Key Issues and Challenges

Wichita Water Utilities:

1. Financial Stability;
2. Rural Water Districts;
3. System Demands;
4. “Green” Issues.

Financial Stability

Water & Sewer Bills Compared With Peer Cities

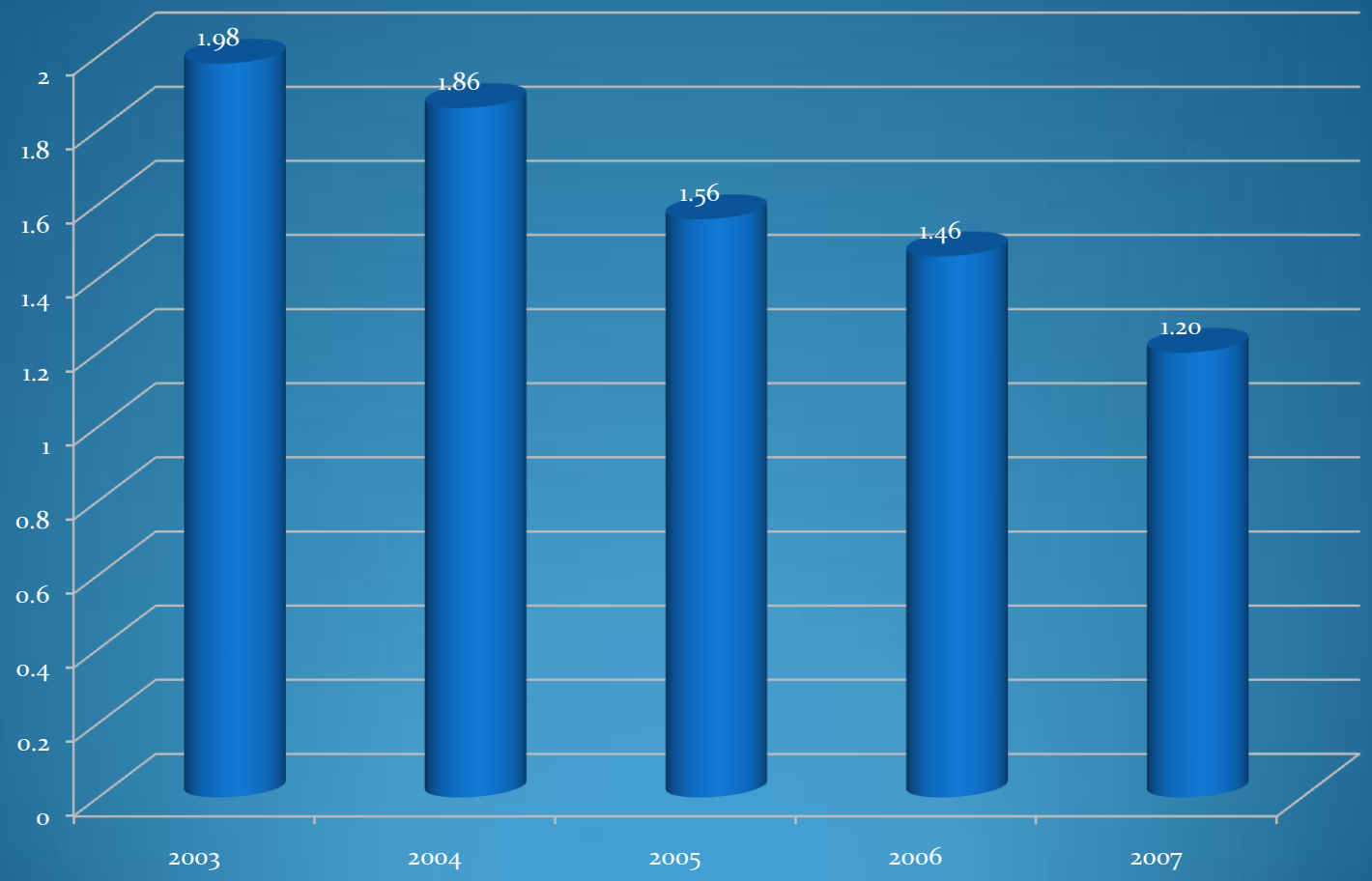
Bill amount as a % of Median Household Income

Nationwide	1.09%
Wichita	0.64%
Amarillo, TX	0.75%
Oklahoma City, OK	1.36%
Kansas City (BPU)	1.47%
Boulder, CO	1.09%

