

Wichita Water Utilities



Recommended Rate Increases

In order to insure that the required debt service coverage ratio is maintained at greater than 1.2, effective January 1, 2008, the Water Utilities is proposing a:

- 6% increase in water rates; and
- 6% increase in sewer rates.



Rate Increase Impact

(6% Water & Sewer Increase)

<u>Usage</u>	<u>Gallons Per Month*</u>	<u>Monthly Increase</u>	<u>Monthly Bill</u>
Residential-Low	3,740	\$1.38	\$24.38
Residential-Mid	7,480	\$2.35	\$41.54
Residential-High	11,220	\$4.35	\$76.92
Commercial/Light Industrial	374,000	\$58.59	\$1,035.08
Industrial	7,480,000	\$1,156.47	\$20,430.93



Capital Improvement Program Funding Requirements

- Provide for Growth & Development
 - Aquifer Storage & Recovery (ASR)
 - Mid Continent Treatment Plant

- Ensure Water Quality & Quantity
 - Regulatory Compliance
 - Reliability/security



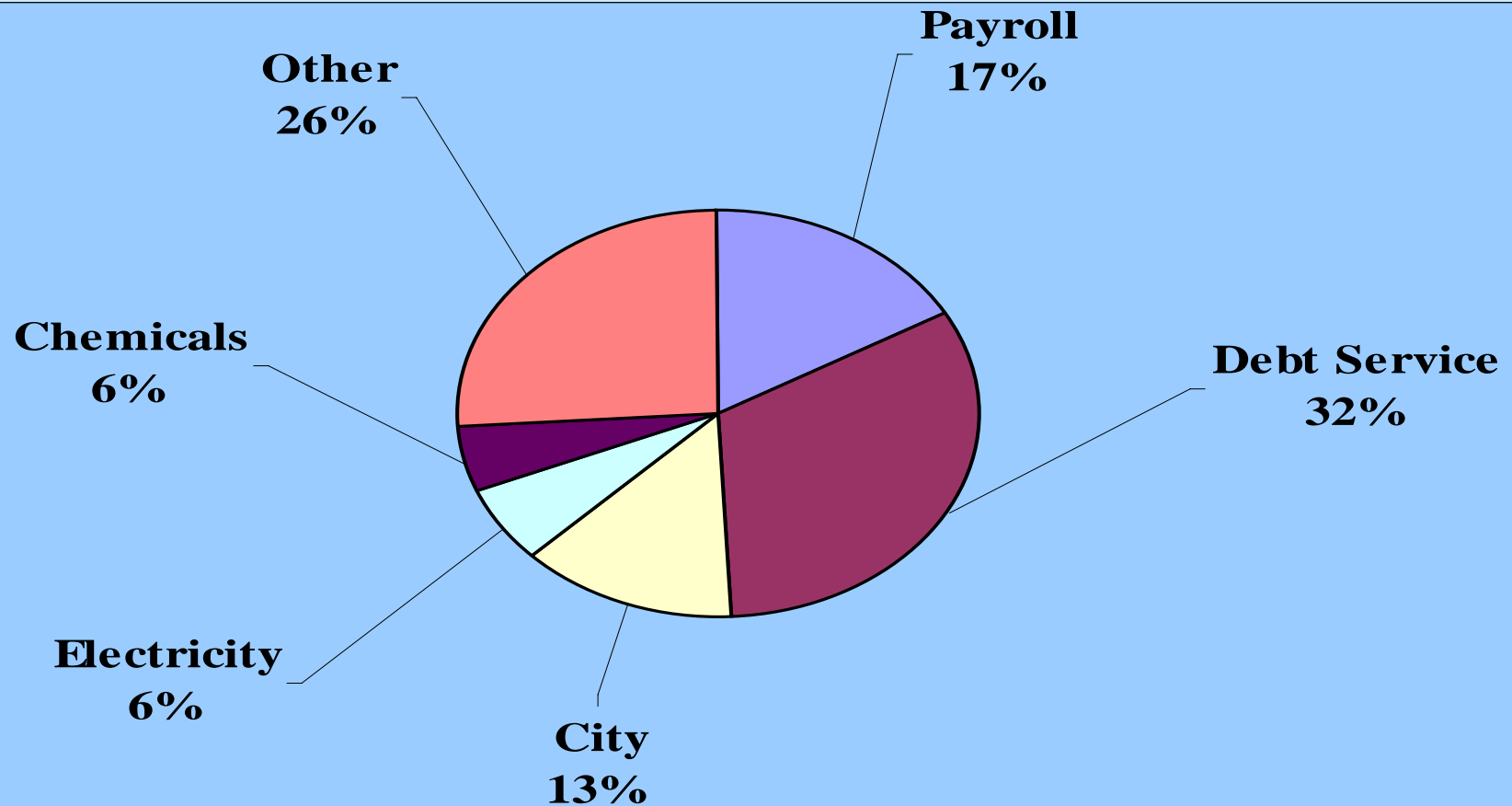
Capital Improvement Program Funding Requirements

➤ **Government – fiscally responsible**

- Provide revenue necessary to fund operations and capital expenditures to meet customer expectations and system growth requirements; and
- Establish rate base necessary to sustain capital investment needs and bond debt coverage requirements.



