

Northwest Water Facility Project and 2020 Rate Adjustments

Public Works & Utilities

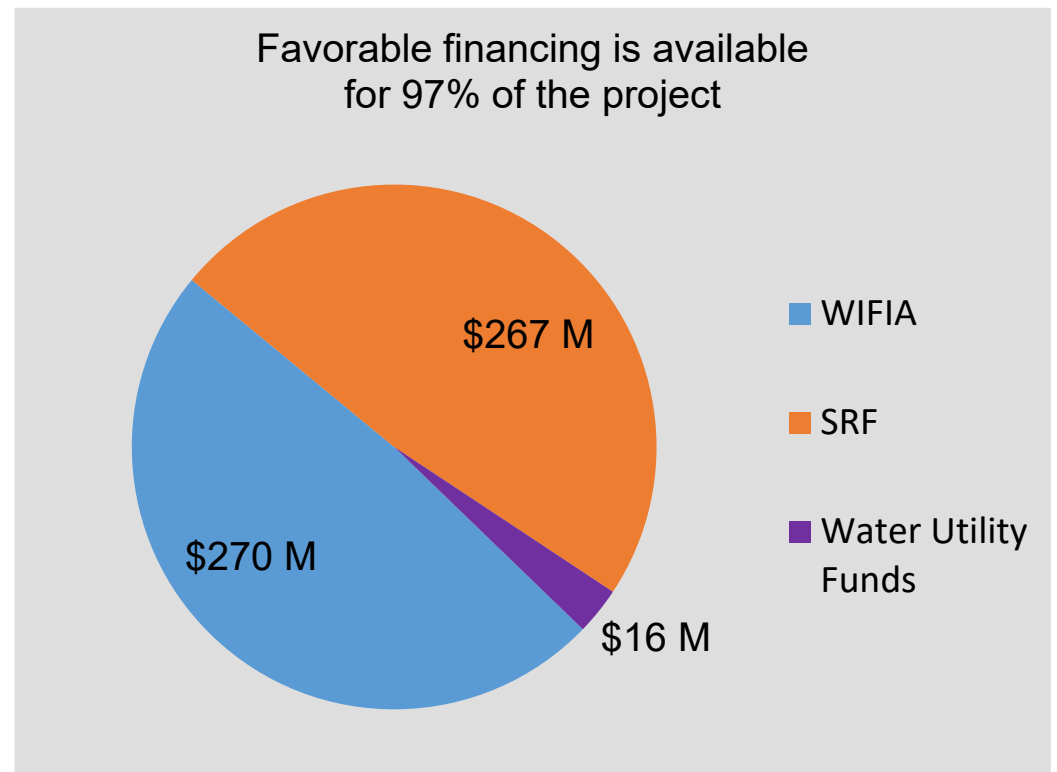
December 3, 2019



PROJECT BACKGROUND

Description: Progressive design-build project to replace the City's aging water treatment plant with a new, fully-redundant, 120 MGD treatment plant, known as the Northwest Water Facility (NWWF).

Financing Sources	
WIFIA	EPA financing with a low, fixed interest rate and a deferred repayment option
SRF	KDHE loan with the lowest interest rate available and deferred repayment options
Water Utility Funds	Prudent combination of cash reserves and revenue bonds



PHASE 1: 2019 ACTIVITY

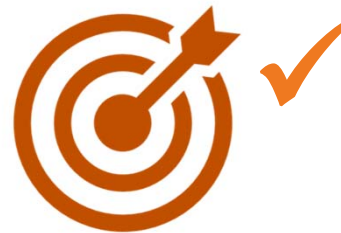
February 12	City Council approved Phase 1 contract with Wichita Water Partners (WWP) for design up to 30% completion, WIFIA application assistance, and development of a GMP
April 9	City Council approved Phase 1 contract with Garver for Owner's Representative services
September 12	WWP submitted preliminary GMP to the City
September – October	Value engineering and optimization review
October 11	WWP provided project updates, cost reductions, and overview of proposed plant design to Oversight Steering Committee (open public meeting)
October 30	WIFIA application submitted
November 5	Notice of December 3, 2019 Public Hearing was published as required for SRF
November 19	Oversight Steering Committee reviewed final GMP and projected rate adjustments, and unanimously agreed to the project team's Phase 2 recommendations
November 26	Final GMP, Phase 2 recommendations, and projected rate adjustments were presented to the City Council in workshop
December 3	Public hearing for the project and City Council consideration of Phase 2 recommendations