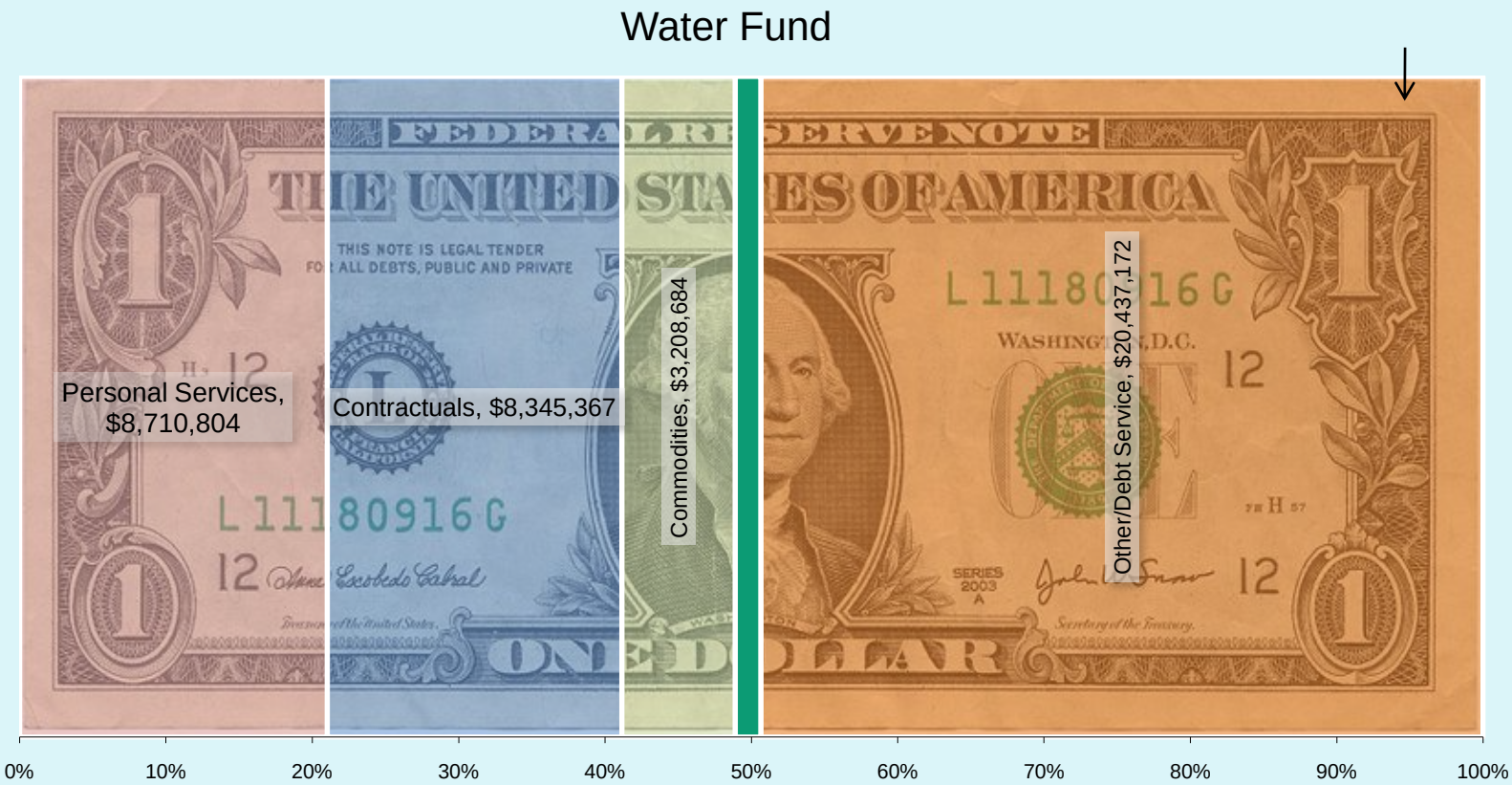
Source: 2006 AWWA Water & Wastewater Rate Survey.

According to a study conducted by Black & Veatch, the City of Wichita's water and sewer rates are the 5th lowest Nationwide.