Water Utility Costs 2007 Revised Budget)



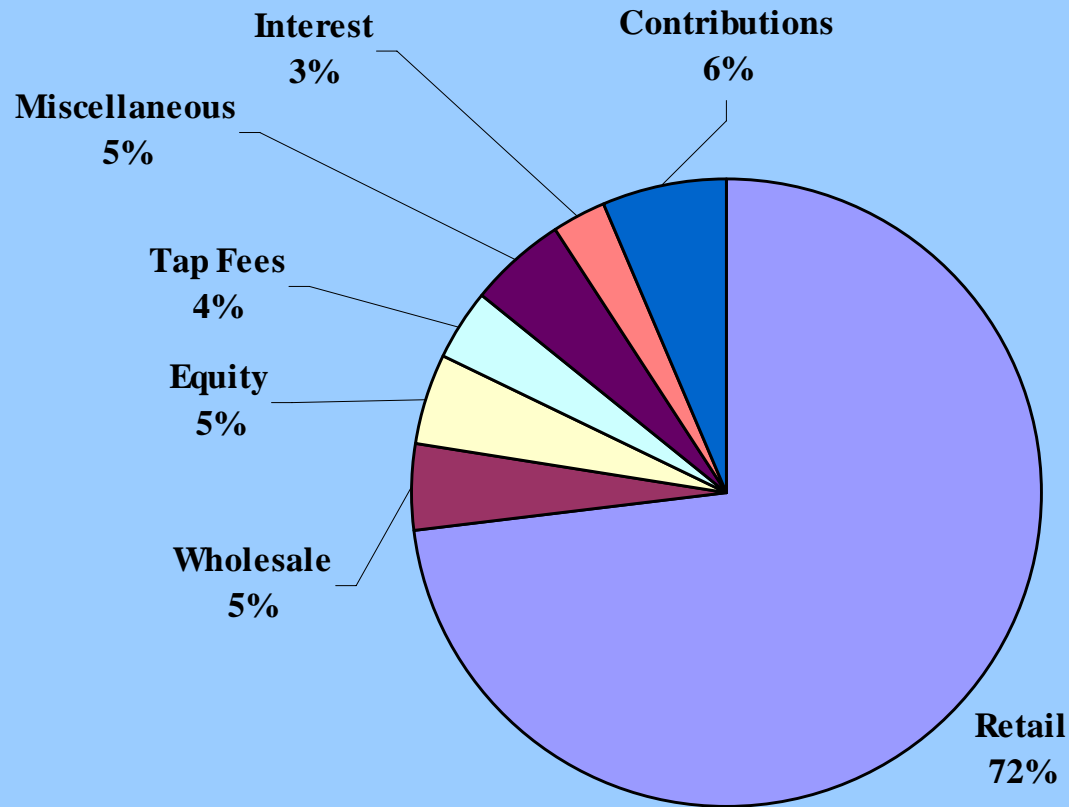
* *Operational Capital* – vehicles, office equipment, construction equipment, meters

** *Other Contractuals & Commodities* – equipment maintenance, data center charges, telephone/radio charges, postage, office supplies, equipment parts, etc.

