

AQUIFER STORAGE & RECOVERY PROGRAM REVIEW

FINANCIAL REVIEW OF ASR PROGRAM AND OVERALL WATER UTILITY CAPITAL FINANCING PLAN

PREPARED FOR:
WICHITA WATER UTILITIES
CITY OF WICHITA, KANSAS

PREPARED BY:
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HDR

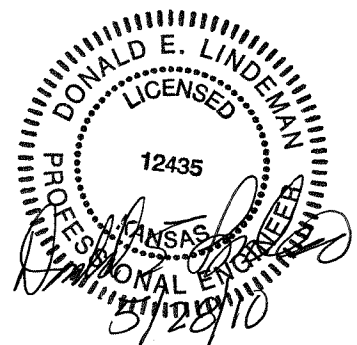


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1 FINANCIAL REVIEW OF EXISTING ASR PROGRAM AND EXISTING WATER UTILITY FINANCING PLAN

1.1 OBJECTIVES OF REVIEW

The financial review presented herein focuses on the capital financing of the ASR Program as well as the overall financial operation of the Water Utility. The purpose of the review is not only to confirm that revenue requirements are being met, but to determine where modifications to policies and procedures can be made to strengthen the utility from a financial perspective so that it can secure the best possible credit rating resulting in the lowest possible interest rates and cost of issuance with respect to its bond sales.

It is important to note that, from the financial perspective of potential investors, the City of Wichita's (City) water and sewer utilities are a combined utility. The combined financial strength of both will enter into the rating of future bond issuances. This review has been a high level review focused primarily on the water system. The sewer system was included in the various operating scenarios analyzed, however, a separate review of the sewer system was not performed and its inclusion is based on information provided by the City. For purposes of the review, the water and sewer systems were viewed as self-supporting funds within the combined utility. . It is strongly recommended that a more in-depth evaluation be performed for both the water and sewer system funds.

The summary pages for Water, Sewer and the Combined Water and Sewer funds, for each of the operating scenarios analyzed, are included in the appendices of this report. The detailed information that was used to develop this report has been provided to the City in electronic format under a separate transmittal.

1.2 REVIEW OF EXISTING DOCUMENTATION

The information contained herein with respect to the cost and operation of the Utility, including the planned capital expenditures has been obtained from periodic reports, records of operation, annual reports, annual financial reports and data and information supplied by the City, its independent auditor, and others, together with information obtained from other sources. While HDR utilized such data and information in the Report summarized herein, and HDR believes such information to be reliable, no attempt was made to independently verify the accuracy thereof, and HDR offers no assurances with respect thereto.

Specifically, the information obtained and reviewed in conjunction with this financial review included, but was not limited to, the following:

- Water and sewer annual budgets for fiscal years 2006-2010;
- 2009 – 2018 Adopted Capital Improvement Program;
- Audited annual financial reports for fiscal years 2004 – 2008;
- Official Statement Water & Sewer Utility Revenue Bonds Series 2009A and 2009B;
- Comprehensive Water & Wastewater Cost of Service Analysis , March 2008; and
- Internal projections of operating results.

1.3 PROJECTED OPERATING RESULTS

1.3.1 Projected Operating Results

Utilizing information taken from the City's audited financial statements and annual Water Fund budget documents, HDR developed a projection of operating results for the Water Fund for fiscal years 2010 through 2018 (Projection Period). The following is a discussion of the methodologies utilized in developing the projected operating results as well as the findings and conclusions of this study.

1.3.2 Projected Customer Information

In developing the projected customer information for the water and sewer systems financial review, HDR first examined available historical customer data to identify significant growth trends and usage characteristics. Growth trends determined from this analysis were compared with historical and projected growth trends of various population and economic data for the City and reasonable growth factors were developed for use in projecting future customers. This projection is different than the information developed to project demands for infrastructure sizing, as agreed to in discussions with the City. While infrastructure sizing was based on high demand drought year conditions, which is a "worst case" approach for sizing infrastructure, these projections are based on low demand wet year conditions which are conservative from a financial perspective.

In developing the estimated water usage for the Water Fund, HDR examined historical customer usage characteristics to develop an average annual consumption per customer for each customer class. This average annual consumption per customer was then applied to the projected number of customers to determine the estimated consumption for the Projection Period. This methodology assumes that the customer characteristics will not change during the Projection Period and that any growth in consumption volumes experienced will be due to an increase in the number of customers. This projection is also different than the information developed to project demands for infrastructure sizing, for the reasons described above.

1.3.3 Projected Revenues

The projected number of customer accounts and sales for the Projection Period were utilized in the development of estimated operating revenues. Customer accounts and consumption growth rates for the Projection Period were determined based on an analysis of historical customer accounts and sales.

Revenues consist of both operating and non-operating revenues. Revenues from water and sewer sales for each year of the Projection Period were estimated by applying the fiscal year 2009 average revenues per unit (per 1,000 gallons or per customer, as appropriate) to each fiscal year's projected customer information developed as discussed in the prior section. Revenues from sales for each subsequent year of the Projection Period were calculated by applying each respective fiscal year's average revenue per unit, which would reflect any future rate increases that are necessary. For purposes of the projections, any rate increases are assumed to become effective on January 1 of each fiscal year of the Projection Period.

Non-operating revenues include interest earned on cash balances in each of the unrestricted reserve funds. No interest earned on the cash balances is included in these projections. Other non-operating revenues include Plant Equity Fees, delinquency charges, and other miscellaneous fees and charges. All of these were included in the analysis at the same level as in the City's existing financial projections.

1.3.4 Projected System Expenses

Historical system expenses were provided by the City through Comprehensive Annual Financial Reports and budget documents. The budgeted fiscal year 2010/2011 operating budget served as the base year for the projected operating expenses. For fiscal years 2010 and 2011, budgeted expenses were used.

Based upon historical and budgeted data, pro-forma adjustments, discussion with the City regarding future expense escalation trends, and other information provided by the City, annual percentage rates of escalation were developed to project annual expenses for the Water Fund. Certain expenses were escalated each year based upon the 2010 Annual Energy Outlook Gross Domestic Product ("GDP") implicit price deflator, published by the United States Department of Energy. These escalation factors were then applied to certain budgeted Water System operating expenses for fiscal year 2011 to develop expenses for the Projection Period.

1.3.5 System Capital Expenditures

For purposes of this report, the City provided a capital improvement program for fiscal year 2009 – 2018 (the "Capital Improvement Program"). This program is intended to provide a forecast of the planned capital needs of the Water and Sewer Systems. The capital improvements are planned to provide for the addition

of new customers, for the systematic renewal and replacement of facilities, and for improvements in the overall efficiency of operating the system.

The original ASR plan called for the City to spend approximately \$566.4 million on capital improvements for ASR Phases II, III, and IV. However, based on the revised demand projections developed in the Water Supply Plan dated May 28, 2010, Phases III and IV have been delayed beyond this planning period. As a result, the Base Case scenario considered in this financial analysis will reflect only the costs associated with ASR Phase II (30 MGD).

The City has also previously considered a Modified Base Case, a “downsized” 11 MGD version of ASR Phase II. This scenario provided the basis for the currently proposed rate increases of 15% in 2010 and 20% in 2011.

Additional scenarios considered in this evaluation include a Rehabilitation Only scenario and a scenario based on the Reduced Capacity Phase II Improvements (15 MGD) as presented in the Water Supply Plan dated May 28, 2010.

In addition, the City estimates it will expend another \$241.1 million on capital improvements for the Sewer Fund. According to the Capital Improvement Program, all of these improvements are to be funded, in their entirety, by revenue bonds.

Each of these scenarios is described further as follows:

Scenario 1a Base Case ASR Phases II and III

This scenario includes the full development ASR Phases II and III including rehabilitation required in the system. The total cost = \$431.7 million (\$50 million previously expended; and \$381.7 million expended from 2010 to 2018).

Scenario 1b Base Case ASR Phase II at 30 MGD

This scenario includes the full Phase II scope, including the raw water intake, water treatment plant, recharge and recovery wells, overhead power lines, pipelines, SCADA, and maintenance facility, for a total cost of \$275 million (\$50 million previously expended; \$225 million to be expended in 2010 and 2011).

Scenario 2a Modified Base Case (11 MGD downsized system)

This scenario involves a modified ASR Phase II plan that was developed for the City (Source: ASR Program Phase II – Implementation Options, February 24, 2010) to look at opportunities to reduce overall program costs. It includes continued development of the surface water treatment plant and

intake, deferring construction of pipeline components and slip lining the diagonal well field transmission main, and equipping wells for 11mgd of injection capacity. In discussion with the City and Program Management Team, this scenario appears to not be viable due to limitations associated with the locations of the recharge wells and the operational flexibility of the treatment plant and intake structure. This scenario has been included for information purposes only. Additional funded cost = \$115,000,000 in one year.

Scenario 2b Optimized Rates for Modified Base Case (11 MGD downsized system)

This scenario optimizes the rate increases for Scenario 2a to meet the combined debt service coverage ratio of 1.20.

Scenario 3 Water System Rehab Only

This scenario includes doing all the repair and replacement of overhead power lines, wells, and pipelines necessary to maintain the existing water supply system so that it can operate at its installed capacity. For the purposes of comparison, it assumes that the work ongoing for the ASR Phase II program is stopped and no further work is completed and no further costs are incurred. We understand that there are some sunk costs that have been incurred for the ASR Program, which we have not estimated or included here. This scenario is used merely as a bench mark. Additional funded cost = \$114,000,000 over two years.

Scenario 1 Recommended Reduced Capacity ASR Phase II Water Supply Plan (15 MGD Capacity)

This scenario is the one described in the Aquifer Storage and Recovery Water Supply Plan dated May 28, 2010. It includes construction of the surface water treatment plant and intake and ancillary facilities, replacement of overhead power lines, phased replacement of pipelines, and equipping 15 MGD of injection capacity. The construction of additional infrastructure for Phase IIb would begin in 2026. This is beyond the City's current financial planning horizon and therefore is not included in these projections. Additional funded cost = \$188,000,000 over five years.

1.3.6 Projected Debt Service

The City has issued several series of utility system revenue bonds. Most recently, in 2009 the City issued \$119,775,000 in non-taxable debt and an additional \$12,845,000 in taxable debt supported by the combined pledge of water and sewer utility revenues. The annual debt service payments on existing utility system revenue bonds was provided by the City

Future debt service payments were calculated assuming an interest rate of 5.0%, cost of issuance of 9%, and an amortization period of 30 years. While the cost of issuance appears high, this figure was selected

based on discussion with the City and their prospective lenders. As the recommendations to strengthen the Utility presented in this report are implemented, this cost of issuance may decrease.