OUTCOMES



UNDER BUDGET

- Final Phase 2 price is \$494.2 million
- Total cost for plant, power substation, and pipelines is \$14.1 million under the budget



ON SCOPE

- Fully redundant plant that can operate with any single asset out of service
- High water quality, water source flexibility, and 120 MGD capacity



ON TIME

- WIFIA application submitted on time
- Early works package to begin in January
- Startup and commissioning begins March 2024

PROJECT TEAM

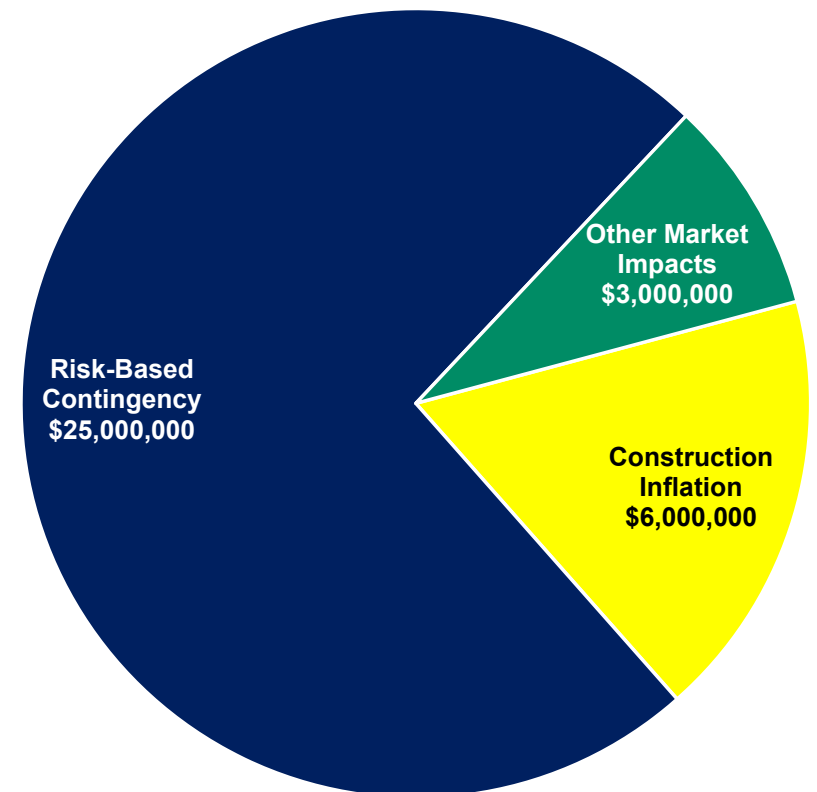
Wichita Water Partners

- Highly qualified team with a contractual obligation to meet the City's needs for redundancy and water quality
- More certainty of WIFIA/SRF financing by proceeding with Phase 2 and Wichita Water Partners

Garver Engineering

- Consistent team familiar with NWWF design and construction plans
- Future work would be centered on construction management and inspection; multiple personnel on site monitoring construction