*** *City* – PILOT, Public Safety Fee, administrative charges.

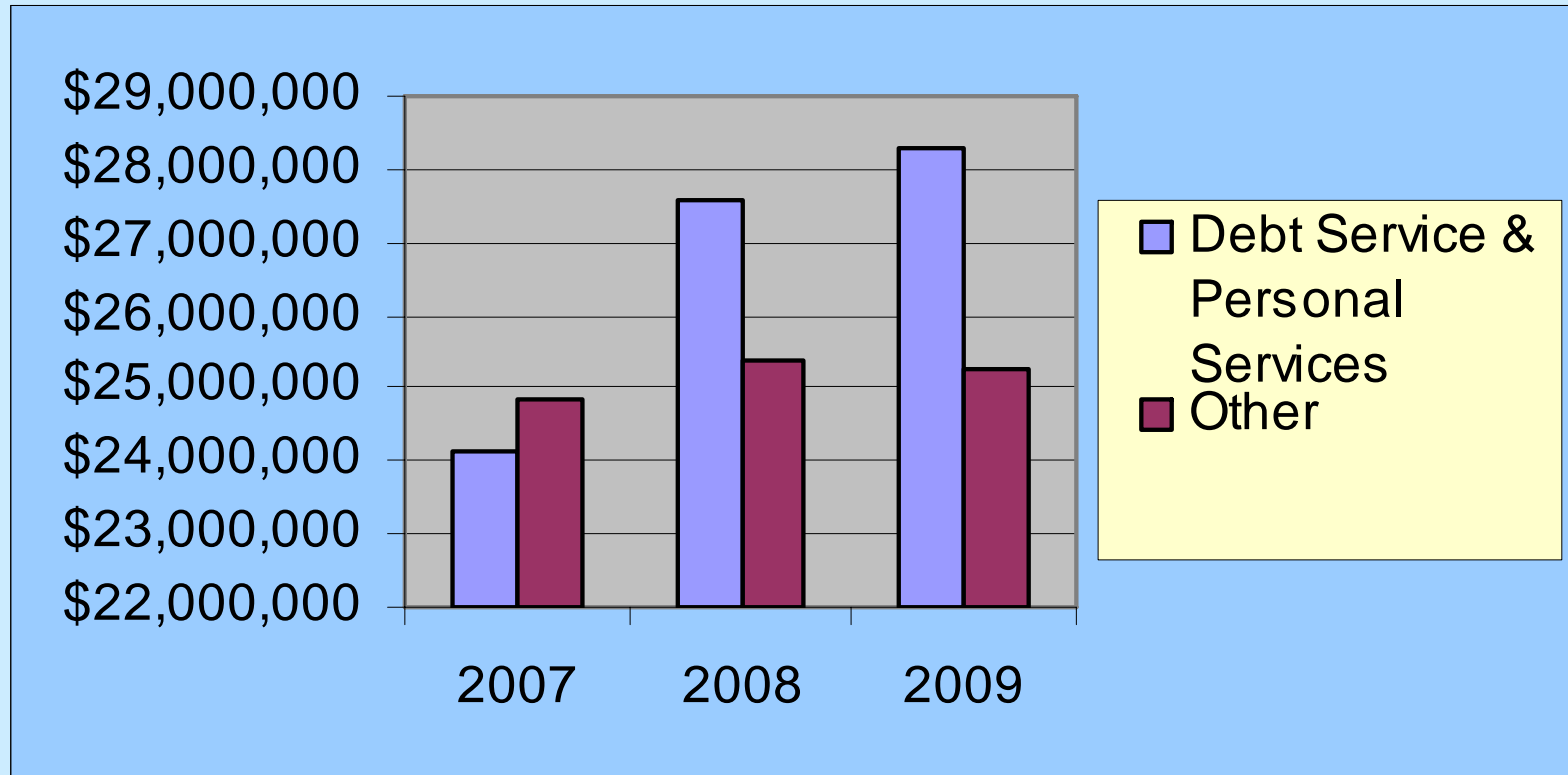


Water Utility Revenues (2006)





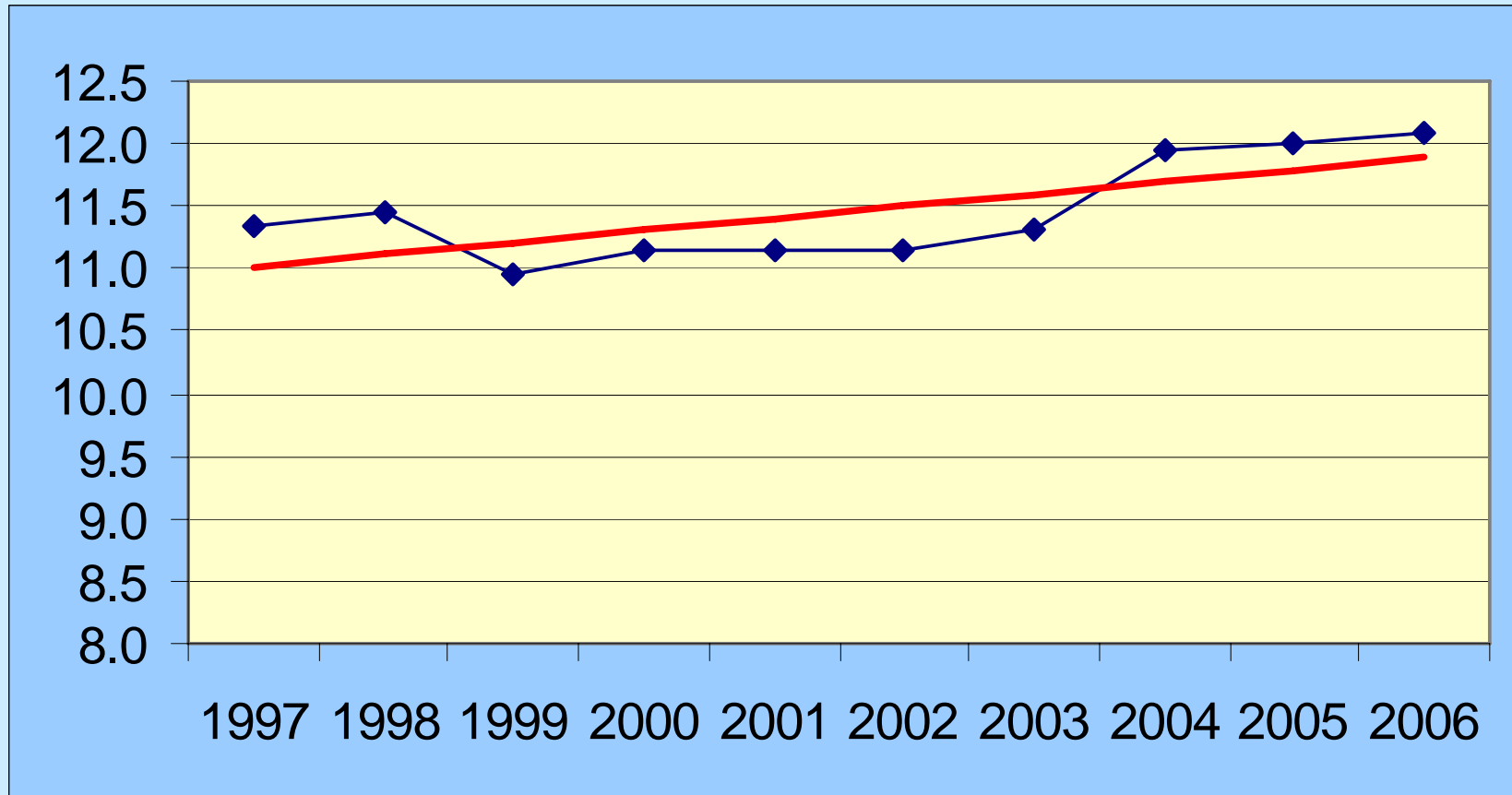
Water Utility Expenses Capital Costs vs. O&M