1.3.7 Projected Operating Results

Utilizing information derived from the analyses performed in the development of this Report, HDR developed a summary of projected operating results for both the Water Fund and the Sewer Fund for fiscal years 2010 through 2018. This information can be found in the Water, Sewer, and Combined summaries included in the appendices. The key financial results are presented below:

- Scenario 1a Base Case – ASR Phases II and III
- Scenario 1b Base Case – ASR Phase II at 30 MGD
- Scenario 2a Modified Base Case (11 MGD downsized system) – for information only
- Scenario 2b Optimized Rates for Modified Base Case (11 MGD downsized system) – for information only
- Scenario 3 Water System Rehab Only – for information only
- Scenario 4 Recommended ASR Phase II Water Supply Plan (15 MGD Capacity)

Scenario		2010	2011	2012	2013	2014	2015	2016	2017	2018	Cumm Increase
1a	Rate Adjustment	8.0%	19.0%	11.5%	3.0%	3.0%	7.5%	4.5%	3.0%	3.5%	82.1%
	Debt Coverage Ratio	1.25	1.25	1.24	1.27	1.28	1.25	1.25	1.25	1.27	
1b	Rate Adjustment	8.0%	19.0%	11.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	71.1%
	Debt Coverage Ratio	1.25	1.25	1.24	1.29	1.30	1.27	1.27	1.38	1.42	
2a	Rate Adjustment	15.0%	20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	69.7%
	Debt Coverage Ratio	1.31	1.46	1.47	1.57	1.56	1.51	1.50	1.64	1.68	
2b	Rate Adjustment	7.5%	15.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	52.0%
	Debt Coverage Ratio	1.24	1.24	1.25	1.34	1.34	1.29	1.28	1.41	1.44	
3	Rate Adjustment	7.5%	6.0%	11.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	51.0%
	Debt Coverage Ratio	1.24	1.25	1.25	1.33	1.33	1.28	1.27	1.39	1.43	
4	Rate Adjustment	7.5%	18.0%	7.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	62.8%
	Debt Coverage Ratio	1.24	1.25	1.25	1.34	1.31	1.25	1.25	1.36	1.40	

Scenario		2010	2011	2012	2013	2014	2015	2016	2017	2018	Cumm Increase
1a	Rate Adjustment	10.0%	18.0%	4.0%	5.0%	6.5%	6.0%	5.0%	3.0%	3.0%	78.2%
	Debt Coverage Ratio	1.13	1.27	1.25	1.32	1.25	1.25	1.25	1.32	1.32	
1b	Rate Adjustment	10.0%	18.0%	4.0%	5.0%	6.5%	6.0%	5.0%	3.0%	3.0%	78.2%
	Debt Coverage Ratio	1.13	1.27	1.25	1.32	1.25	1.25	1.25	1.32	1.32	
2a	Rate Adjustment	15.0%	20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	69.7%
	Debt Coverage Ratio	1.17	1.41	1.36	1.32	1.24	1.19	1.16	1.23	1.23	
2b	Rate Adjustment	10.0%	18.0%	4.0%	5.0%	6.5%	6.0%	5.0%	3.0%	3.0%	78.2%
	Debt Coverage Ratio	1.13	1.27	1.25	1.32	1.25	1.25	1.25	1.32	1.32	
3	Rate Adjustment	10.0%	18.0%	4.0%	5.0%	6.5%	6.0%	5.0%	3.0%	3.0%	78.2%
	Debt Coverage Ratio	1.13	1.27	1.25	1.32	1.25	1.25	1.25	1.32	1.32	
4	Rate Adjustment	10.0%	18.0%	4.0%	5.0%	6.5%	6.0%	5.0%	3.0%	3.0%	78.2%
	Debt Coverage Ratio	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	

Scenario		2010	2011	2012	2013	2014	2015	2016	2017	2018
1a	Debt Coverage Ratio	1.20	1.25	1.25	1.27	1.27	1.25	1.25	1.29	1.28
1b	Debt Coverage Ratio	1.20	1.25	1.25	1.28	1.28	1.26	1.26	1.36	1.38
2a	Debt Coverage Ratio	1.25	1.44	1.43	1.47	1.43	1.38	1.35	1.46	1.48
2b	Debt Coverage Ratio	1.20	1.25	1.25	1.31	1.30	1.28	1.27	1.37	1.39
3	Debt Coverage Ratio	1.20	1.25	1.25	1.30	1.29	1.27	1.26	1.36	1.38
4	Debt Coverage Ratio	1.20	1.25	1.25	1.31	1.28	1.25	1.25	1.35	1.37

Note:

1. In all scenarios, a minimum future annual increase of 5% was included for all years per discussion with the City.
2. The combined funds from water and sewer utility are required to meet a minimum overall debt service coverage ratio of 1.20. In the outlying years the water and sewer funds stand alone.

1.3.8 Principal Considerations and Assumptions

In the development of this analysis, it has been necessary to make certain assumptions with respect to future conditions. While these assumptions are reasonable for the purpose of the analysis, they are

dependent upon future events and, therefore, actual events would impact the projections. In addition, HDR has used and relied upon certain information provided by the City and others. While HDR believes these sources to be reliable, we have not independently verified all of the information and offer no assurances with respect thereto. To the extent that actual future conditions differ from those assumed herein or provided to us by others, the actual results will vary from those forecasted. The principal considerations and assumptions made by us and the principal information provided to us by others include the following:

3. Customer account growth for the water and sewer system was forecasted based on historical customer account data provided by the City and is assumed to occur as estimated herein.
4. Projected sales volumes for the water system were based on average historical volumes (2009) and are assumed to increase as estimated herein. Variations in rainfall and other climatological factors can have a significant influence over forecasts of water sales.
5. Projection Period costs of operation and maintenance of the water and sewer system were based on a review of historical levels of these expenses, as well as related budget information provided by the City.
6. The interest rate utilized for estimating interest earned on projected average cash balances of the utility is assumed to be zero percent per annum.
7. The annual capital expenditures for fiscal years 2010 through 2018 are derived from the City's approved capital budget with the exception of those projects related to the ASR Program.
8. Based on the limited scope and schedule of this engagement, it was not possible to determine if the anticipated rate increases are sufficient to adequately recover costs associated with required renewal and replacement needs of the entire system.
9. Assumptions used in the development of future annual debt service payments include a bond interest rate of 5.0% per annum; issuance costs of 9%; and an amortization period of 30 years.

1.4 REVIEW OF EXISTING WATER UTILITY FINANCIAL OPERATION

The following discussion concerning the City's fiscal policies and practices is from the perspective of the investment community. The rating agency Fitch has developed a list of Best Management Practices (BMP's) for water and sewer utilities. Fitch uses these parameters in establishing a rating for a particular utility and bond issue. The following is a discussion of the City's current practices as they relate to each BMP. Generally speaking, the better the bond rating, the lower the cost of issuance and interest rate, mitigating the impact on the ratepayer.

It should be noted that the financial review was performed at a very cursory level in light of the project scope and schedule and, therefore, the observations cited below should be taken in a very general sense. A much more detailed review would be required to enable all aspects of the City's financial practices to be fully understood in light of these generally accepted BMP's.

BMP 1: Long-term financial forecasting that considers future growth in demand, expected rate increases, regulations, and infrastructure renovation and renewal needs.

In general, City practices are consistent with this BMP, particularly with respect to demand forecasting, rate increases, and regulatory compliance. From our review, the City has historically included amounts for renewal and replacement activities in their annual budgets. However, due to recent economic pressures, these amounts were reduced in fiscal years 2009 and 2010.

BMP 2: Debt issuance policies, including types, terms, and suitability under specific conditions, as well as the total amount of variable-rate debt deemed appropriate. Comprehensive policies regarding the use of swap agreements and their disclosure should also be developed prior to entering into any such agreements.

The City has implemented certain fiscal policies as outlined in the City Manager's Policy Message included in the 2010-2011 budget documents. In addition, Section 26 of the 2010-2011 budget document outlines the City's Debt Policy. Per this policy, capital projects of the City's enterprise funds are to be funded through revenues bonds.

BMP 3: Policies to ensure appropriate financial margins, including debt service coverage and operating liquidity levels. Issuers with variable-rate debt and swap agreements are expected to understand the implications and potential risks of such capital management strategies. In addition, issuers should establish financial reserves to enable them to cope with interest rate fluctuations and possible termination payments.

Debt Service Coverage – While the City is obligated to maintain a minimum 120% coverage by its previously adopted bond ordinances, there does not appear to be a formal policy in place concerning targeted coverage levels. It is our understanding that a “general policy” or practice for planning purposes is to target coverages of 1.25 with the goal of increasing this to 1.50.

Reserves – Establishment and maintenance of adequate reserves is essential to the utility's ability to meet varying financial conditions and system capital needs. Typically, utilities will maintain operating/working capital reserves, capital projects reserves, rate stabilization/emergency reserve, debt service reserve, and a segregated account for growth-related capital improvement projects. Currently, the City only maintains an Operating Reserve and a Capital Reserve Fund.

Depreciation and Replacement Account – Additionally, the revenue bond ordinances call for the establishment and maintenance of a Depreciation and Replacement Account. This account is to be used for the purpose of extraordinary maintenance and repairs and other capital improvements. The required level of funding, per the bond ordinance, is 15% of the

operating revenues from the preceding fiscal year. It is our understanding, at the time of this report, that by fiscal year end 2010 this account will be insufficiently funded.

BMP 4: Regular financial reporting and monitoring systems that allow policy makers access to timely information on fiscal performance relative to budget.

City practices appear to be consistent with this BMP through its standard budgeting, annual reporting, and auditing processes.

BMP 5: Prioritized capital improvement plans that consider growth, capacity, regulatory, and replacement and renewal needs. These plans should encompass at least three years of projected needs.

Similar to BMP 1, City practices are essentially consistent with this BMP, although it does not appear that a comprehensive process for planning of system renewal and replacement requirements exists. An active asset management program would benefit the City in its capital planning and budgeting process. In addition, an effective capital improvement plan should address the types and levels of funding available for capital projects. Currently, the City anticipates the only source of funding to support its capital improvement program will be revenue bonds. Best practices would indicate the need to establish a funding approach that includes pay-as-you-go cash funding (using "below the line" funds generated through debt service coverage) and the use of revenues from the City's plant equity fees for growth driven projects.

BMP 6: Use of professional engineers, either within the utility or outside of it, to prepare objective reviews of system performance and needs on a regular basis.

City practices appear to be consistent with this BMP.

BMP 7: Limiting operating exposure to growth-sensitive revenues, such as tap, connection, or impact fees.

The use of system development charges (plant equity fees) should be limited to growth-related system improvements. The reliance on these growth-related revenues for on-going financial requirements is not prudent. While these revenues are available to the City to be credited toward the calculation of debt service coverage, these revenues should be segregated to support growth related activities.

BMP 8: Collection policies that regularly track the rate of timely payment receipts and enforce penalties against late payers.

City practices appear to be consistent with this BMP.

BMP 9: Regular consultation with regional and local growth planners, community development officials, and demographers to predict and, if possible, limit infrastructure needs related to population and business growth.

City practices appear to be consistent with this BMP.

BMP 10: Rate affordability guidelines, considering absolute levels of rate and affordability relative to income levels.

The City refers to such sources as the AWWA Rate Survey to compare their utility rates to those of comparable utilities in the region. However, it is our understanding that the City has not consulted the USEPA guidelines regarding the affordability of utility rates. The intent of such an analysis would be to ensure that basic level of water and sewer service is affordable to the majority of Wichita residents. USEPA suggest affordability is 4% of median household income for water and sewer services. In addition, while the City rates levels are governed by its bond ordinance, there does not appear be any written and adopted rate policies that would provide clear guidance to management concerning key targets for financial planning and day-to-day operating practices. Such a policy would serve as the framework for utility rate structures and provide guidance concerning the goals and objectives of utility rates. For example, a rate policy would prioritize goals such as achieving rate stability or revenue stability; promoting efficient use of resources; and equity and fairness.

BMP 11: Limited exposure to financial operations of the general government, so that system revenues can be relied on for use to operate and improve the utility.

Limiting the exposure of a utility to transfers to the General Fund is viewed as favorable as it protects the utility from extraordinary withdrawals of critical resources that should be used to enhance its operations and fiscal health. Pursuant to the bond ordinance, City transfers to the General Fund are limited to a maximum of 5% of the utility system revenues of the prior fiscal year.

BMP 12: Where transfers to the general fund are used, policies should specifically limit their scope and growth.

See comments under BMP 11.

BMP 13: Strategies to track and anticipate future regulatory mandates, including active membership in state, regional, and national trade associations by some utility officials.

City practices appear to be consistent with this BMP.

BMP 14: Compliance with industry accounting practices and establishment of appropriate internal controls.

City practices appear to be consistent with this BMP.

2 FINANCIAL REVIEW SUMMARY AND RECOMMENDATIONS

As has been discussed, this financial review has been performed at a cursory level consistent with the scope and schedule for the review. From the review, it is apparent that opportunities do exist to strengthen City's financial position resulting in benefits to the ratepayers. To accomplish this will require a more comprehensive effort. It is recommended that City pursue the following initiatives:

- City should develop a series of operational and fiscal policies that address industry best practices and position the utility system for success in the future. Among other things, this process should establish the appropriate reserve accounts and funding levels for a utility the size, age and complexity of City. This process should also establish the desired approach to funding system capital improvements. For example, City should identify the appropriate level of pay-as-you-go funding as opposed to debt funding. While the City has historically budgeted for 15% of capital projects to be cash-funded, it is recommended this practice be reviewed to determine if this amount is sufficient based on the type of projects required. Generally, it is prudent to use cash reserves to fund system "normal" renewal and replacement activities while growth related projects would be supported by revenues from system development charges and extraordinary system improvements or additions would be debt funded.
- City should develop and adopt a formal rate policy that is consistent with a broader set of goals and objectives. City should clarify and prioritize the desired attributes of its utility rates. A list of generally accepted utility rate attributes would include such things as:
 - The ability to provide revenue stability and revenue predictability;
 - the predictability and stability of a rate path;
 - encouraging efficient use of resources;
 - fairness and equity or rates that reflect the true cost to serve;
 - easy to understand and administer; and
 - free from controversy and defensible.