PROTECTS CITY FROM COST INCREASES



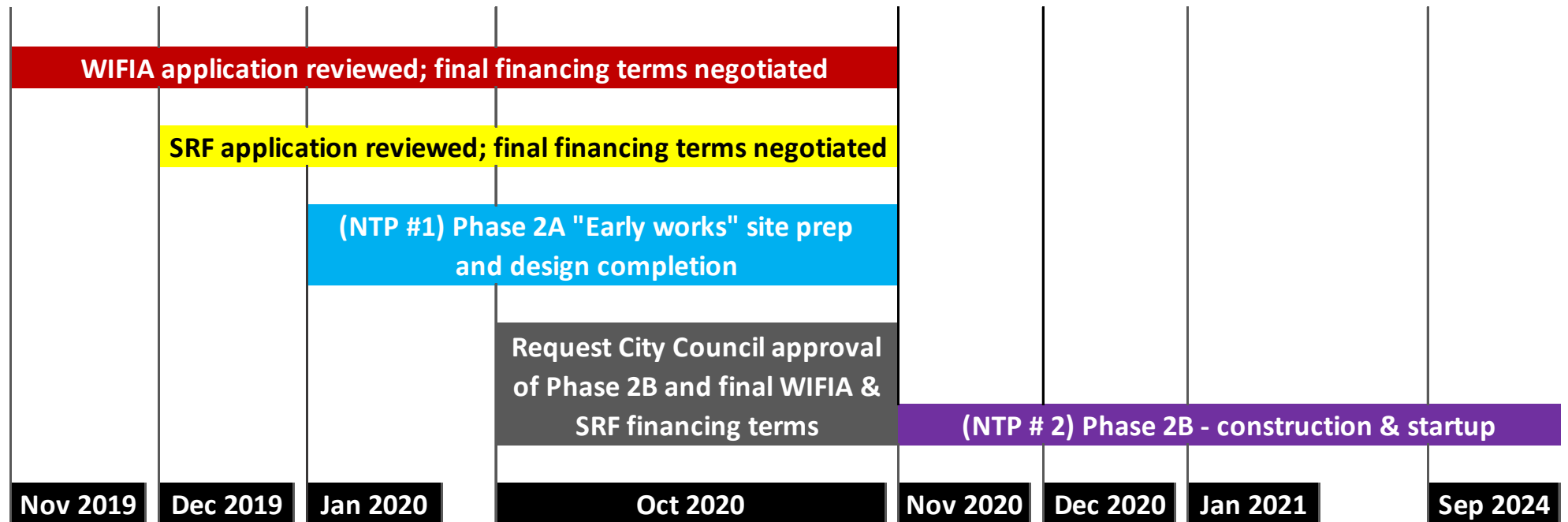
PHASE 2 RECOMMENDATIONS

City staff and Oversight Steering Committee recommendations:

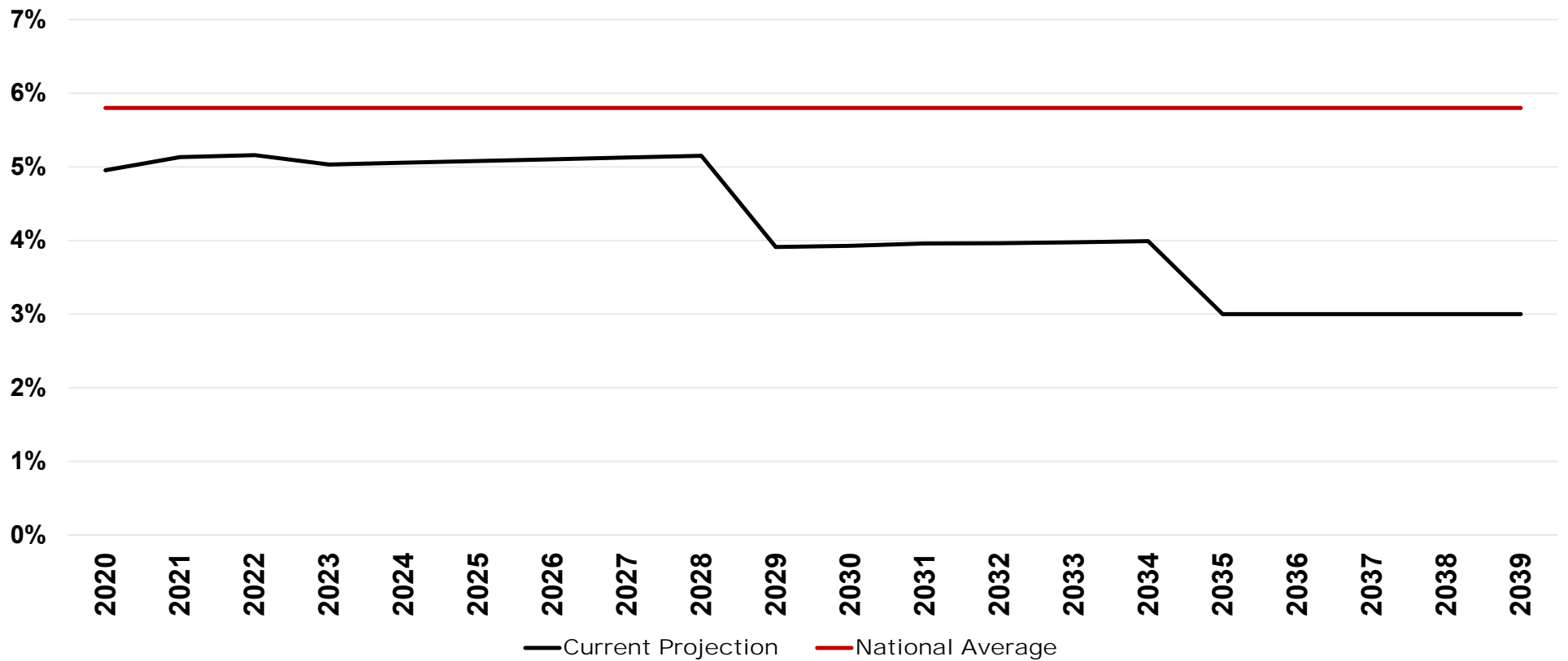
1. Continue working with the Phase 1 project team (WWP and Garver);
2. Submit the SRF loan application;
3. Implement the necessary rate adjustments for 2020