It would require cutting 5-7 employees to achieve the equivalent of a 1% increase in rates. Reduction in staff leads to a reduction in service efficiencies, responsiveness, infrastructure maintenance and quality.



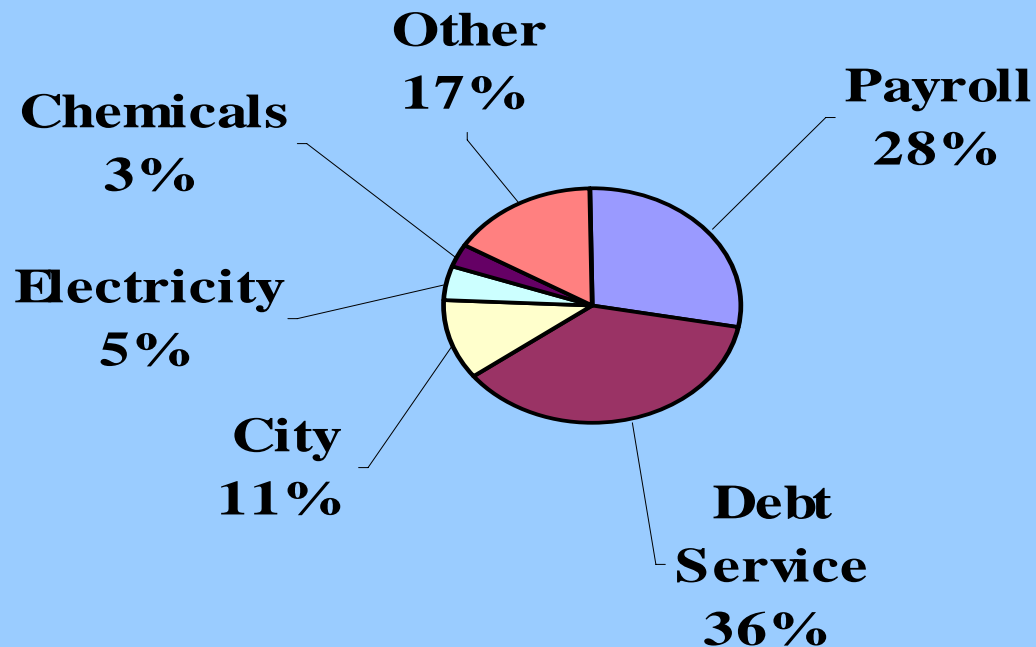
Miles of Water Line Per Employee



Note: The red trend line represents an increase in miles of main maintained per employee. Eleven point three miles of main were maintained per employee in 1997; in 2006 12.1 miles were maintained per employee.



Sewer Utility Costs (2007 Revised Budget)