Utilizing this prioritized listing of desired attributes, City can develop a rate policy that can be effectively implemented and communicated to various stakeholder groups.

- The development of an updated Comprehensive Water and Sewer Rate and Cost of Service Study developed around adopted operational, fiscal and rate policies.
- The development of a renewal and replacement sufficiency analyses to determine the appropriate level of funding required to effectively re-invest in the utility system. This should involve the preparation of a comprehensive asset inventory and an assessment of system condition. As the

utility system is one of the most valuable assets owned by the City, it is imperative that maintenance and repair of the system be dictated by critical needs as opposed to budget constraints. The information developed in such an analyses should to be fully integrated into the long-term financial planning process.

- The development of a Comprehensive Water and Sewer System Multi-Year Capital Financing Plan. This type of analyses would allow City to better anticipate the timing and costs of capital projects and match them to available funding sources, such as cash reserves shown in the outer years of the projection.
- The City should pursue fiscal policies that require the water and sewer systems to be self supporting funds and work toward eliminating any inter-fund subsidies that may exist.
- The City should endeavor to prepare a single, integrated utility planning document that considers the engineering, planning, operational and fiscal aspects of owning and operating a public utility. Such a plan would integrate critical system planning elements such as the City's comprehensive land use plan; master plans for water, wastewater, stormwater utilities and other City departments; fiscal and operational policies and practices; and regulatory requirements. This would create business plan for future success and assist the City in identify needs and resources as well as in communicating with various stakeholder groups including the financial markets.

A group of industry participants, including the American Waterworks Association, prepared a document titled "*Effective Utility Management – A Primer for Water & Wastewater Utilities*" which sets forth a framework designed to help utilities enhance their performance. It is recommended the City use such a framework to prepare a planning document for the water and sewer utilities.

APPENDIX A -
SCENARIO 1A
BASE CASE ASR PHASES II AND III



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario **Water Supply Plan Ph 2, 3 & 4**

2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	8.00%	19.00%	11.50%	3.00%	3.00%	7.50%	4.50%	3.00%	3.50%

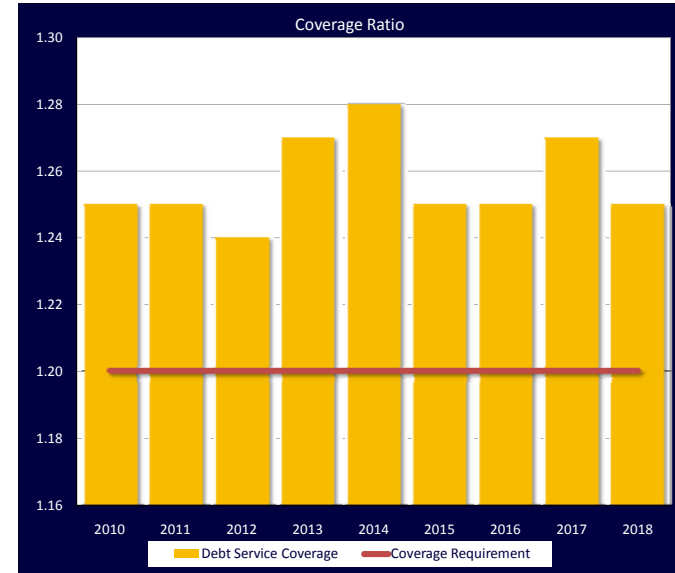
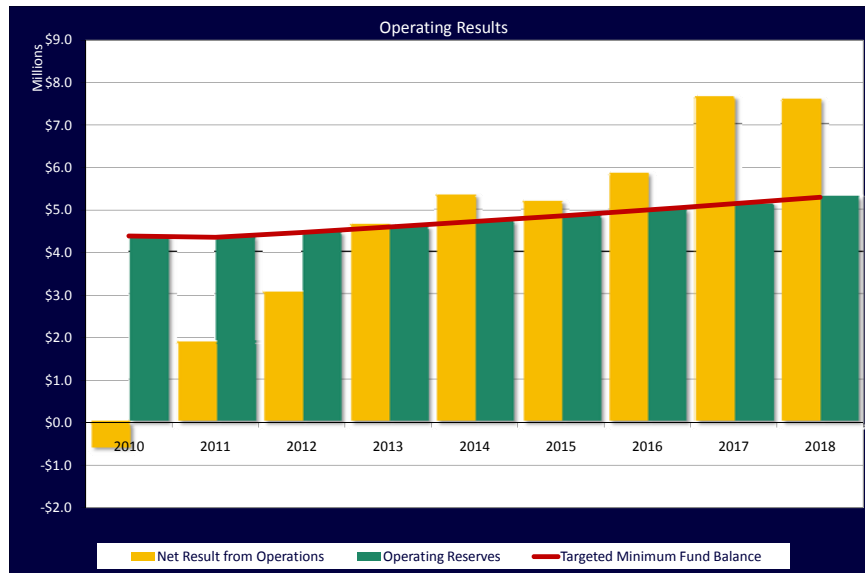
Wholesale Customers

Proposed Annual Rate Adjustment	8.00%	19.00%	11.50%	3.00%	3.00%	7.50%	4.50%	3.00%	3.50%
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Net Result from Operations	\$ (599,159)	\$ 1,887,900	\$ 3,058,898	\$ 4,647,673	\$ 5,341,682	\$ 5,201,723	\$ 5,851,429	\$ 7,655,217	\$ 7,600,277
Debt Service Coverage	1.25	1.25	1.24	1.27	1.28	1.25	1.25	1.27	1.25

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 34,151,858	\$ 36,065,803	\$ 39,011,085	\$ 43,534,356	\$ 48,747,685	\$ 53,816,675	\$ 59,528,426	\$ 67,037,268	\$ 74,485,340





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	10.00%	18.00%	4.00%	5.00%	6.50%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%

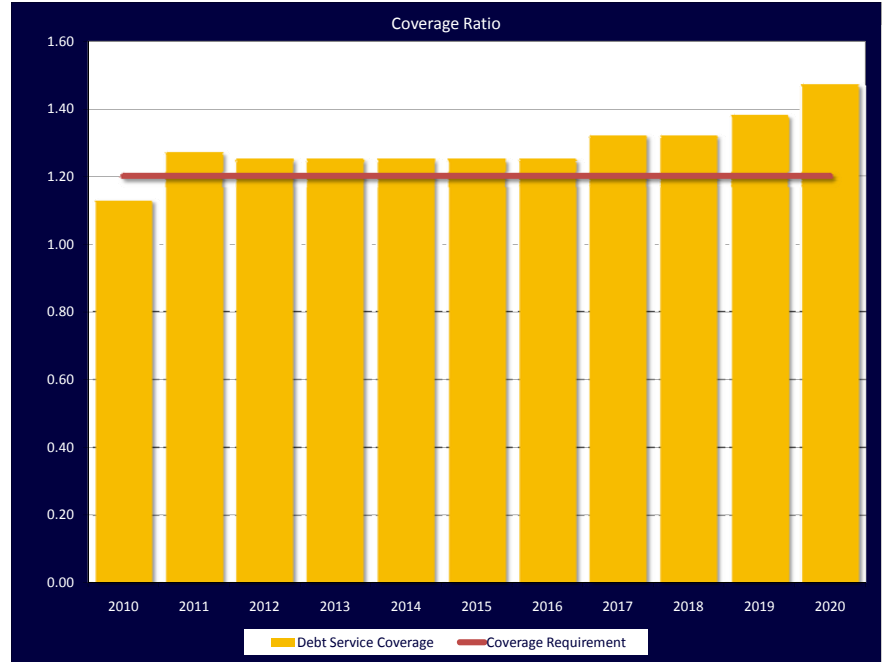
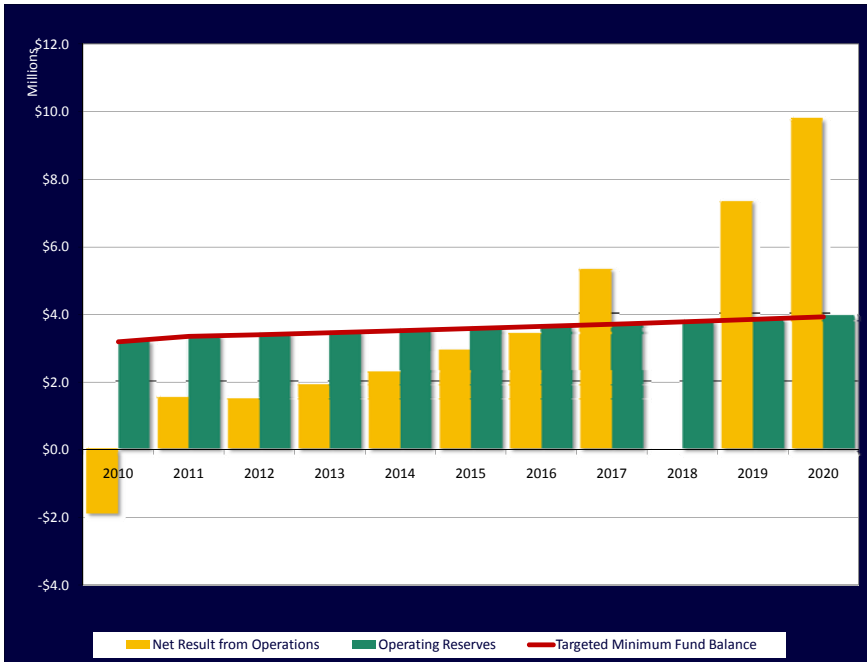
Wholesale Customers

Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations	\$ (1,910,166)	\$ 1,519,491	\$ 1,473,023	\$ 1,898,752	\$ 2,293,998	\$ 2,941,482	\$ 3,422,136	\$ 5,320,041	\$ 1	\$ 7,339,206	\$ 9,754,496
Debt Service Coverage	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	1.38	1.47

Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ (7,229,803)	\$ (5,867,754)	\$ (4,442,668)	\$ (2,603,886)	\$ (369,639)	\$ 2,511,943	\$ 5,869,966	\$ 11,122,550	\$ 11,053,710	\$ 18,322,972	\$ 28,001,423





Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 89,406,056	\$ 111,629,211	\$ 121,459,051	\$ 128,694,217	\$ 135,585,513	\$ 145,559,381	\$ 153,043,121	\$ 160,161,065	\$ 167,777,779
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 96,461,120	\$ 118,702,755	\$ 128,901,075	\$ 136,168,081	\$ 143,441,217	\$ 153,446,925	\$ 161,312,505	\$ 168,478,649	\$ 176,493,563
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,647,556	5,759,638	6,252,054	6,614,904	6,960,561	7,460,346	7,835,625	8,192,932
19	Total Operating Expenses	\$ 47,877,998	\$ 50,966,925	\$ 53,048,318	\$ 54,646,969	\$ 56,138,435	\$ 57,639,889	\$ 59,362,417	\$ 61,020,688	\$ 62,704,278
19	Net Revenues Available For Debt Service	\$ 48,583,122	\$ 67,735,830	\$ 75,852,757	\$ 81,521,112	\$ 87,302,782	\$ 95,807,036	\$ 101,950,088	\$ 107,457,961	\$ 113,789,284
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	13,641,618	20,033,090	25,622,615	30,135,786	37,874,474	42,831,517	49,601,628	55,380,472
34	Total Debt	\$ 40,560,388	\$ 54,065,088	\$ 60,913,663	\$ 64,408,103	\$ 68,939,024	\$ 76,771,711	\$ 81,613,255	\$ 83,242,079	\$ 89,116,348
35	Debt Service Coverage Ratio	1.20	1.25	1.25	1.27	1.27	1.25	1.25	1.29	1.28
36	Net Revenues After Debt Service	\$ 8,022,734	\$ 13,670,741	\$ 14,939,094	\$ 17,113,009	\$ 18,363,757	\$ 19,035,325	\$ 20,336,833	\$ 24,215,882	\$ 24,672,936
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (2,509,326)	\$ 3,407,391	\$ 4,531,920	\$ 6,546,425	\$ 7,635,680	\$ 8,143,204	\$ 9,273,565	\$ 12,975,258	\$ 13,250,859
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 26,922,055	\$ 30,198,049	\$ 34,568,417	\$ 40,930,469	\$ 48,378,046	\$ 56,328,618	\$ 65,398,392	\$ 78,159,818	
47	Deposit/(Withdrawal) from Operations	(2,402,989)	3,275,993	4,370,368	6,362,052	7,447,577	7,950,572	9,069,774	12,761,426	13,029,812	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 26,922,055	\$ 30,198,049	\$ 34,568,417	\$ 40,930,469	\$ 48,378,046	\$ 56,328,618	\$ 65,398,392	\$ 78,159,818	\$ 91,189,630	

