

Water and Sewer Utilities Optimization

Public Works & Utilities/Strategic
Services

November 10, 2015



Water and Sewer Utilities

- In May 2015, the City of Wichita released a request for proposal relating to the evaluation of the risk, staffing and asset management of the water and sewer utilities.
- The water and sewer utilities combined have nearly 400 budgeted positions, 4,400 miles of water and sewer lines, and a backlog of rehabilitation projects that totals nearly \$1.6B.

In House Work or Consultation

- When considering whether or not a project should be completed in-house or put out to bid, Public Works & Utilities considers three things:
 - Long term or short term need
 - Required expertise
 - Objectivity

Selection Criteria

- CH2M Hill received the most #1 rankings, based on the following criteria:
 - *Approach to the Project*
 - *Ability to Conduct the Work*
 - *Proposed Project Cost & Timeline*
 - *Credentials and Expertise of Project Staff*
 - *Reliability and Reasonableness of Assumptions*

CH2M Hill's Reference Results

City of Olathe, KS - Water and Wastewater CIP Review

- CH2M provided the City of Olathe with the methodology needed to implement a rating system for water and wastewater assets and related capital projects.
- CH2M staff were easy to work with and there were no memorable challenges.
- As the City of Olathe worked to personalize the rating system and provide feedback, CH2M was very receptive and adapted well to the requested changes.
- Not only were they obviously technical experts, they were good at looking at the system as a whole and looking at things from a citizen's perspective.
- Their ability to communicate was a definite strong point – they were able to communicate well with the City Manager, Finance Department and other Department Directors.

CH2M Hill's Reference Results

Johnson County Wastewater, KS - CIP Prioritization

How would you describe the relationship between your City and CH2M?

- Very good, very strong. Have been partnering with CH2M on varying projects since 2004. CH2M has worked on both the wastewater collection and treatment systems.
- Great quality work product.
- Great technical ability. They have been able to address needs within both systems. They have completed a number of successful projects.

How would you describe their ability to clearly communicate highly technical information to stakeholders?

- Great job communicating to people with varying technical abilities, especially during workshop.

CH2M Hill's Reference Results

City of Calgary, Canada - Asset Management Program Long-Term Partnership

How would you describe the relationship between your City and CH2M?

- Excellent. The City and CH2M have been partners since 2007. They have helped to establish our corporate AM program including policy, standard processes and competency development. They have also worked closely with our water and wastewater utility, amongst others (including Fire, Parks, Recreation, Roads and Transit) to implement asset management plans and undertake operational reviews and even establish long range financial planning processes.
- Excellent work product. Product and final reports are well written and documented.
- Highly capable and of excellent quality. They are a unique and cutting edge organization that has developed sound tools based on risk and level of service practices. They are a leader in Canada in AM thinking and practice development with a solid team.

CH2M Hill's Reference Results

City of Columbus, OH - Strategic Asset Management and Utility Management Support

- CH2M held an overall Asset Management contract with the City of Columbus. The Operations Optimization task was one of various tasks in the scope of the contract.
- CH2M produced quality work and has a good working relationship with the city. We would consider them for future work.

Table Rock Capital Reference Results

City of Rialto, CA – Public Private Partnership

“Table Rock Capital is a key player in Rialto Water Services, our concessionaire for the water and wastewater systems. Table Rock personnel have assumed a substantial role in the management of the water and wastewater systems, overseeing subcontract services for the day to day operation of the utilities. We have had performance issues with Rialto Water Services, in particular the timely delivery of capital projects. This has caused some friction with employees of Table Rock Capital related specifically to the delayed project deliverables. It has nothing to do with the financing, which has been complete for some time.”

CH2M Hill's Local Experience

- CH2M Hill has had local staff in Wichita for about 10 years.
- CH2M Hill currently has 6 people assigned to the Wichita office, 5 are local residents and 1 near Colby
- CH2M Hill has worked in Kansas and Wichita since about 1970.

