

WATER MARKETING PROGRAM

Fact Sheet No. 7

June 2009

Kansas Water Office

Background

The roots of the Kansas water marketing program are found in the Federal Water Supply Act of 1958. This law allowed storage space for municipal and industrial water supply to be included in federal reservoir projects if a nonfederal entity gave assurances that "expected future demands for the use of such storage will be made within a period of time which will permit payment of the costs allocated to such purposes within the life of the project." The law also provided for long-term, low interest federal financing. An amendment to the Kansas Constitution, ratified in 1958, allowed the state to take advantage of the provisions of this federal law.

To date, Kansas has signed agreements for repayment of the water supply storage costs in 13 federal reservoirs built by the Corps of Engineers. Ten of those have storage committed to the Water Marketing Program. Seven reservoirs have reserve storage that could be committed to the Water Marketing Program if needed.

Purpose

The purpose of the water marketing program is to develop adequate water supply storage to meet, as nearly as practicable, present and anticipated municipal and industrial water needs through the purchase of water supply storage in federal reservoirs, which is then sold to water supply users, in the best interests of the state.

Overview

The 1974 Legislature enacted the State Water Plan Storage Act, which authorizes the Kansas Water Office to contract with water purchasers for sale of water from any reservoir included in the Kansas Water Marketing Program. Water sold from these reservoirs must be used for municipal or industrial purposes.

To begin the process of obtaining a water supply contract under the marketing program, a prospective purchaser files an application with the Kansas Water Office. The application includes the desired amount and identifies the specific reservoir. The application may remain on file for

10 years. Contract negotiations begin at the applicant's request. All other applicants on file from the reservoir under negotiation are contacted to determine if they wish to begin negotiation at that time.

Successful negotiations between the Kansas Water Office and the applicant produce a contract stating the conditions of the purchase. Common contract provisions include the length of time the contract will remain in force, the reservoir that will be used, the amount of water to be withdrawn, the place of use, billing and payment procedures, conservation and metering of water.

All contracts since 1983 include a price for water set annually according to a formula established by state law. This price may vary from year to year in accordance with the established formula. Purchasers must pay for one-half of the contracted amount of water, even if less than one-half is withdrawn. There is also an annual charge on the contracted but unused volume.

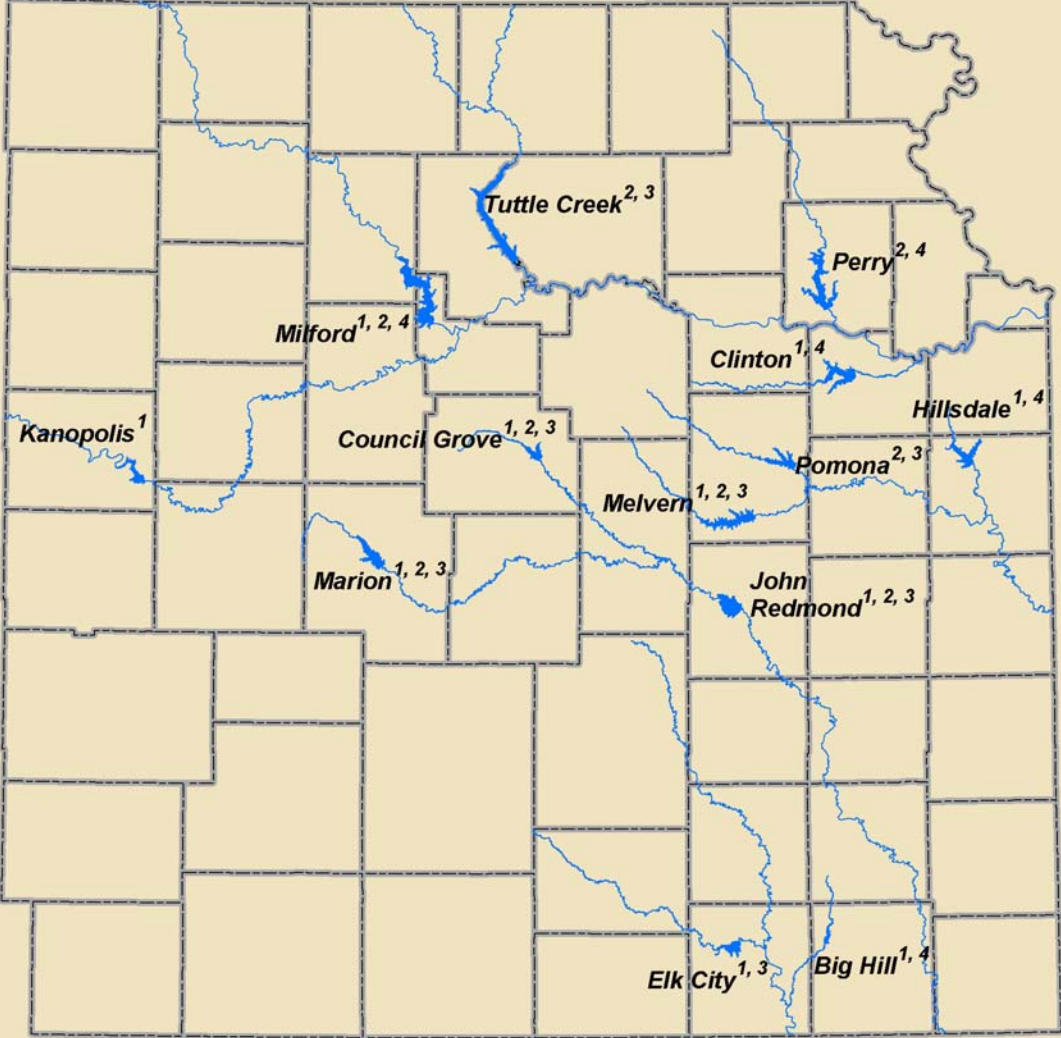
The Kansas Water Office also sells water from reservoirs in the Water Marketing Program on a short-term basis when and where available. These "surplus water" contracts are limited to a term of no more than one year. As in the case of water supply contracts, short-term surplus water contracts have a "take-or-pay" provision. The price is set by the Kansas Water Authority and can be up to double the rate for a long term contract.

All contracts negotiated must be reviewed by the Kansas Water Authority and are approved if determined to be in the best interest of the state. Water supply contracts are also reviewed by the Kansas Legislature. The Legislature may disapprove the contract by passage of a concurrent resolution.

Additional Information

Further information on this subject or on many other *Kansas Water Plan* related programs can be obtained from: Kansas Water Office, 901 S. Kansas Avenue, Topeka, KS 66612-1249, phone (785-296-3185), toll free (888-KAN-WATER) or check our WEB site at www.kwo.org.

State Owned Storage Lakes



- 1 Water Marketing Lake
- 2 Water Assurance District Lake
- 3 Reserve Storage
- 4 Future Use Storage