APPENDIX B -
SCENARIO 1B
BASE CASE ASR PHASES II AT 30 MGD



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario **Base Case (30 MGD)**

2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	8.00%	19.00%	11.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

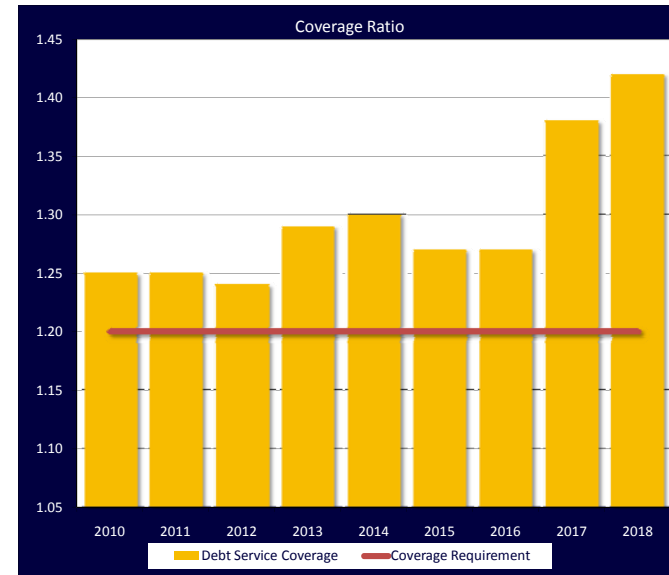
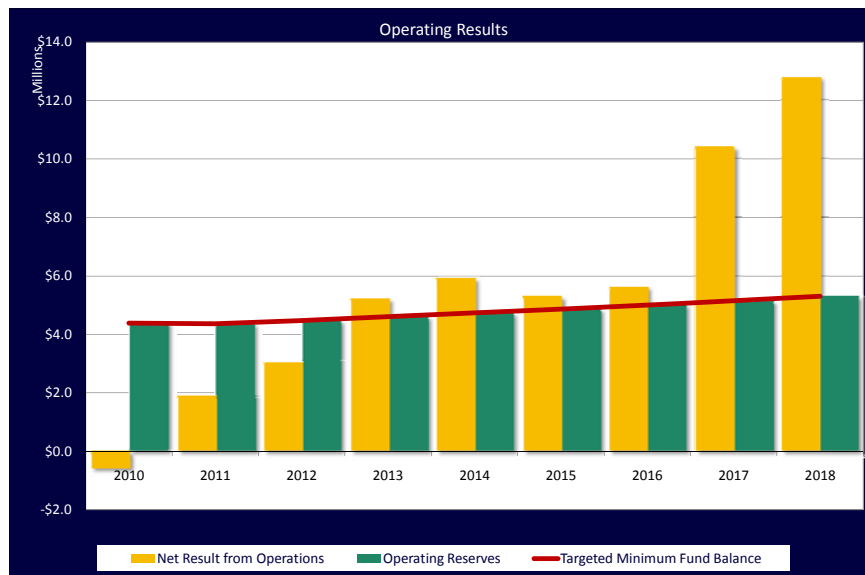
Wholesale Customers

Proposed Annual Rate Adjustment	8.00%	19.00%	11.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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Net Result from Operations	\$ (599,159)	\$ 1,887,900	\$ 3,058,898	\$ 5,214,921	\$ 5,923,820	\$ 5,285,824	\$ 5,621,601	\$ 10,411,426	\$ 12,790,431
Debt Service Coverage	1.25	1.25	1.24	1.29	1.30	1.27	1.27	1.38	1.42

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 34,151,858	\$ 36,065,803	\$ 39,011,085	\$ 44,101,604	\$ 49,897,072	\$ 55,050,164	\$ 60,532,087	\$ 70,797,139	\$ 83,435,364





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	10.00%	18.00%	4.00%	5.00%	6.50%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%

Wholesale Customers

Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations

Net Result from Operations	\$ (1,910,166)	\$ 1,519,491	\$ 1,473,023	\$ 1,898,752	\$ 2,293,998	\$ 2,941,482	\$ 3,422,136	\$ 5,320,041	\$ 1	\$ 7,339,206	\$ 9,754,496
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Debt Service Coverage

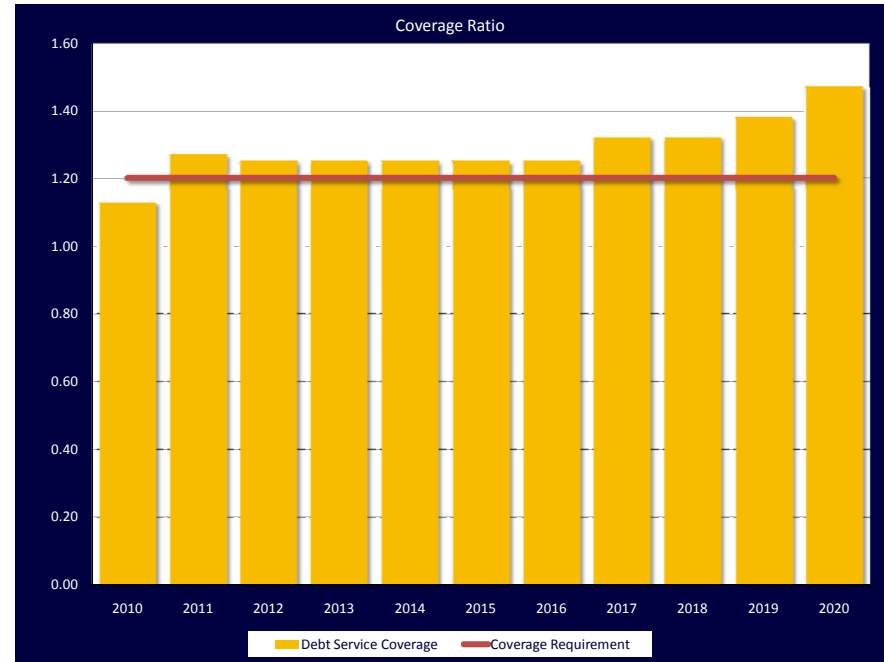
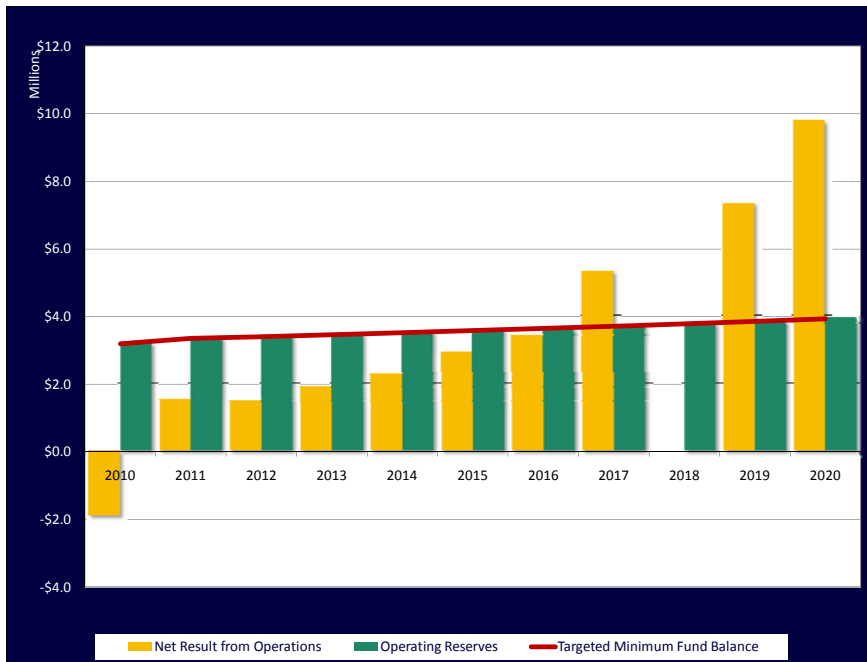
Debt Service Coverage	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	1.38	1.47
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Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Year End Fund Balance

Capital Reserve Year End Fund Balance	\$ (7,229,803)	\$ (5,867,754)	\$ (4,442,668)	\$ (2,603,886)	\$ (369,639)	\$ 2,511,943	\$ 5,869,966	\$ 11,122,550	\$ 11,053,710	\$ 18,322,972	\$ 28,001,423
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Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 89,406,056	\$ 111,629,211	\$ 121,459,051	\$ 128,694,217	\$ 135,585,513	\$ 141,870,572	\$ 147,898,709	\$ 154,739,137	\$ 161,585,147
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 96,461,120	\$ 118,702,755	\$ 128,901,075	\$ 136,168,081	\$ 143,441,217	\$ 149,758,116	\$ 156,168,093	\$ 163,056,721	\$ 170,300,931
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,647,556	5,759,638	6,252,054	6,614,904	6,960,561	7,275,906	7,578,405	7,921,836
19	Total Operating Expenses	\$ 47,877,998	\$ 50,966,925	\$ 53,048,318	\$ 54,646,969	\$ 56,138,435	\$ 57,639,889	\$ 59,177,977	\$ 60,763,467	\$ 62,433,182
19	Net Revenues Available For Debt Service	\$ 48,583,122	\$ 67,735,830	\$ 75,852,757	\$ 81,521,112	\$ 87,302,782	\$ 92,118,226	\$ 96,990,116	\$ 102,293,254	\$ 107,867,749
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	13,641,618	20,033,090	25,055,367	29,553,648	34,101,563	38,101,374	41,680,712	44,268,783
34	Total Debt	\$ 40,560,388	\$ 54,065,088	\$ 60,913,663	\$ 63,840,854	\$ 68,356,886	\$ 72,998,800	\$ 76,883,111	\$ 75,321,163	\$ 78,004,659
35	Debt Service Coverage Ratio	1.20	1.25	1.25	1.28	1.28	1.26	1.26	1.36	1.38
36	Net Revenues After Debt Service	\$ 8,022,734	\$ 13,670,741	\$ 14,939,094	\$ 17,680,257	\$ 18,945,896	\$ 19,119,427	\$ 20,107,005	\$ 26,972,092	\$ 29,863,090
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (2,509,326)	\$ 3,407,391	\$ 4,531,920	\$ 7,113,673	\$ 8,217,819	\$ 8,227,306	\$ 9,043,736	\$ 15,731,468	\$ 18,441,013
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 26,922,055	\$ 30,198,049	\$ 34,568,417	\$ 41,497,718	\$ 49,527,434	\$ 57,562,107	\$ 66,402,053	\$ 81,919,689	
47	Deposit/(Withdrawal) from Operations	(2,402,989)	3,275,993	4,370,368	6,929,301	8,029,716	8,034,673	8,839,946	15,517,636	18,219,965	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 26,922,055	\$ 30,198,049	\$ 34,568,417	\$ 41,497,718	\$ 49,527,434	\$ 57,562,107	\$ 66,402,053	\$ 81,919,689	\$ 100,139,654	

APPENDIX C -
SCENARIO 2A
MODIFIED BASE CASE
(11 MGD DOWNSIZED SYSTEM) – FOR
INFORMATION ONLY



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario **Phase II 11 MGD**

2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	15.00%	20.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