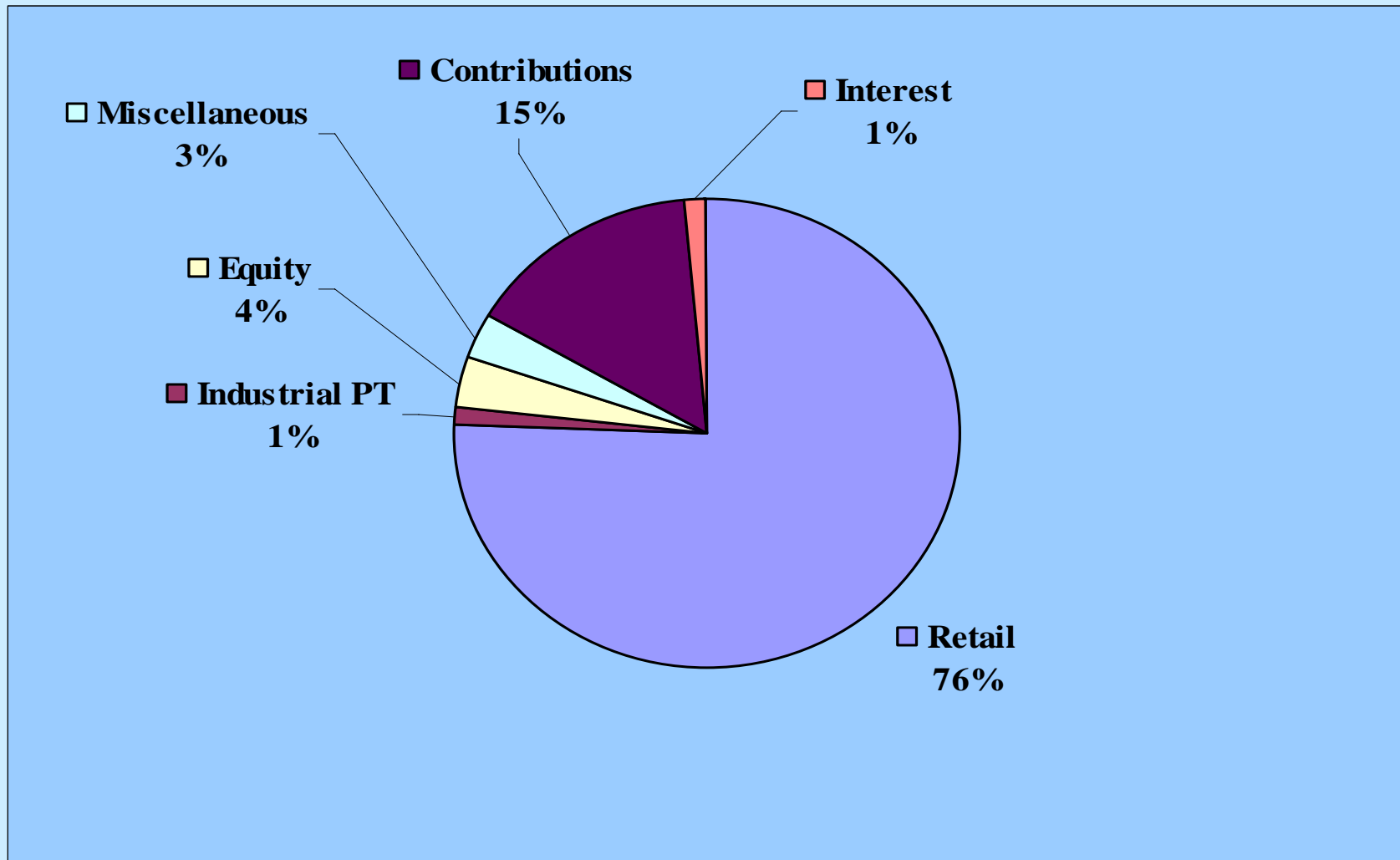


** *Other Contractuals & Commodities – equipment maintenance, data center charges, telephone/radio charges, postage, office supplies, equipment parts, etc.*

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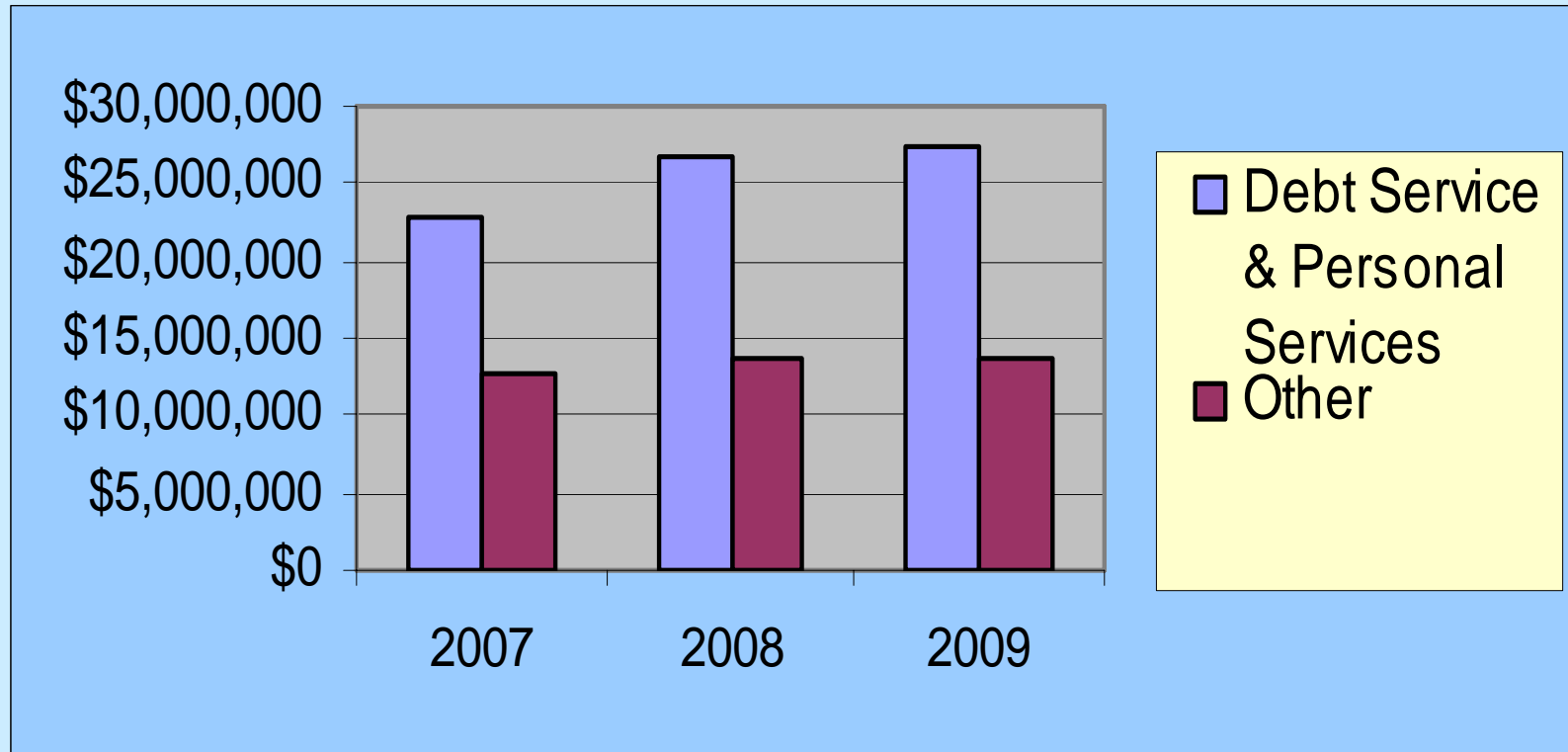