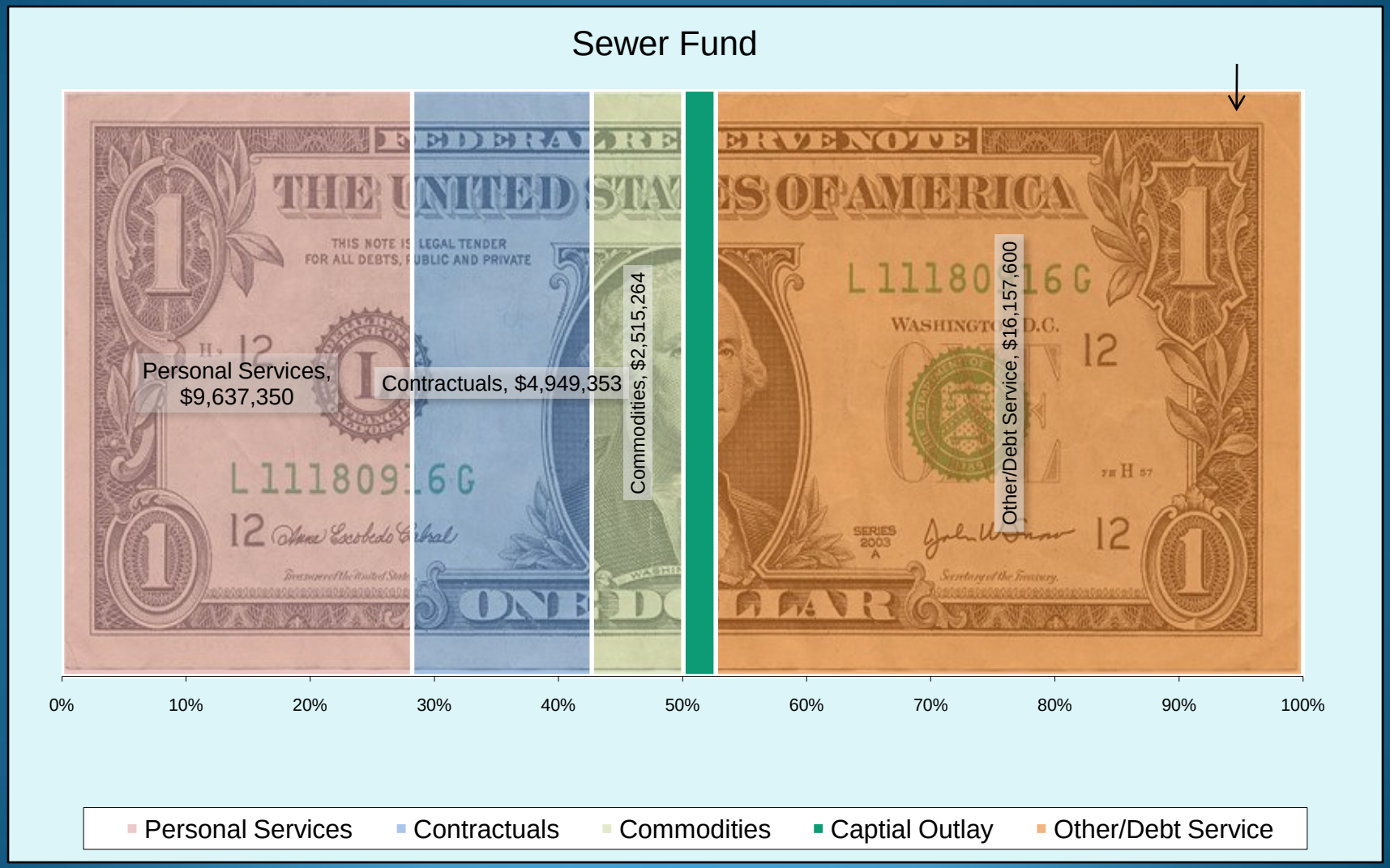
Declining Debt Service Coverage Ratio



2007 Water Expenditures



2007 Sewer Expenditures



Legal Requirements & Risks: Bond Covenants

If the debt service coverage rate of 1.2 is not maintained as required by the bond covenants:

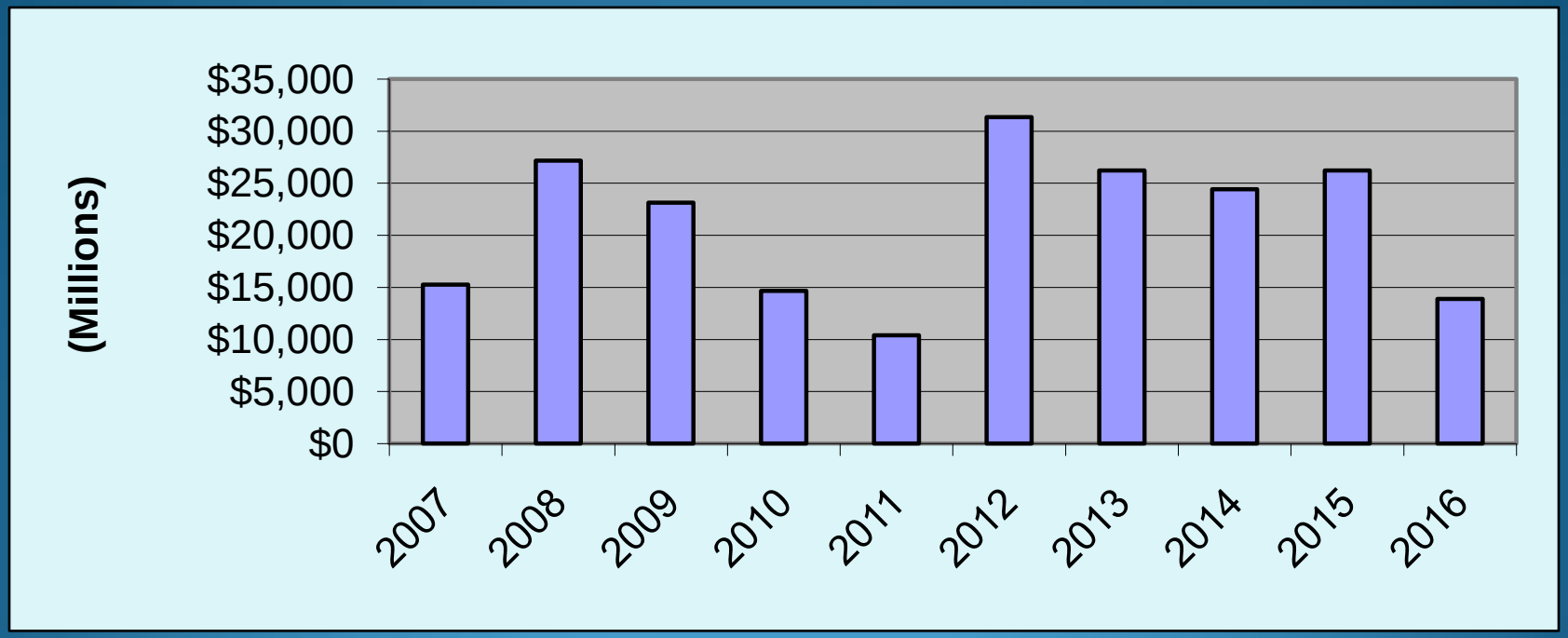
- Capital Projects will cease;

- Bond ratings for future issues could be lowered which would likely lead to an increase in borrowing rates; and/or

- Ratings for existing issues could also be affected thus requiring disclosure and notice to bondholders.