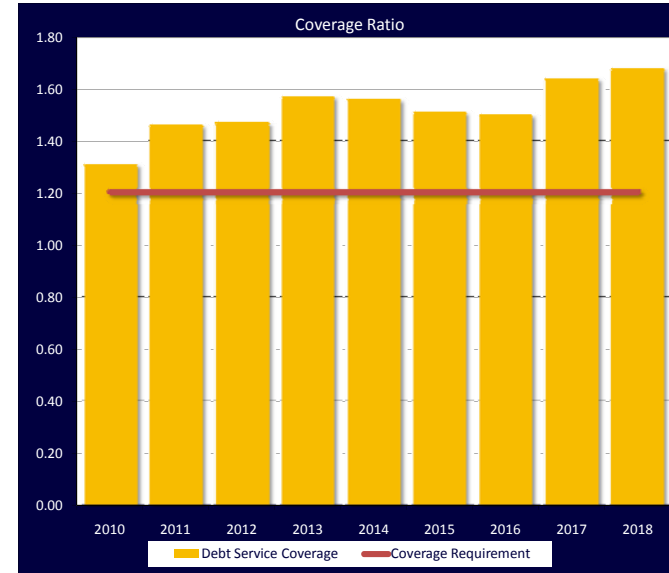
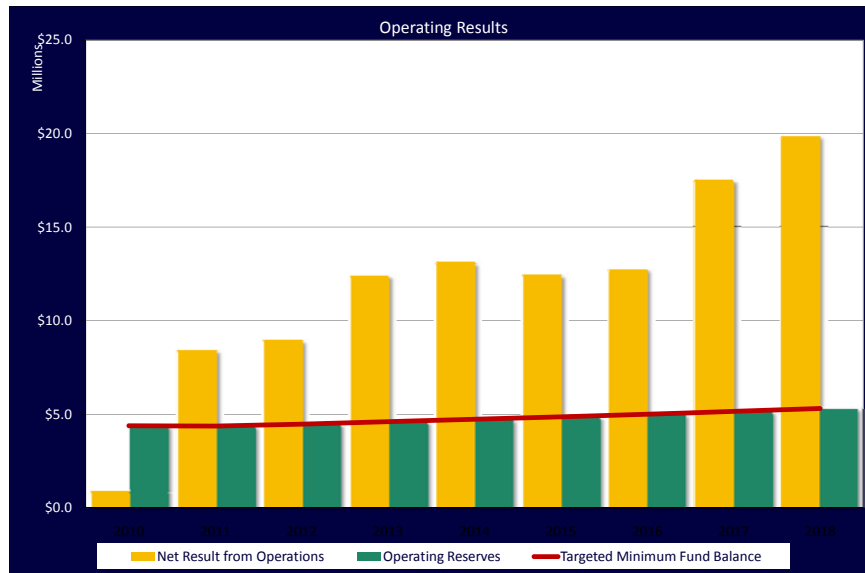
Wholesale Customers

Proposed Annual Rate Adjustment	15.00%	20.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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Net Result from Operations	\$ 886,823	\$ 8,434,171	\$ 8,957,267	\$ 12,411,456	\$ 13,094,672	\$ 12,435,156	\$ 12,748,400	\$ 17,501,268	\$ 19,844,583
Debt Service Coverage	1.31	1.46	1.47	1.57	1.56	1.51	1.50	1.64	1.68

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 35,637,841	\$ 44,098,056	\$ 52,941,707	\$ 65,228,762	\$ 78,195,081	\$ 90,497,505	\$ 103,106,227	\$ 120,461,121	\$ 140,153,497





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	15.00%	20.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Wholesale Customers

Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations

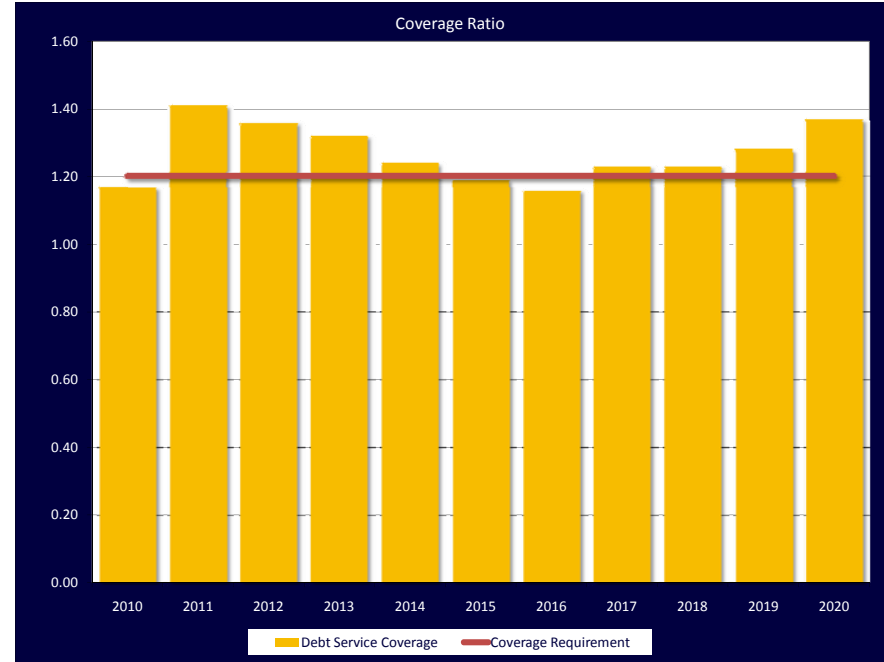
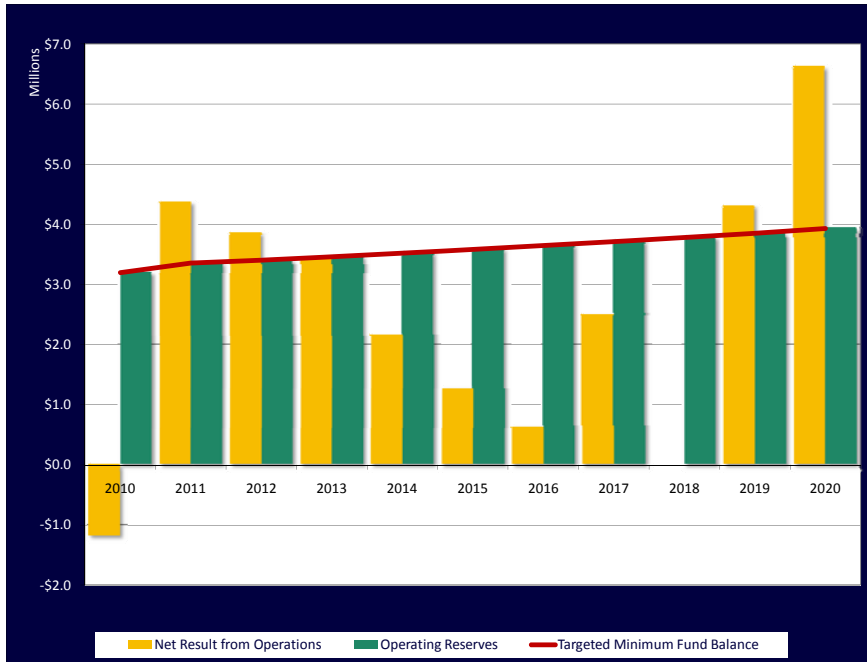
	\$ (1,180,444)	\$ 4,364,994	\$ 3,849,718	\$ 3,423,531	\$ 2,155,126	\$ 1,269,994	\$ 628,074	\$ 2,485,025	\$ 1	\$ 4,301,666	\$ 6,610,447
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Debt Service Coverage	1.17	1.41	1.36	1.32	1.24	1.19	1.16	1.23	1.23	1.28	1.37
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Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Year End Fund Balance	\$ (6,500,080)	\$ (2,292,530)	\$ 1,509,252	\$ 4,872,813	\$ 6,968,188	\$ 8,178,282	\$ 8,742,244	\$ 11,159,811	\$ 11,090,970	\$ 15,322,693	\$ 21,857,096
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Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 91,621,761	\$ 119,359,117	\$ 123,384,535	\$ 129,712,138	\$ 134,868,721	\$ 139,512,909	\$ 144,313,896	\$ 151,015,055	\$ 157,718,860
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 98,676,825	\$ 126,432,661	\$ 130,826,559	\$ 137,186,002	\$ 142,724,425	\$ 147,400,453	\$ 152,583,280	\$ 159,332,639	\$ 166,434,644
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,758,341	6,146,133	6,348,328	6,665,800	6,924,721	7,158,023	7,399,164	7,735,632
19	Total Operating Expenses	\$ 47,877,998	\$ 51,077,710	\$ 53,434,814	\$ 54,743,243	\$ 56,189,331	\$ 57,604,050	\$ 59,060,094	\$ 60,584,226	\$ 62,246,978
19	Net Revenues Available For Debt Service	\$ 50,798,827	\$ 75,354,951	\$ 77,391,745	\$ 82,442,759	\$ 86,535,094	\$ 89,796,403	\$ 93,523,187	\$ 98,748,412	\$ 104,187,666
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	11,868,966	13,297,014	17,255,700	21,753,981	26,301,895	30,301,707	33,881,045	36,469,116
34	Total Debt	\$ 40,560,388	\$ 52,292,437	\$ 54,177,587	\$ 56,041,187	\$ 60,557,219	\$ 65,199,133	\$ 69,083,444	\$ 67,521,496	\$ 70,204,992
35	Debt Service Coverage Ratio	1.25	1.44	1.43	1.47	1.43	1.38	1.35	1.46	1.48
36	Net Revenues After Debt Service	\$ 10,238,439	\$ 23,062,514	\$ 23,214,158	\$ 26,401,572	\$ 25,977,875	\$ 24,597,271	\$ 24,439,743	\$ 31,226,917	\$ 33,982,674
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (293,621)	\$ 12,799,164	\$ 12,806,984	\$ 15,834,988	\$ 15,249,798	\$ 13,705,150	\$ 13,376,474	\$ 19,986,293	\$ 22,560,597
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 29,137,760	\$ 41,805,527	\$ 54,450,959	\$ 70,101,574	\$ 85,163,269	\$ 98,675,787	\$ 111,848,471	\$ 131,620,931	
47	Deposit/(Withdrawal) from Operations	(187,284)	12,667,766	12,645,432	15,650,615	15,061,695	13,512,517	13,172,684	19,772,461	22,339,549	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 29,137,760	\$ 41,805,527	\$ 54,450,959	\$ 70,101,574	\$ 85,163,269	\$ 98,675,787	\$ 111,848,471	\$ 131,620,931	\$ 153,960,481	

APPENDIX D -
SCENARIO 2B
OPTIMIZED RATES FOR MODIFIED BASE
CASE (11 MGD DOWNSIZED SYSTEM) –
FOR INFORMATION ONLY



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario Phase II 11 MGD

2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	7.5%	15.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Surcharge	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

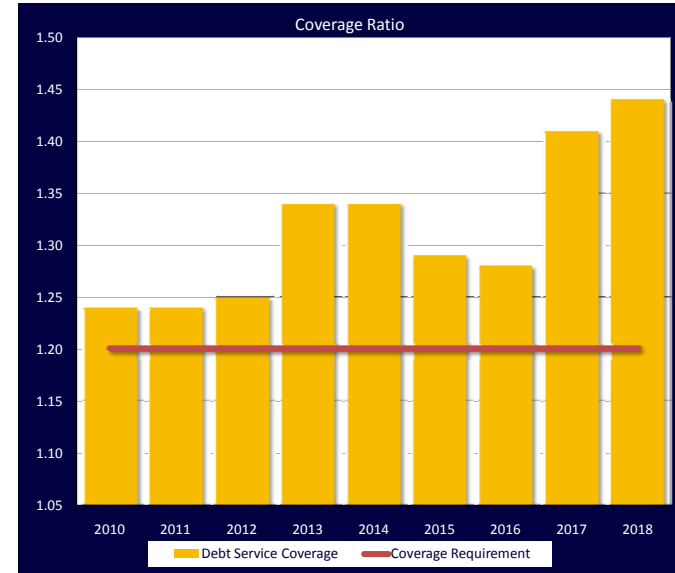
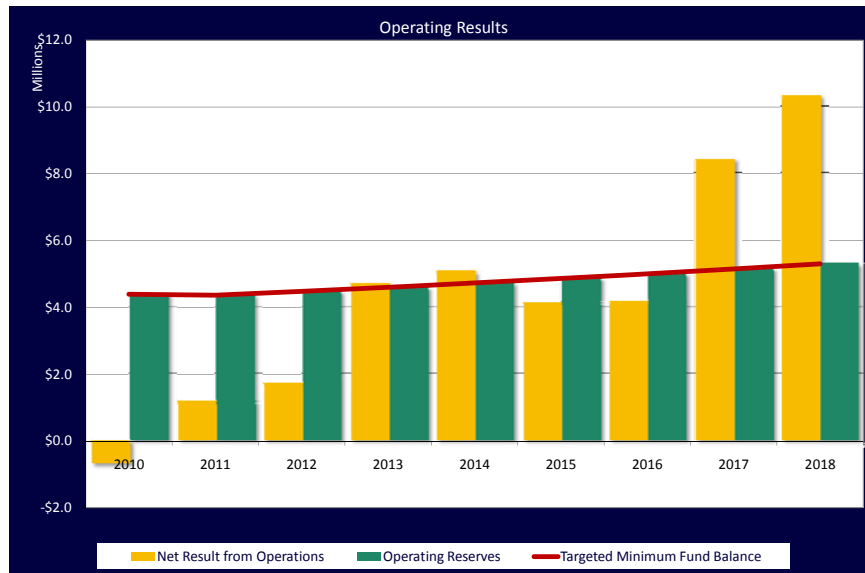
Wholesale Customers