Sewer Utility Revenues (2006)





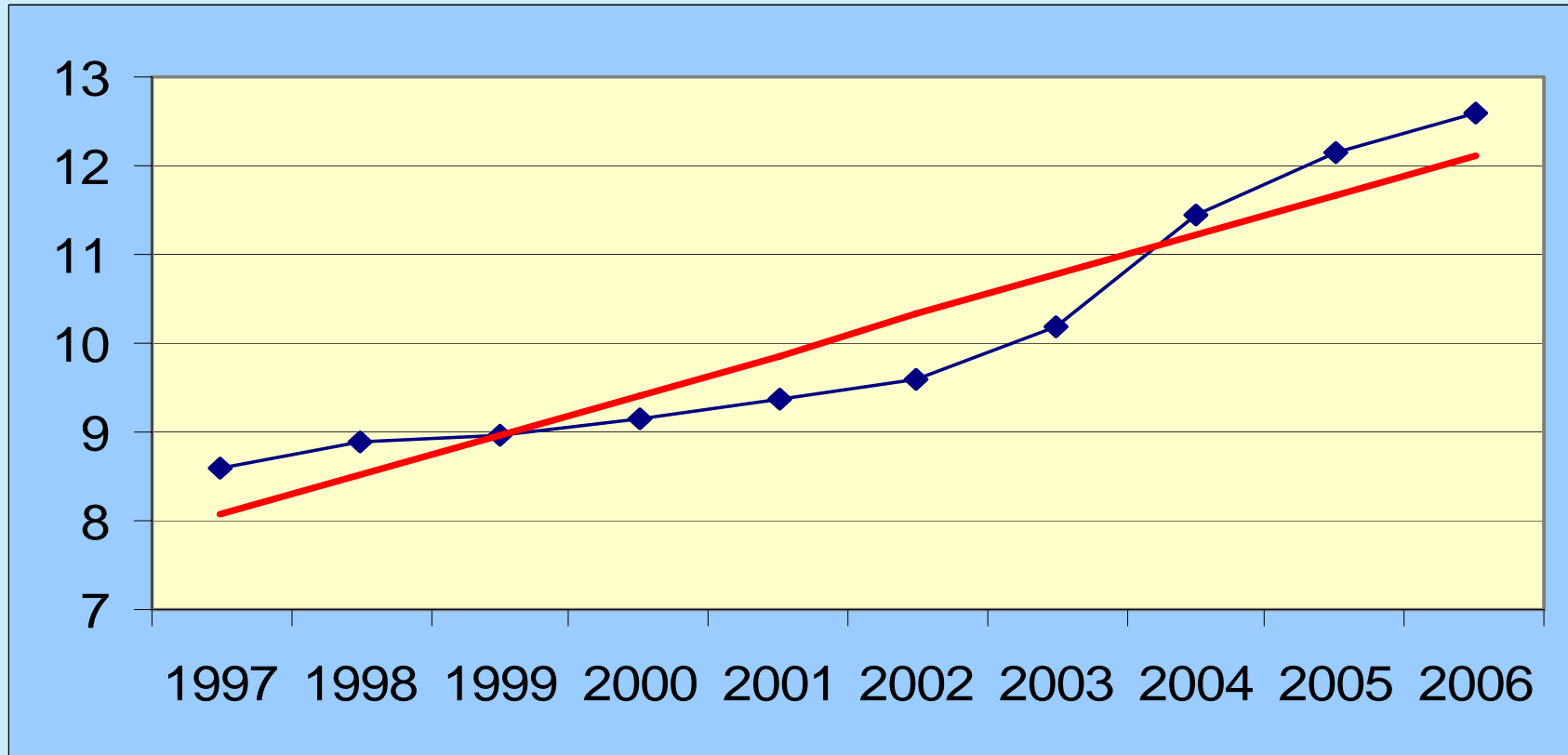
Sewer Utility Expenses Capital Costs vs. O&M



It would require cutting 5-7 employees to achieve the equivalent of a 1% increase in rates. Reduction in staff leads to a reduction in service efficiencies, responsiveness, infrastructure maintenance and quality.



Miles of Sewer Line Per Employee



The red line shows an upward trend in the miles of main maintained per employee, from 8.6 in 1997 to 12.6 in 2006.



Capital Improvement Program

Major Project Components

Aquifer Storage & Recovery Project

- Phase I completed Fall 2006
- Cost - \$27 Million

- Phase II design to begin Fall 2007
- Cost - \$125 Million



Capital Improvement Program

Major Project Components

Standby Power Facilities

- Approximately \$22.13 million;
- Provide standby power in event of a catastrophic event or if power is unavailable to any and/or all pump stations & to the well field.