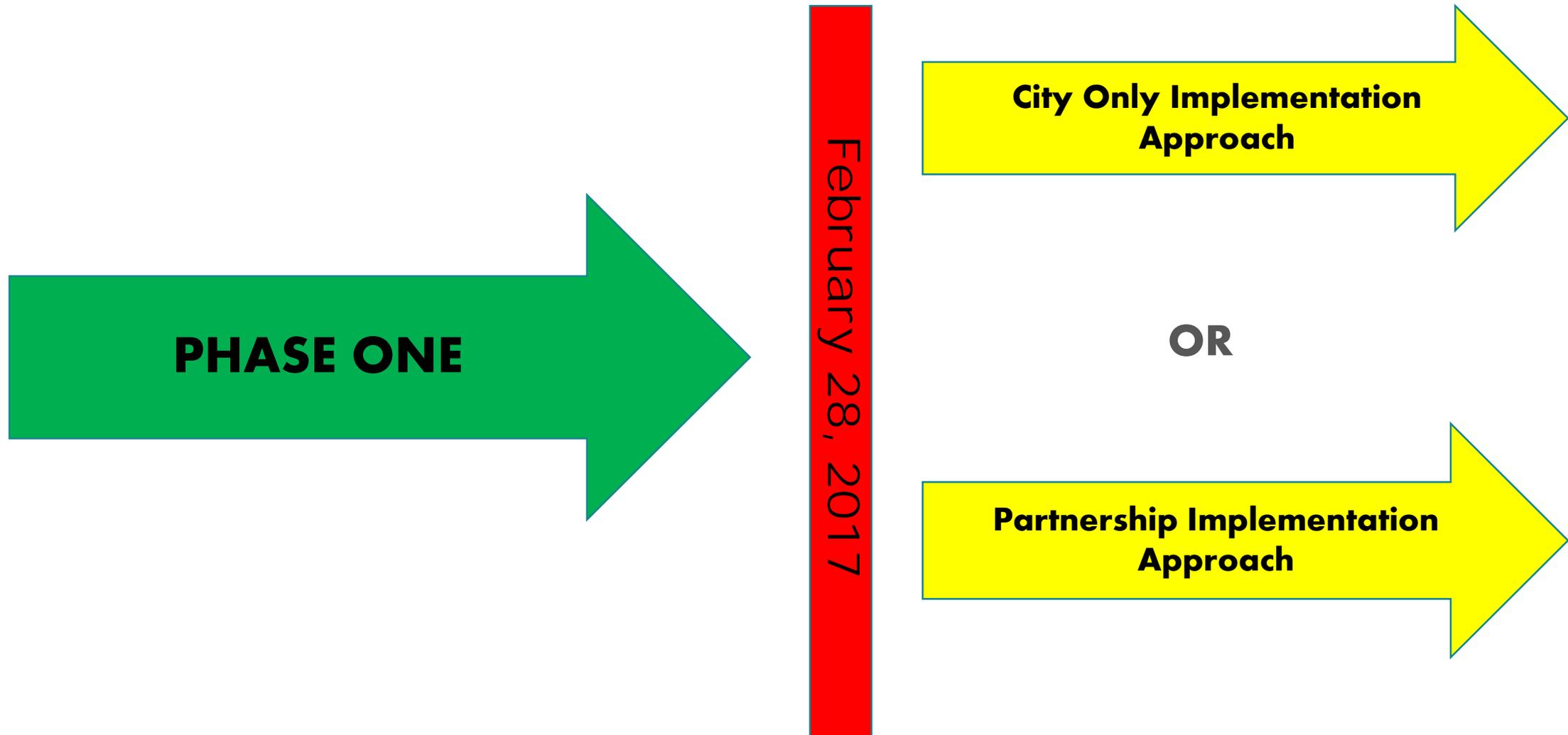
CH2M Hill's Local Experience

- In the last 5 years CH2M Hill has successfully performed the following work for Wichita:
 - **Midtown Stormwater Master Plan**
 - **Several ASR Projects – 68 miles of overhead power, 1 major electrical substation, SCADA and control system, hydrogen peroxide groundwater modeling, diversion well piloting**
 - **Wastewater CMOM and Condition Assessment**
 - **Four Mile Creek WWTP design**
 - **CH2M Hill was instrumental in bringing the KsAWWA/KWEA (Kansas based water/wastewater organizations) Conference to Wichita in 2013 and again in 2017. This conference draws about 750 people to Wichita Hyatt Convention Center. Typically this conference is in Topeka.**

Phase One Safeguards

- In both the Request for Proposal and the draft contract, specific language states that this is not an attempt to sell off assets or forfeit control of the utilities.
- Although the potential exists for a long-term partnership, this is **separate** from the contract currently being considered.
- The potential long-term contract, known as Phase Two, would **not** result in a concessionaire agreement or any other form of privatization.
- Phase Two may include a joint management approach which could include supplemental consultation in the areas of maintenance, capital asset and financial plans.

Phased Approach



Resources for Review

- ***Environmental Finance Center, Hugo Wall School, Wichita State University***
 - Staff includes project management and asset management experts.
 - Multiple distinguished professors and economists equipped to assist with evaluation.
- ***City of Wichita Bond Counsel***
 - Current bond counsel has nearly 40 years of experience practicing law, with an emphasis in state and local government capital financing.

Resources for Review

- ***City of Wichita Financial Advisor***
 - The City's current financial advisor is one of the largest and most established independent public sector advisors in the US. For nearly 60 years, this firm has provided financial management services for a wide range of public sector and other non-profit agencies.

Resources for Review

- ***Wichita Water Utility Advisory Committee***
 - Formed in 2011, this group of citizens provides a level of technical, financial or policy expertise that assists in decision making in regards to the water utility.
- ***Independent financial and legal consultants***
 - In addition to the resources already on hand, the City has the option of seeking independent analysis from a number of technical experts before proceeding with another contract.

Water and Sewer Utilities Optimization

Public Works & Utilities

Serving You, In Many Ways, Every Day