Proposed Annual Rate Adjustment	7.50%	15.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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Net Result from Operations	\$ (705,301)	\$ 1,162,635	\$ 1,724,957	\$ 4,711,749	\$ 5,067,083	\$ 4,132,839	\$ 4,158,426	\$ 8,439,491	\$ 10,327,174
Debt Service Coverage	1.24	1.24	1.25	1.34	1.34	1.29	1.28	1.41	1.44

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 34,045,717	\$ 35,234,397	\$ 36,845,737	\$ 41,433,085	\$ 46,371,816	\$ 50,371,923	\$ 54,390,671	\$ 62,683,788	\$ 72,858,756





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	10.00%	18.00%	4.00%	5.00%	6.50%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%

Wholesale Customers

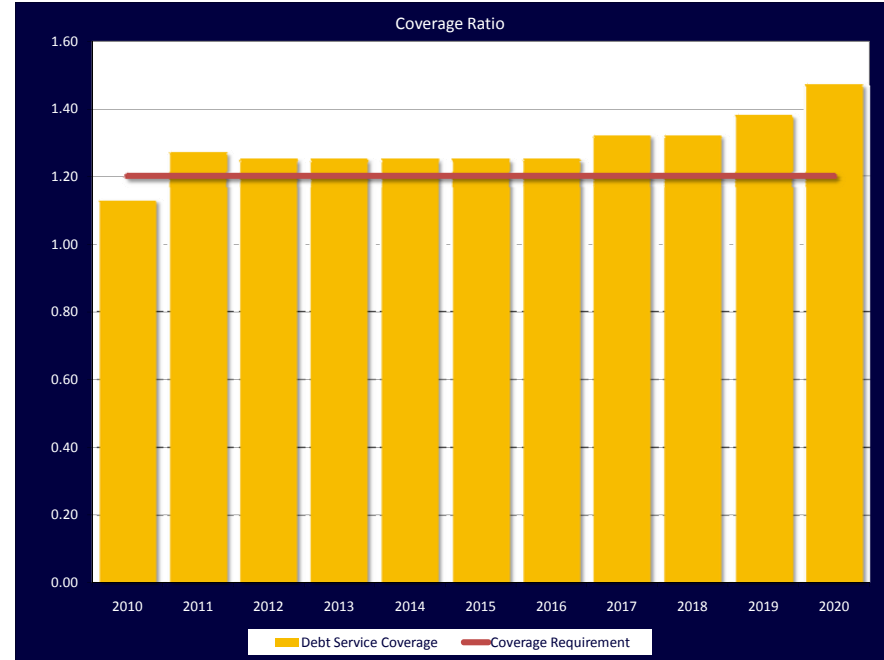
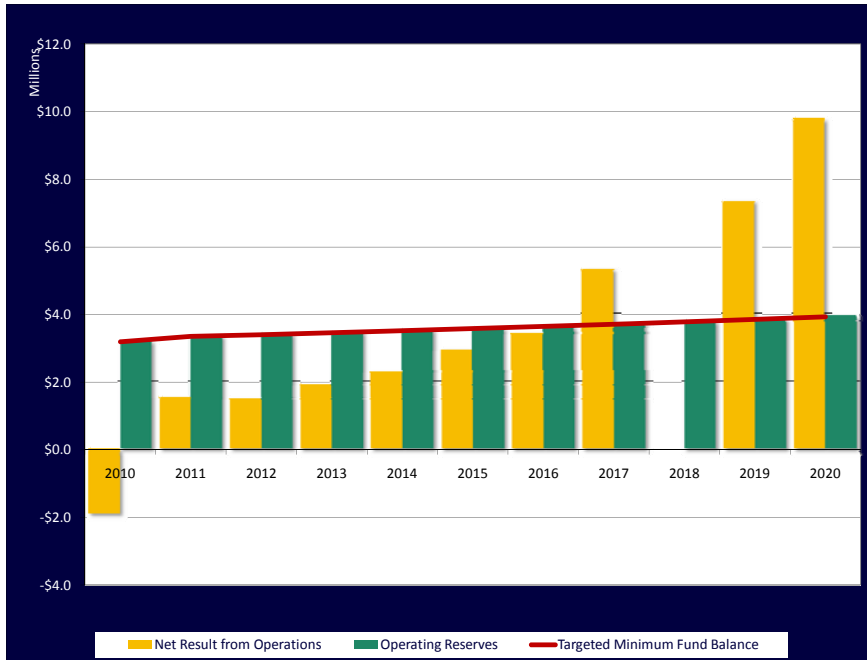
Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations	\$ (1,910,166)	\$ 1,519,491	\$ 1,473,023	\$ 1,898,752	\$ 2,293,998	\$ 2,941,482	\$ 3,422,136	\$ 5,320,041	\$ 1	\$ 7,339,206	\$ 9,754,496
Debt Service Coverage	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	1.38	1.47

Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Year End Fund Balance	\$ (7,229,803)	\$ (5,867,754)	\$ (4,442,668)	\$ (2,603,886)	\$ (369,639)	\$ 2,511,943	\$ 5,869,966	\$ 11,122,550	\$ 11,053,710	\$ 18,322,972	\$ 28,001,423
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Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 89,299,914	\$ 109,125,987	\$ 113,263,874	\$ 119,981,619	\$ 126,493,479	\$ 132,463,318	\$ 138,165,504	\$ 144,480,875	\$ 150,809,310
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 96,354,978	\$ 116,199,531	\$ 120,705,898	\$ 127,455,483	\$ 134,349,183	\$ 140,350,862	\$ 146,434,888	\$ 152,798,459	\$ 159,525,094
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,642,249	5,634,477	5,842,295	6,179,274	6,505,959	6,805,543	7,091,744	7,408,923
19	Total Operating Expenses	\$ 47,877,998	\$ 50,961,618	\$ 52,923,157	\$ 54,237,210	\$ 55,702,805	\$ 57,185,287	\$ 58,707,614	\$ 60,276,807	\$ 61,920,269
19	Net Revenues Available For Debt Service	\$ 48,476,980	\$ 65,237,913	\$ 67,782,740	\$ 73,218,273	\$ 78,646,377	\$ 83,165,574	\$ 87,727,274	\$ 92,521,652	\$ 97,604,825
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	11,868,966	13,297,014	17,255,700	21,753,981	26,301,895	30,301,707	33,881,045	36,469,116
34	Total Debt	\$ 40,560,388	\$ 52,292,437	\$ 54,177,587	\$ 56,041,187	\$ 60,557,219	\$ 65,199,133	\$ 69,083,444	\$ 67,521,496	\$ 70,204,992
35	Debt Service Coverage Ratio	1.20	1.25	1.25	1.31	1.30	1.28	1.27	1.37	1.39
36	Net Revenues After Debt Service	\$ 7,916,593	\$ 12,945,477	\$ 13,605,153	\$ 17,177,086	\$ 18,089,159	\$ 17,966,441	\$ 18,643,830	\$ 25,000,157	\$ 27,399,833
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (2,615,467)	\$ 2,682,127	\$ 3,197,980	\$ 6,610,501	\$ 7,361,081	\$ 7,074,321	\$ 7,580,562	\$ 13,759,533	\$ 15,977,755
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 26,815,914	\$ 29,366,642	\$ 32,403,070	\$ 38,829,199	\$ 46,002,178	\$ 52,883,866	\$ 60,260,637	\$ 73,806,338	
47	Deposit/(Withdrawal) from Operations	(2,509,131)	2,550,728	3,036,428	6,426,129	7,172,979	6,881,688	7,376,771	13,545,701	15,756,708	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 26,815,914	\$ 29,366,642	\$ 32,403,070	\$ 38,829,199	\$ 46,002,178	\$ 52,883,866	\$ 60,260,637	\$ 73,806,338	\$ 89,563,046	

APPENDIX E -
SCENARIO 3
WATER SYSTEM REHAB ONLY – FOR
INFORMATION ONLY



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario **Water System Rehab Only**
2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	7.50%	6.00%	11.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

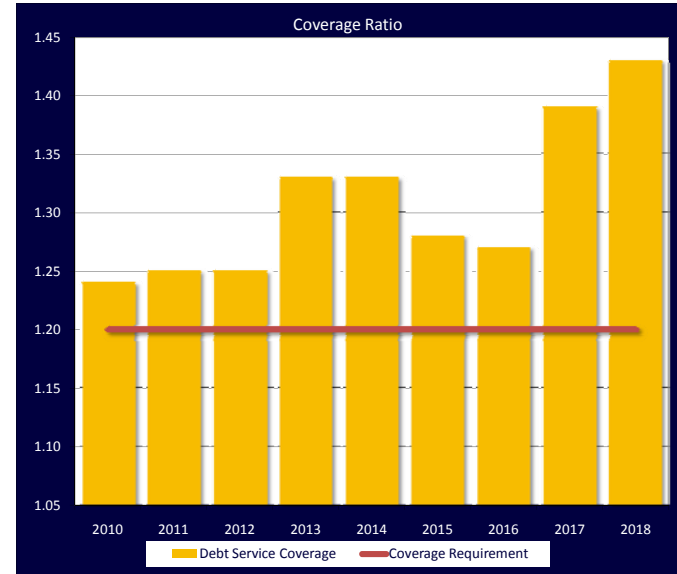
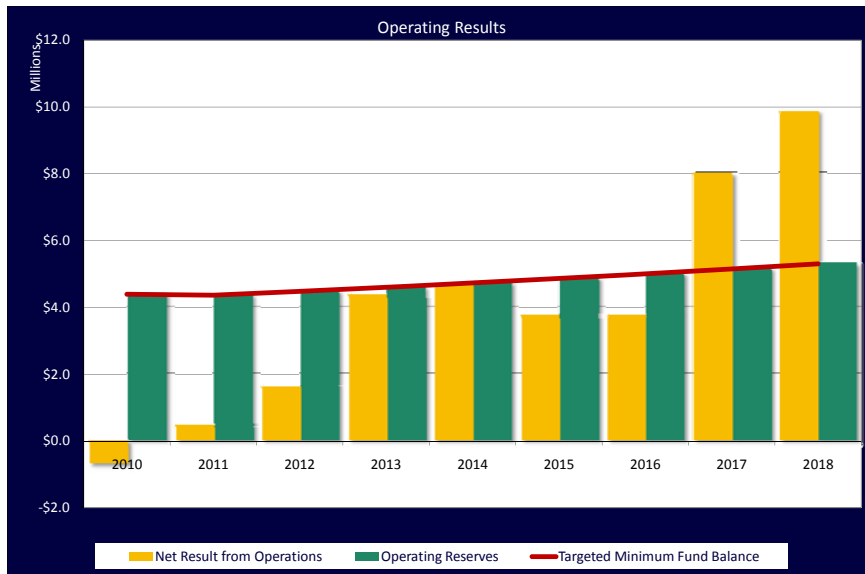
Wholesale Customers

Proposed Annual Rate Adjustment	7.50%	6.00%	11.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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Net Result from Operations	\$ (705,301)	\$ 461,266	\$ 1,604,443	\$ 4,338,127	\$ 4,674,654	\$ 3,724,652	\$ 3,733,740	\$ 7,987,744	\$ 9,849,293
Debt Service Coverage	1.24	1.25	1.25	1.33	1.33	1.28	1.27	1.39	1.43

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 34,045,717	\$ 34,533,027	\$ 36,023,854	\$ 40,237,579	\$ 44,783,881	\$ 48,375,801	\$ 51,969,863	\$ 59,811,233	\$ 69,508,319





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	10.00%	18.00%	4.00%	5.00%	6.50%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%