Northwest Treatment Plant

- Approximately \$12.5 million;
- Located near 21st & Hoover in close proximity to existing raw water lines & well field;
- Provides redundancy in system in event of main WTP failure & also allows for continued service area growth.



Capital Improvement Program

Major Project Components

W-65 Mains for Future Development

- Approximately \$3 million annually;
- Extension of the water distribution system in response to growth and development.

W-67 Main Replacement Program

- Approximately \$5 million annually;
- Replace mains throughout Wichita where age and condition warrant;
- Leaks damage property, inconvenience customers and undermine citizen confidence in the water system.



Performance Measures

Water Utility

Water Distribution System Integrity

Leaks & Breaks Per 100 Miles of Pipe

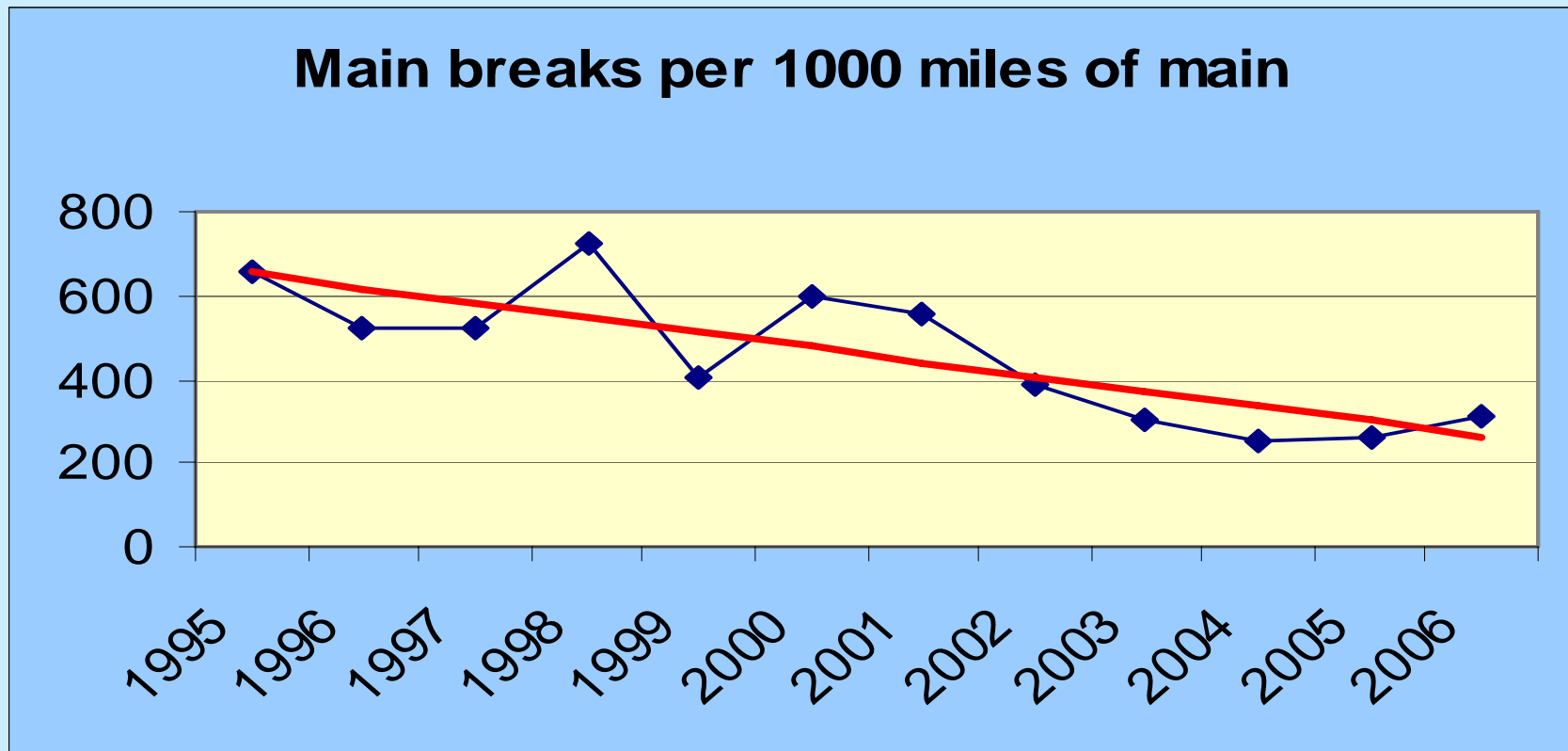
Midwest Low	27.7
Midwest Median	52.1
Midwest High	66.9
Wichita	30.61



Performance Measures

Water Utility

Water Distribution System Integrity



The downward trend in the number of main breaks shows the effects of improved maintenance and main replacements.



Capital Improvement Program

Major Project Components

Mid-Continent Treatment Plant

- Approximately \$23.5 million;
- Designed as a 3 MGD membrane bio-reactor with provisions to treat 6 MGD;
- Nutrient removal; and
- Totally automated remote monitoring.