Sewer Utility CIP Expenses 2007-2016

$212,639,000

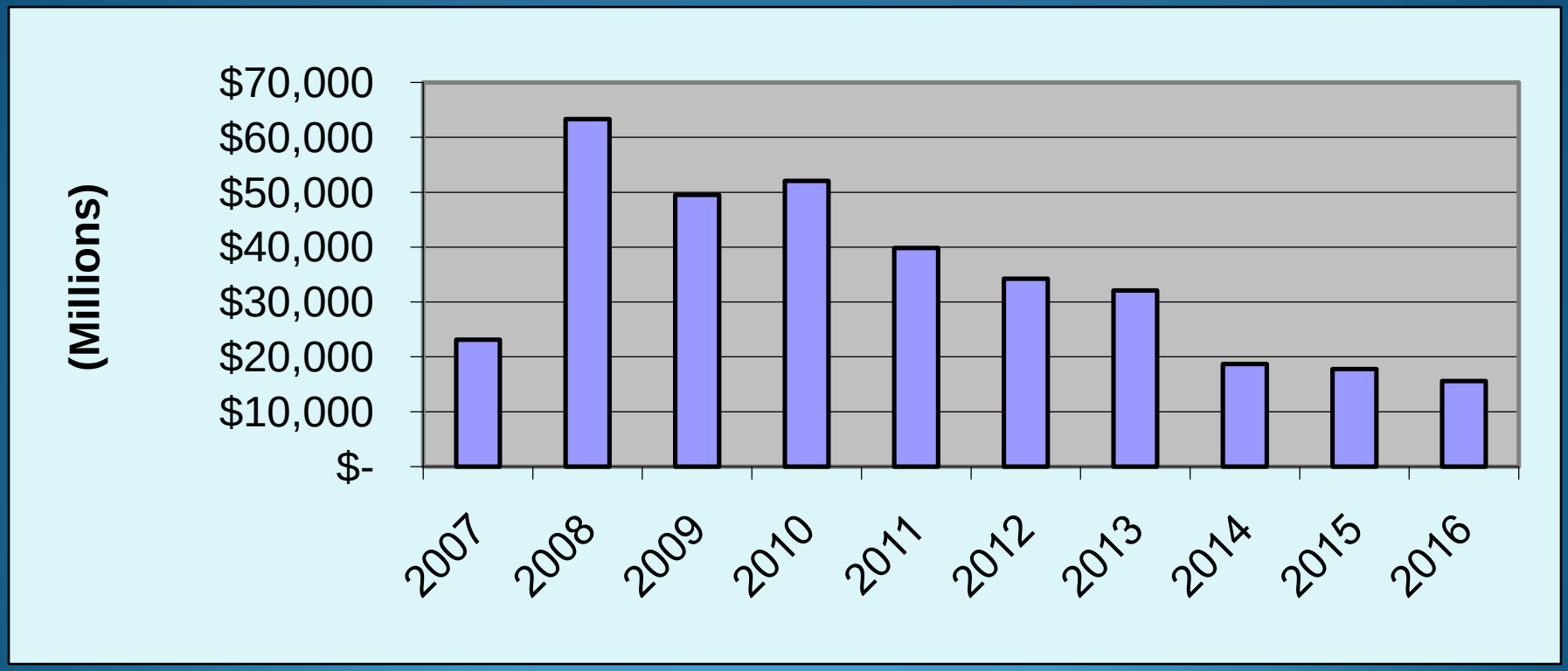


Impact of capital expenditures on rates :

$3.5 million in capital = $270,000 in debt service = 1% increase in revenue requirements

Water Utility CIP Expenses 2007-2016

$346,334,000



Impact of capital expenditures on rates :

$4 million in capital = $305,000 in debt service = 1% increase in revenue requirements

Wichita Water Utilities

Strategic Budget Issues

Capital Improvement Program
Major Project Components

Aquifer Storage & Recovery Project

Phase I completed Fall 2006

Cost - $27 Million

Phase II design to begin Spring 2008

Cost - $125 Million

Capital Improvement Program Major Project Components

Standby Power Facilities

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

Northwest Treatment Plant

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

Infrastructure Management

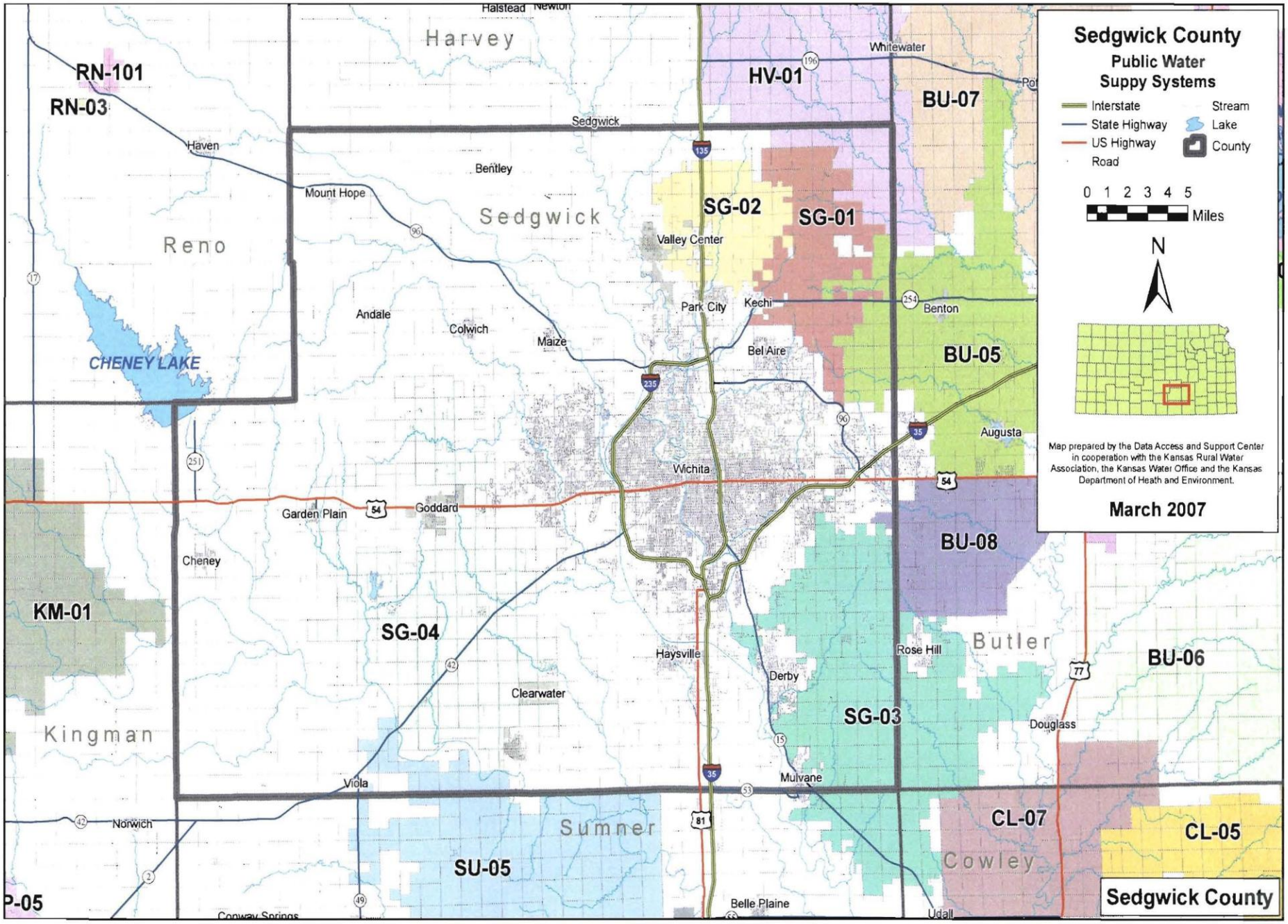
The system of capital expenditure management and infrastructure management are important because:

- The consequences of investments in infrastructure and capital projects extend far into the future and are intergenerational;
- Decisions to invest or not to invest in infrastructure are often irreversible and can have a significant impact on future capital programs; and
- Decisions about maintaining a capital improvement program can significantly influence a community's ability to grow and prosper.

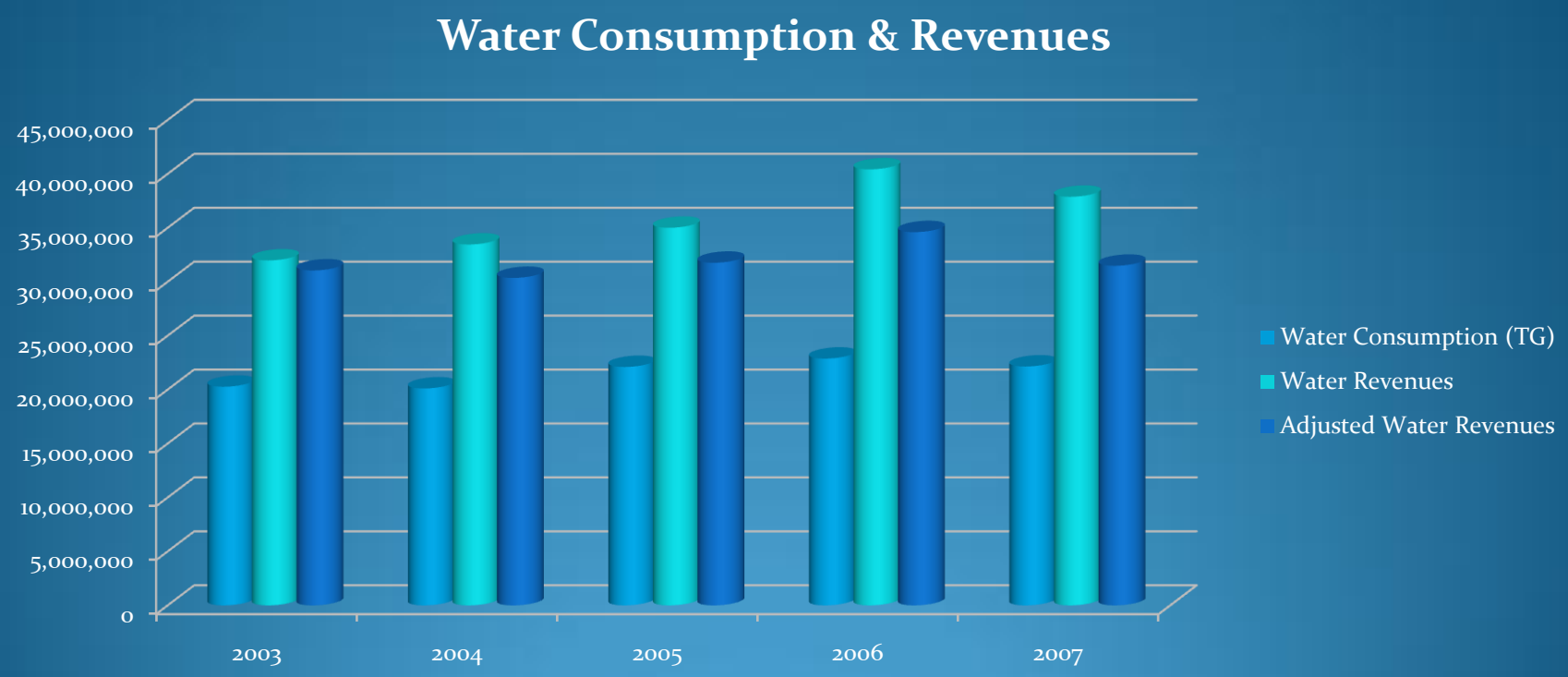
Rural Water Districts

- Federal law (7 USC Sec. 1926[b]) - Under Sec. 1926(b) a municipality may not "curtail or limit" the "service provided or made available" in the area served by a rural water association that is indebted to the FmHA.