Wholesale Customers

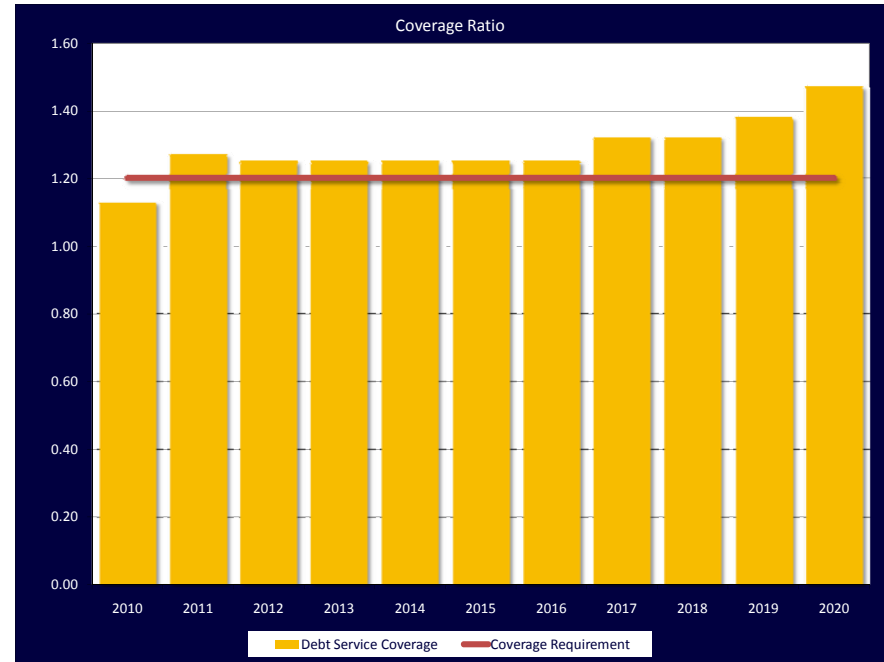
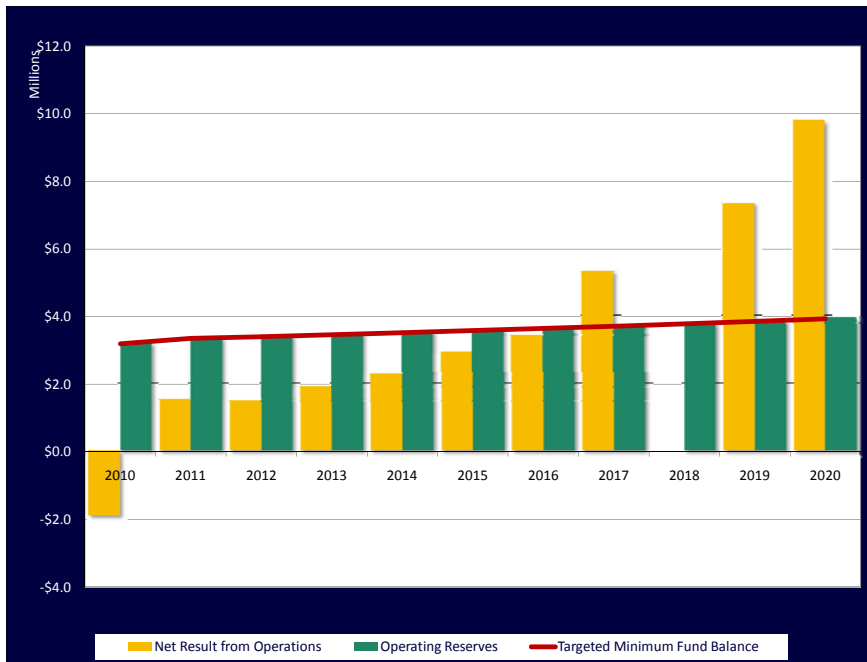
Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations	\$ (1,910,166)	\$ 1,519,491	\$ 1,473,023	\$ 1,898,752	\$ 2,293,998	\$ 2,941,482	\$ 3,422,136	\$ 5,320,041	\$ 1	\$ 7,339,206	\$ 9,754,496
Debt Service Coverage	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	1.38	1.47

Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Year End Fund Balance	\$ (7,229,803)	\$ (5,867,754)	\$ (4,442,668)	\$ (2,603,886)	\$ (369,639)	\$ 2,511,943	\$ 5,869,966	\$ 11,122,550	\$ 11,053,710	\$ 18,322,972	\$ 28,001,423
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Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 89,299,914	\$ 104,178,349	\$ 112,827,964	\$ 119,518,187	\$ 126,009,864	\$ 131,962,936	\$ 137,647,785	\$ 143,935,228	\$ 150,236,132
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 96,354,978	\$ 111,251,893	\$ 120,269,988	\$ 126,992,051	\$ 133,865,568	\$ 139,850,480	\$ 145,917,169	\$ 152,252,812	\$ 158,951,916
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,642,249	5,387,095	5,820,499	6,156,103	6,481,778	6,780,524	7,065,858	7,381,641
19	Total Operating Expenses	\$ 47,877,998	\$ 50,961,618	\$ 52,675,775	\$ 54,215,415	\$ 55,679,634	\$ 57,161,107	\$ 58,682,595	\$ 60,250,921	\$ 61,892,987
19	Net Revenues Available For Debt Service	\$ 48,476,980	\$ 60,290,275	\$ 67,594,213	\$ 72,776,637	\$ 78,185,935	\$ 82,689,374	\$ 87,234,574	\$ 92,001,891	\$ 97,058,929
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	7,622,698	13,229,000	17,187,686	21,685,967	26,233,882	30,233,693	33,813,031	36,401,102
34	Total Debt	\$ 40,560,388	\$ 48,046,168	\$ 54,109,573	\$ 55,973,173	\$ 60,489,205	\$ 65,131,119	\$ 69,015,430	\$ 67,453,482	\$ 70,136,978
35	Debt Service Coverage Ratio	1.20	1.25	1.25	1.30	1.29	1.27	1.26	1.36	1.38
36	Net Revenues After Debt Service	\$ 7,916,593	\$ 12,244,107	\$ 13,484,639	\$ 16,803,463	\$ 17,696,730	\$ 17,558,255	\$ 18,219,144	\$ 24,548,409	\$ 26,921,952
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (2,615,467)	\$ 1,980,757	\$ 3,077,466	\$ 6,236,879	\$ 6,968,652	\$ 6,666,134	\$ 7,155,876	\$ 13,307,785	\$ 15,499,874
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 26,815,914	\$ 28,665,273	\$ 31,581,186	\$ 37,633,693	\$ 44,414,243	\$ 50,887,744	\$ 57,839,829	\$ 70,933,783	
47	Deposit/(Withdrawal) from Operations	(2,509,131)	1,849,359	2,915,914	6,052,506	6,780,550	6,473,501	6,952,085	13,093,953	15,278,827	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 26,815,914	\$ 28,665,273	\$ 31,581,186	\$ 37,633,693	\$ 44,414,243	\$ 50,887,744	\$ 57,839,829	\$ 70,933,783	\$ 86,212,610	

APPENDIX F -
Scenario 4
Recommended ASR Phase II Water
Supply Plan
(15 MGD Capacity)



City of Wichita, Kansas

Water Utility Fund 540
Summary & Key Assumptions

Assumed Return on Cash Investments	0.00%
Outside City Differential	NA
FY 2010 Beg Yr Rate Adj.	5.00%
FY 2010 Mid-Year Rate Adj.	Jul

New Debt - Interest Rate	5.00%
New Debt - Cost of Issuance	9.00%
New Debt - Term (yrs)	30
Targeted DSC Ratio	1.20

CIP Scenario **Recommended Water Supply Plan**

2010 one time contribution of \$1.8 Mill to PILOT removed
Remove 2010 ASR Debt

WATER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	7.5%	18.0%	7.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

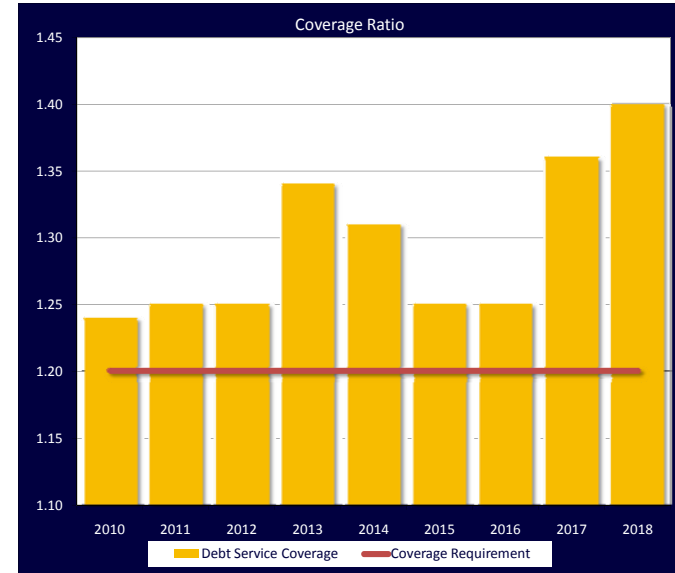
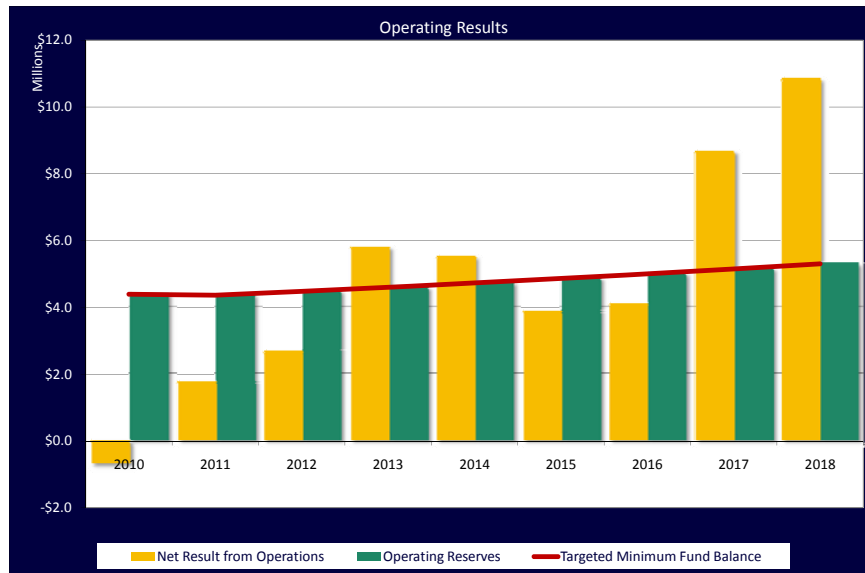
Wholesale Customers

Proposed Annual Rate Adjustment	7.50%	18.00%	7.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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Net Result from Operations	\$ (705,301)	\$ 1,748,257	\$ 2,661,275	\$ 5,791,419	\$ 5,495,848	\$ 3,878,281	\$ 4,079,304	\$ 8,648,111	\$ 10,813,673
Debt Service Coverage	1.24	1.25	1.25	1.34	1.31	1.25	1.25	1.36	1.40

Fiscal Year-End Fund Balance

Operating Reserves	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Targeted Minimum Fund Balance	\$ 4,390,997	\$ 4,364,953	\$ 4,478,569	\$ 4,602,970	\$ 4,731,322	\$ 4,864,055	\$ 5,003,733	\$ 5,150,107	\$ 5,302,313
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ 34,045,717	\$ 35,820,018	\$ 38,367,678	\$ 44,034,695	\$ 49,402,190	\$ 53,147,739	\$ 57,087,365	\$ 65,589,102	\$ 76,250,569





City of Wichita, Kansas

Sewer Utility Fund 530
Summary & Key Assumptions

Assumed Return on Cash Investments
Outside City Differential
FY 2010 Beg Yr Rate Adj.
FY 2010 Mid-Year Rate Adj.

