of Health and Environment Bureau of Water, to hear the agency's proposals for significant fee increases on public water systems. KDHE stated the goal was to raise an additional \$1 million annually to support the drinking water program administered by the agency.

KRWA was represented at the workgroup meetings by KRWA General Counsel Gary Hanson, KRWA Director Bill Shroyer and KRWA staff member Delbert Zerr. There have been few, if any, discussions about the proposal made known to water systems. This article provides a brief review of the input that KRWA

provided to the discussions and the decision of the KRWA board of directors regarding the proposed fees. The Directors' resolution concerning the proposed fees was included in the minutes of the November 28, 2018 KRWA meeting of the board and which are posted on the KRWA website.

First, the reason given by KDHE in proposing the fee increases was a potential reduction in federal funding that the agency uses to support the public water supply program. The Public Water Supply Supervision Grant is a federal grant awarded through the US EPA for supporting the public water supply system programs in states. This grant has been awarded at a relatively flat rate over the last ten years. KDHE anticipated losing this funding because that is what the President's budget proposed. However,

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Congress did not agree with the budget cuts and the funding was not reduced.

The State Revolving Fund Grant set-asides is a subset of a federal grant awarded through the US EPA for the State Revolving Fund program which finances drinking water infrastructure projects. Federal law allows a portion of this grant, at the state's discretion, to be "set aside" and used for the public water supply program. KDHE suggested that to ensure sustainability of the Kansas Public Water Supply Loan Fund, they would place these funds back into the program to make more loans. However, it was recognized that there is adequate funding to meet the present loan requests.

The proposals that were considered by the workgroup included an increase to the statutory limit of the Public Water Supply Fee Fund from \$0.002 to \$0.006 per thousand gallons. That fee is paid by every public water system on all water sold at retail. The present \$0.002 provides approximately

KDHE Proposes Increase in Operator Certification Fees

The State General Fund is the primary state fund which pays ongoing expenses of state government. Fees for the Operator Certification program (approximately \$47,000 per year) are deposited into the State General Fund. Presently, the drinking water program at KDHE receives no general fund money.

KDHE is proposing to increase the Operator Certification exam fee from \$25 to \$125 and have this money diverted from the general fund to the agency. Current charges associated with the operator certification program are as follows:

- ◆ OIT – No charge but renewal for one year is \$5.00
- ◆ Examination fee: \$25.00
- ◆ Two-year renewal for all classes except OIT: \$20.00
- ◆ Reinstatement of lapsed certificate up to and including one year after renewal date: \$15.00
- ◆ Reinstatement between one and two years after renewal date: \$25.00
- ◆ One year reciprocity fee: \$25.00

KRWA's Position on KDHE Fee Proposals

The KRWA Board of Directors adopted the following resolution at their November 28, 2018 meeting concerning the fee proposals that were discussed during meetings of the Workgroup.

The Kansas Rural Water Association:

a) is committed to supporting an effective Public Water Supply program. To be effective, that program must be adequately funded. The Board finds that a statutory change to authorize increased fees on drinking water suppliers from \$.002 to \$.006 per 1,000 gallons sold may be desirable. Provided, that any increases made are made gradually and that the Advisory Committee established by law have an increased oversight responsibility concerning the amount and use of such fees. (65-163(e))

b) supports statutory changes that would allow increases to operator certification fees up to \$125. Provided, that changes be made to the certification exam in order to distinguish between groundwater and surface water treatment and that increases in such fees be gradual. (65-4513)

c) recognizes the need for timely review and approval of public water supply system projects. The Board supports proposed legislation to allow a reasonable fee to be imposed for review of project plans and specifications. Provided, that there be established a reasonable time in which such plans and specifications must be approved or rejected. (65-163(a))

d) supports changes to legislation to require operator certification fees to be deposited to the credit of the Water Program Management Fee Fund instead of the General Fund. (65-4514)

e) supports proposed changes to K.S.A. § 65-163d, 65-170d and 65-171r.

The conditions attached to approval of items a), b) and c), above, must be implemented simultaneously with the effective date of the proposed statutory changes to which each apply.

\$250,000 annually to KDHE. Going to \$0.006 was estimated to provide \$750,000 annually. The proposal was to also increase the membership of the Advisory Committee.

KDHE also had initially proposed an annual permitting of public water systems. That proposal was abandoned as there was little support by stakeholders.

Other concerns that were discussed included the timeliness of the agency in reviewing plans and specifications for water projects. To fund additional staff, there was discussion about imposing a fee based on a percentage of project costs, not to exceed \$10,000 for any project.

The agency also administers the operator certification program. The exam fee has been \$25 for many years. KDHE proposed that be increased to

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\$125 with the fees being deposited to the benefit of the drinking water program vs. the state general fund as has been the case.

KDHE's decision to pursue legislation was made known to the members of the Workgroup on Tuesday, February 5. The memo from KDHE recapped the areas of discussion by the Workgroup as follows:

■ **PWS Revenue Enhancements:**

Increase PWS Fee Fund ceiling (from \$0.002 to \$0.006) add additional members to the Fee Fund Advisory Group, and develop a fee program for PWS project reviews (based on a percent of the project not to exceed \$10,000 per project).

■ **PWS Non-Revenue Changes:**

SRF project definition change, SRF extended repayment period, (from 20 to 40 years), allowable amount of lead, and clarification of penalties and hearings regarding written administrative orders.

■ **Operator Certification**

Enhancements: Increase operator certification fees (from \$25 to \$125) and change deposit of fees from State General Fund to Water Management Fee Fund.

KDHE advised the members of the Workgroup that Governor Kelly had approved moving forward with the PWS Non-Revenue and Operator Certification proposals and that the PWS Revenue Enhancements proposal "is on hold for now".

At the time this magazine when to print, the draft legislation in bill format was not available.

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RWD and served for fourteen years on a water district board of directors.