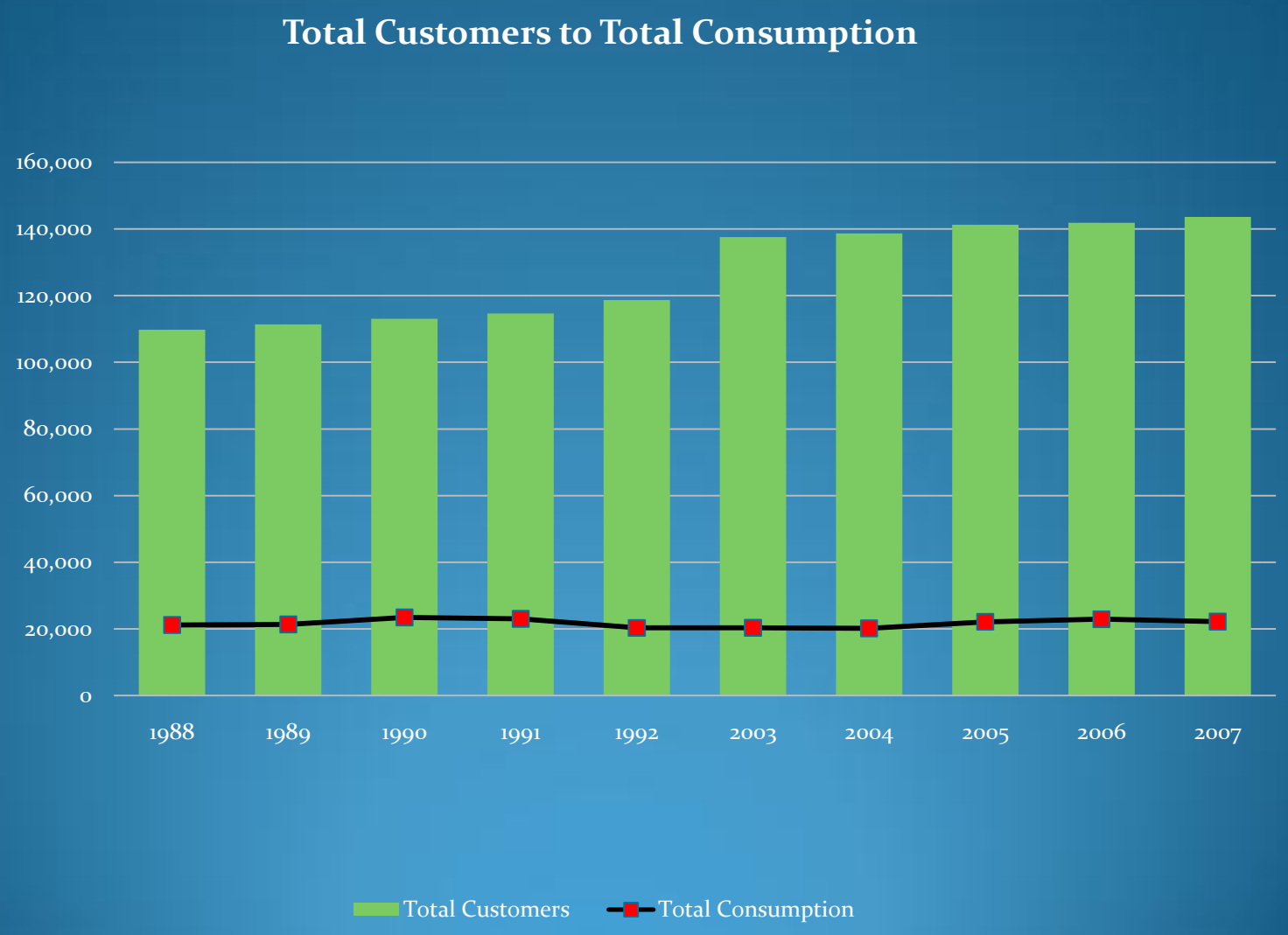
- The ability of the Water Utilities to expand and grow its service area may be greatly limited if the annexed area is currently being served by a RWD.