0.00%
NA
5.00%
Jul

New Debt - Interest Rate
New Debt - Cost of Issuance
New Debt - Term (yrs)
Targeted DSC Ratio

5.00%
9.00%
30
1.20

SEWER FUND

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PILOT	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Proposed Rate Adjustments

Retail Customers

Proposed Inflationary Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proposed Annual Rate Adjustment	10.00%	18.00%	4.00%	5.00%	6.50%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%

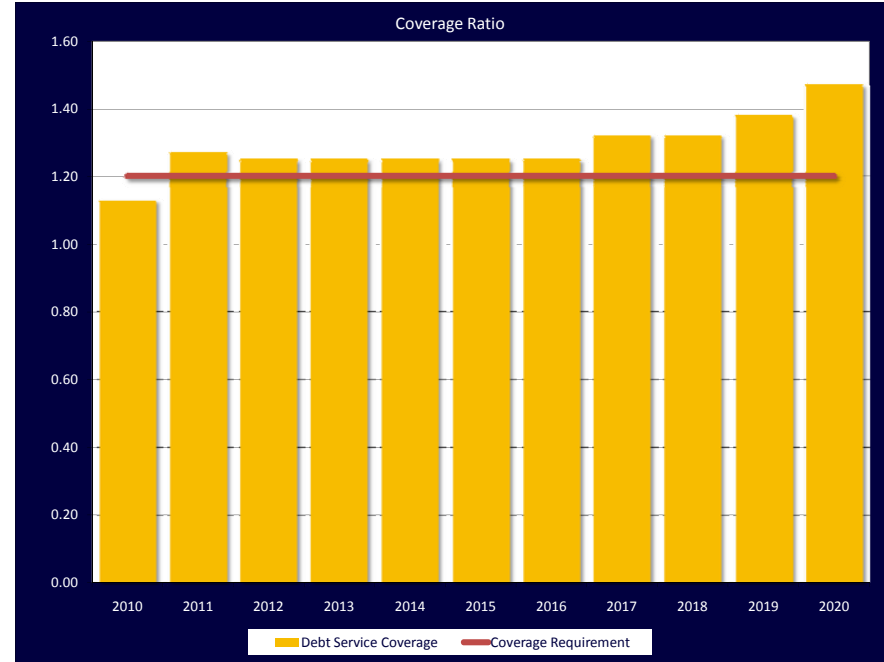
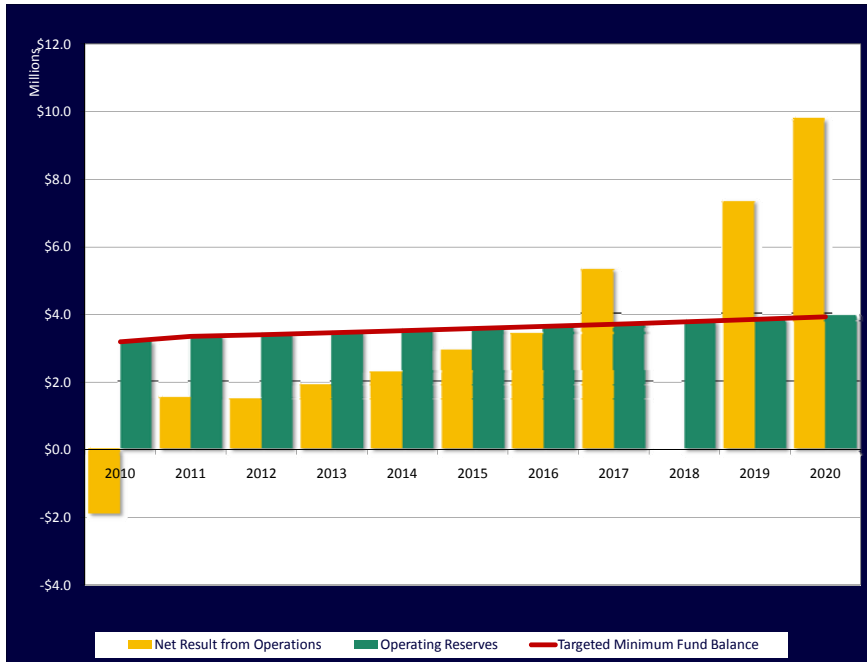
Wholesale Customers

Proposed Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Result from Operations	\$ (1,910,166)	\$ 1,519,491	\$ 1,473,023	\$ 1,898,752	\$ 2,293,998	\$ 2,941,482	\$ 3,422,136	\$ 5,320,041	\$ 1	\$ 7,339,206	\$ 9,754,496
Debt Service Coverage	1.13	1.27	1.25	1.25	1.25	1.25	1.25	1.32	1.32	1.38	1.47

Fiscal Year-End Fund Balance

Operating Reserves	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Targeted Minimum Fund Balance	\$ 3,197,500	\$ 3,354,942	\$ 3,402,878	\$ 3,462,849	\$ 3,522,600	\$ 3,582,500	\$ 3,646,612	\$ 3,714,070	\$ 3,782,911	\$ 3,852,854	\$ 3,928,899
Variance from Targeted Minimum Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Year End Fund Balance	\$ (7,229,803)	\$ (5,867,754)	\$ (4,442,668)	\$ (2,603,886)	\$ (369,639)	\$ 2,511,943	\$ 5,869,966	\$ 11,122,550	\$ 11,053,710	\$ 18,322,972	\$ 28,001,423





Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,								
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
1	Charges for Services	\$ 89,299,914	\$ 110,775,200	\$ 117,898,862	\$ 124,909,247	\$ 131,635,707	\$ 137,783,826	\$ 143,670,362	\$ 150,282,693	\$ 156,903,855
2	Investment Earnings	-	-	-	-	-	-	-	-	-
3	Capital Contributions	1,500,000	1,500,000	1,850,000	1,850,000	2,200,000	2,200,000	2,550,000	2,550,000	2,900,000
4	Bond Discount Amortization	-	-	-	-	-	-	-	-	-
5	Transfers from Other Funds	-	-	-	-	-	-	-	-	-
6	Other	5,555,064	5,573,544	5,592,024	5,623,864	5,655,704	5,687,544	5,719,384	5,767,584	5,815,784
7	Total Revenues	\$ 96,354,978	\$ 117,848,744	\$ 125,340,886	\$ 132,383,111	\$ 139,491,411	\$ 145,671,370	\$ 151,939,746	\$ 158,600,277	\$ 165,619,639
Operations & Maintenance										
8	Water System Planning & Development	\$ 438,608	\$ 440,848	\$ 459,780	\$ 481,768	\$ 505,858	\$ 532,368	\$ 562,013	\$ 595,070	\$ 631,755
9	Water Distribution	8,370,965	8,471,367	8,663,301	8,883,149	9,107,749	9,338,062	9,582,116	9,838,539	10,103,877
10	Water Production	11,960,021	11,699,648	12,009,957	12,345,940	12,693,305	13,053,046	13,430,647	13,825,665	14,236,356
11	Customer Service	2,952,142	2,960,999	3,054,931	3,155,207	3,259,031	3,366,655	3,479,231	3,596,730	3,718,868
12	Water Administration	2,624,247	2,616,853	2,683,444	2,751,756	2,821,991	2,894,200	2,968,392	3,044,639	3,123,025
13	Industrial Pretreatment / Sewer Lab	-	-	-	-	-	-	-	-	-
14	Sewer Maintenance	5,671,189	5,735,362	5,817,310	5,919,831	6,021,976	6,124,377	6,233,979	6,349,300	6,466,986
15	Sewage Treatment	9,972,877	10,820,026	10,974,624	11,168,036	11,360,737	11,553,921	11,760,689	11,978,248	12,200,268
16	Sewer Administration	3,540,931	3,574,266	3,625,336	3,689,227	3,752,884	3,816,699	3,885,003	3,956,871	4,030,212
17	Total Operations & Maintenance	\$ 45,530,980	\$ 46,319,369	\$ 47,288,681	\$ 48,394,915	\$ 49,523,531	\$ 50,679,328	\$ 51,902,071	\$ 53,185,062	\$ 54,511,346
18	Plus: PILOT	2,347,018	4,642,249	5,716,937	6,074,044	6,425,656	6,763,071	7,071,569	7,366,987	7,699,014
19	Total Operating Expenses	\$ 47,877,998	\$ 50,961,618	\$ 53,005,618	\$ 54,468,959	\$ 55,949,187	\$ 57,442,399	\$ 58,973,639	\$ 60,552,050	\$ 62,210,360
19	Net Revenues Available For Debt Service	\$ 48,476,980	\$ 66,887,126	\$ 72,335,268	\$ 77,914,152	\$ 83,542,224	\$ 88,228,971	\$ 92,966,107	\$ 98,048,227	\$ 103,409,279
Revenue Bonds Debt Service										
20	Series 1998 Refunding Revenue Bonds	\$ 2,136,150	\$ 2,136,733	\$ 2,138,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Series 1999 Revenue Bonds	295,488	295,488	295,488	295,488	295,488	295,488	295,488	3,850,451	3,977,876
22	Series 2000 Revenue Bonds	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000	558,000
23	Series 2000 Revenue Bonds	-	-	-	-	-	-	-	-	-
24	Series 2001 Refunding Revenue Bonds	9,538,000	10,019,000	10,441,000	10,412,000	10,376,000	10,421,000	10,432,000	10,426,000	10,453,000
25	Series 2003 Revenue Bonds	5,057,750	5,095,250	5,132,000	5,197,500	5,259,750	5,333,250	5,229,750	-	-
26	Series 2005A Refunding Revenue Bonds	3,456,000	3,453,000	3,434,000	3,439,500	3,438,000	3,439,500	3,433,500	-	-
27	Series 2005B Refunding Revenue Bonds	3,365,000	3,386,000	3,413,000	3,428,000	3,443,000	3,446,000	3,449,000	3,453,000	3,447,000
28	Series 2005C Revenue Bonds	3,616,000	3,621,000	3,624,000	3,629,000	3,632,000	3,631,000	3,637,000	3,641,000	3,626,000
29	Series 2006 Revenue Bonds	1,977,000	1,983,000	1,994,000	2,001,000	2,008,000	2,017,000	2,025,000	2,030,000	2,035,000
30	Series 2008A Revenue Bonds	10,561,000	9,876,000	9,851,000	9,825,000	9,793,000	9,756,000	9,722,000	9,682,000	9,639,000
31	Series 2009A Revenue Bonds	-	-	-	-	-	-	-	-	-
32	Series 2009B Revenue Bonds	-	-	-	-	-	-	-	-	-
33	New Debt	-	12,932,557	16,913,224	20,871,909	26,221,063	31,619,850	35,619,661	39,198,999	41,787,071
34	Total Debt	\$ 40,560,388	\$ 53,356,028	\$ 57,793,796	\$ 59,657,396	\$ 65,024,301	\$ 70,517,088	\$ 74,401,399	\$ 72,839,450	\$ 75,522,947
35	Debt Service Coverage Ratio	1.20	1.25	1.25	1.31	1.28	1.25	1.25	1.35	1.37
36	Net Revenues After Debt Service	\$ 7,916,593	\$ 13,531,098	\$ 14,541,472	\$ 18,256,755	\$ 18,517,923	\$ 17,711,884	\$ 18,564,708	\$ 25,208,776	\$ 27,886,332
Non-Operating Expenses										
37	Non-Operating Expenses	\$ 5,781,200	\$ 5,962,150	\$ 6,086,235	\$ 6,220,950	\$ 6,357,839	\$ 6,497,217	\$ 6,641,965	\$ 6,791,542	\$ 6,944,648
38	Capital Outlay	2,704,660	2,255,000	2,274,739	2,299,434	2,324,038	2,348,704	2,375,104	2,402,882	2,431,229
39	Other	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200	2,046,200
40	Total Non-Operating Expenses	\$ 10,532,060	\$ 10,263,350	\$ 10,407,174	\$ 10,566,584	\$ 10,728,077	\$ 10,892,120	\$ 11,063,268	\$ 11,240,624	\$ 11,422,078
41	Net Operating Results	\$ (2,615,467)	\$ 3,267,748	\$ 4,134,298	\$ 7,690,171	\$ 7,789,846	\$ 6,819,763	\$ 7,501,439	\$ 13,968,153	\$ 16,464,255
Operating Reserve Fund										
42	Beginning Balance	\$ 7,694,833	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177
43	Targeted Balance	7,588,497	7,719,895	7,881,447	8,065,819	8,253,922	8,446,555	8,650,345	8,864,177	9,085,224
44	Deposit/(Withdrawal) from Operations	(106,337)	131,398	161,552	184,372	188,103	192,633	203,790	213,832	221,047



Combined Water and Sewer Funds
City of Wichita, Kansas
 Combined Water (Fund 540) & Sewer (Fund 530) Utility
 Projected Operating Results

Line No.	Description	Fiscal Year Ending December 31,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	
45	Ending Balance	\$ 7,588,497	\$ 7,719,895	\$ 7,881,447	\$ 8,065,819	\$ 8,253,922	\$ 8,446,555	\$ 8,650,345	\$ 8,864,177	\$ 9,085,224	
Capital Reserve Fund											
46	Beginning Balance	\$ 29,325,045	\$ 26,815,914	\$ 29,952,264	\$ 33,925,010	\$ 41,430,808	\$ 49,032,552	\$ 55,659,682	\$ 62,957,331	\$ 76,711,652	
47	Deposit/(Withdrawal) from Operations	(2,509,131)	3,136,350	3,972,746	7,505,798	7,601,743	6,627,130	7,297,649	13,754,321	16,243,207	
48	Capital Items Paid for with Cash	-	-	-	-	-	-	-	-	-	
49	Ending Balance	\$ 26,815,914	\$ 29,952,264	\$ 33,925,010	\$ 41,430,808	\$ 49,032,552	\$ 55,659,682	\$ 62,957,331	\$ 76,711,652	\$ 92,954,859	