Capital Improvement Program

Major Project Components

Plant 2 Biological Nutrient Removal

- Approximately \$62.5 million;
- Construction of 18 mgd nutrient removal facilities at Plant 2 which is being mandated due to more stringent discharge requirements.

Four Mile Creek Expansion

- Approximately \$10.4 million;
- Construction due growth in sewerage basin & to meet more stringent discharge requirements.



Capital Improvement Program

Major Project Components

S-4 Reconstruction of Old Sanitary Sewers

- Approximately \$4.85 million annually;
- Reconstruction and/or rehabilitation of the sanitary sewer collection system to prohibit inflow and infiltration, lower maintenance expenses and to prevent system failures.

S-5 Mains for Future Development

- Approximately \$5 million annually;
- Funding for utility share of mains to serve future developments and annexed areas and for sewer relocation costs due to development or construction conflicts.



Performance Measures

Sewer Utility

Sewer Overflow Rate

Number of Overflows Per Mile of Pipe

Midwest Low	1.0
Midwest Median	2.76
Midwest High	9.41
Wichita	9.34

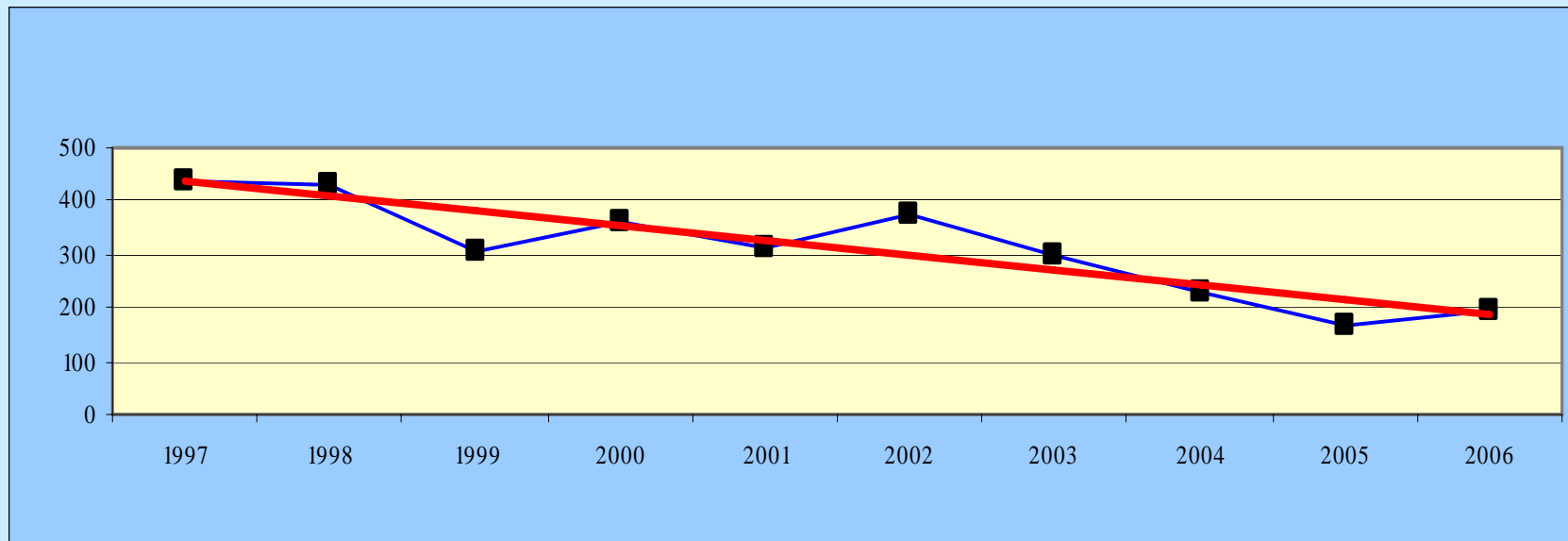


Performance Measures

Sewer Utility

Sewer Overflow Rate

Number of Overflows Per 100 Mile of Pipe



Stoppages in the City have been reduced by 75% over the last 15 years. Our ongoing commitment to reducing overflows is evident in our aggressive cleaning and knifing program and annual CIP project that replaces aging pipes.



Performance Improvements Based on CIP

- ✓ Completed Phase I of ASR project to meet future water supply needs;
- ✓ Installed 8,000 Automated Meter Reading (AMR) devices bringing the total number of devices on-line to 32,000;
- ✓ Between 2002-2005 reduced the amount of inflow into the sewer system from 59 gd per customer account to 20 gd per customer account;
- ✓ Aggressive sewer rehabilitation and cleaning program has kept the Utility from experiencing any backflows due to an overtaxing of the sewer system since 1998;
- ✓ Brought two major booster pump stations to improve water pressure to the SE and far west quadrants of the service area; and
- ✓ Completed the decommissioning of open water processing at Sewage Treatment Plant I greatly reducing odors in the area.



Key Issues and Challenges

Wichita Water Utilities:

1. Regulatory Compliance & Impact on CIP;
2. Staying Ahead of Renewals & Replacements;
3. Valve Location and Replacements;
4. Communication & Education of Citizenry;
5. Efficient Water Use Ethic in Community;
6. Management Turnover Continuity.