Sedgwick County
Public Water
Suppy Systems
Interstate
State Highway
US Highway
Road
Stream
Lake
County
0 1 2 3 4 5
Miles
N
Map prepared by the Data Access and Support Center in cooperation with the Kansas Rural Water Association, the Kansas Water Office and the Kansas Department of Heath and Environment.
March 2007
Harvey
Reno
Sedgwick
Kingman
Sumner
Butler
Cowley
RN-101
RN-03
HV-01
BU-07
SG-02
SG-01
BU-05
BU-08
BU-06
KM-01
SG-04
SG-03
CL-07
CL-05
SU-05
P-05
CHENEY LAKE
Halstead
Newton
Whitewater
Sedgwick
Haven
Bentley
Mount Hope
Valley Center
Park City
Kechi
Benton
Andale
Colwich
Maize
Bel Aire
Augusta
Wichita
Garden Plain
Goddard
Cheney
Haysville
Rose Hill
Derby
Clearwater
Douglass
Viola
Mulvane
Norwich
Belle Plaine
Udall
Conway Springs
Sedgwick County

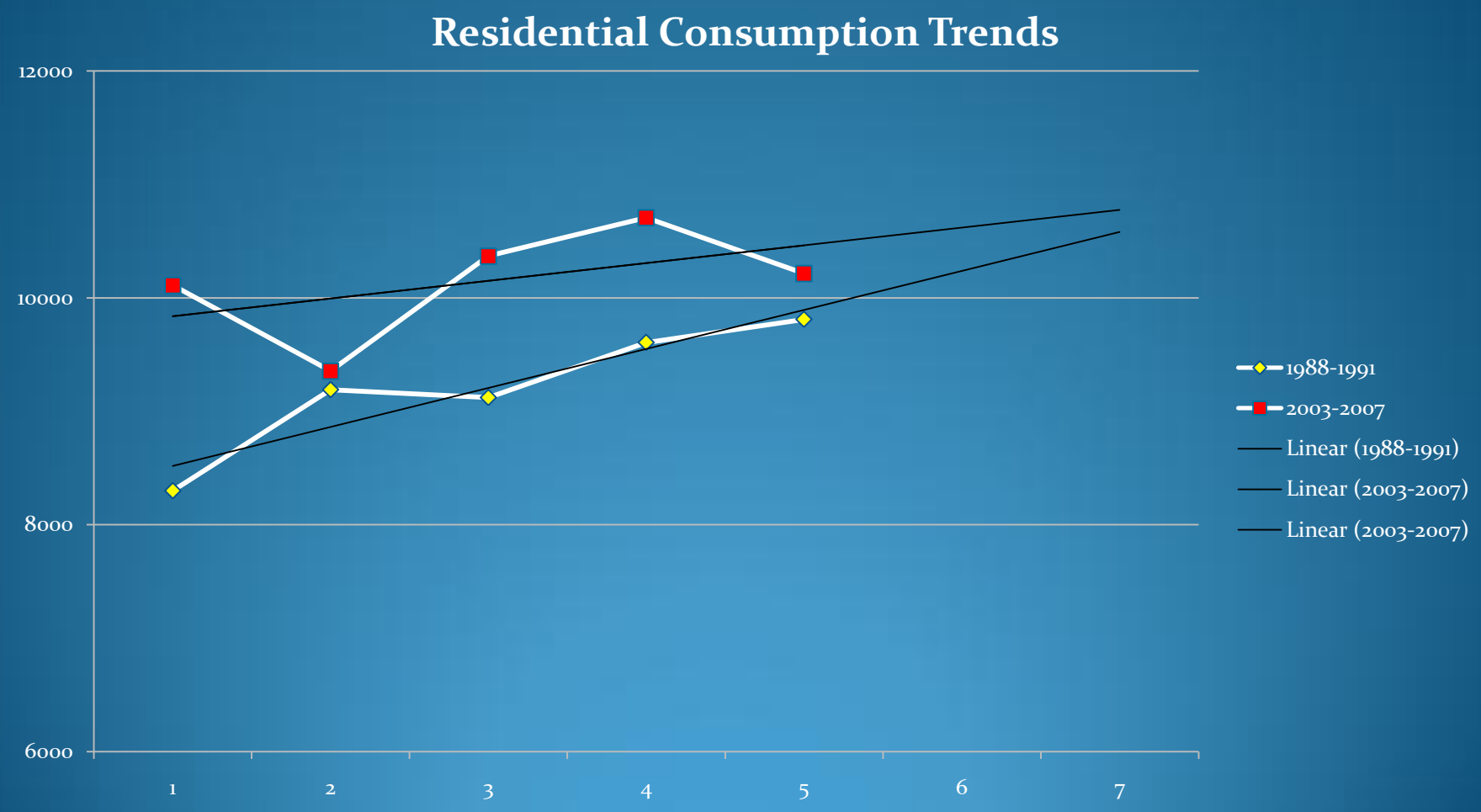
System Demands & Trends



System Demands & Trends



System Demands & Trends



"Green" Issues

- Hess Pump Station Electric System Upgrades;
- Short Loop Recycle Test (Ozone);
- Low Water Use Landscape Ordinance;
- Water Conservation Plan Update .