PHASE 2 OVERVIEW

Phase 2 will proceed in two stages with separate Notices to Proceed (NTP) issued for each.



COMBINED RATE INCREASES



CUSTOMER IMPACTS

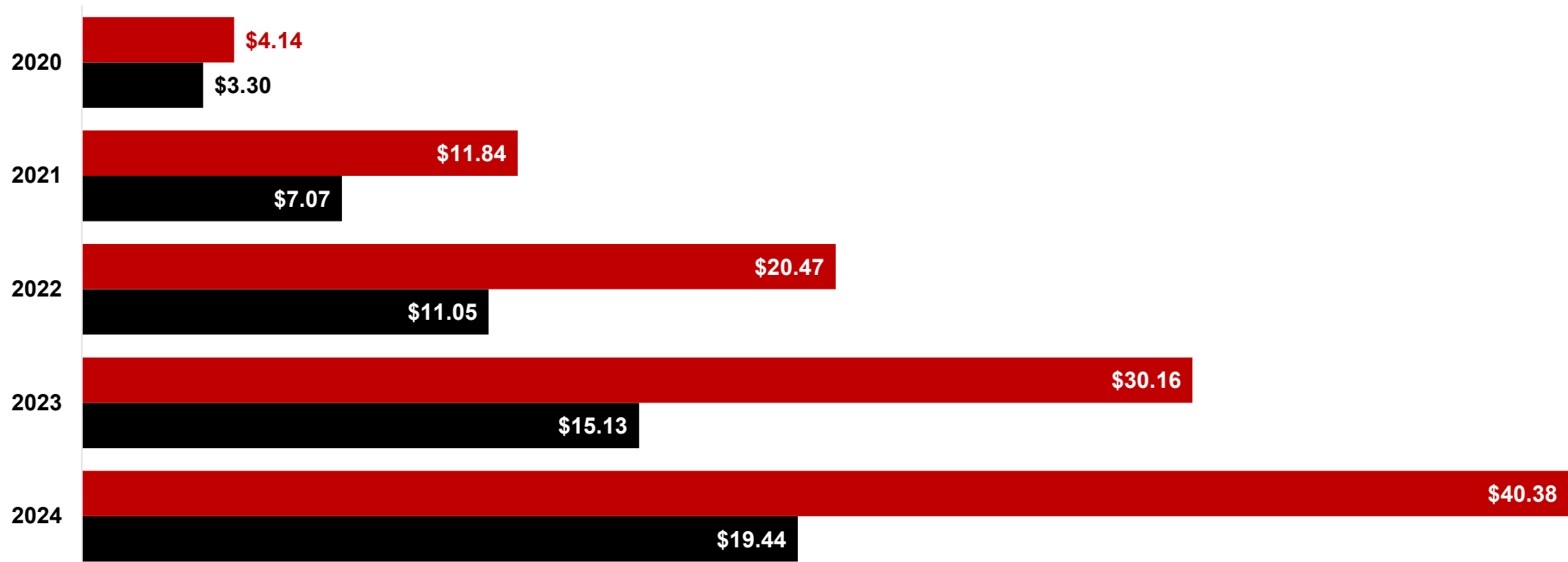
Average Combined Monthly Water and Sewer Bill				
	Gallons per Month	2019 Cost	2020 Cost	Dollar Increase
Residential				
Low	3,750	\$47.44	\$49.62	\$2.18
Mid	7,500	\$69.96	\$73.27	\$3.30
High	15,000	\$130.37	\$137.44	\$7.08
Commercial	100,000	\$664.95	\$693.19	\$28.24
Industrial	10,000,000	\$62,226	\$64,848	\$2,622

CUSTOMER IMPACTS

CUMULATIVE CHANGE IN AVERAGE MONTHLY RESIDENTIAL BILL

■ Without WIFIA/SRF

■ With WIFIA/SRF



PATH FORWARD

Recommendations

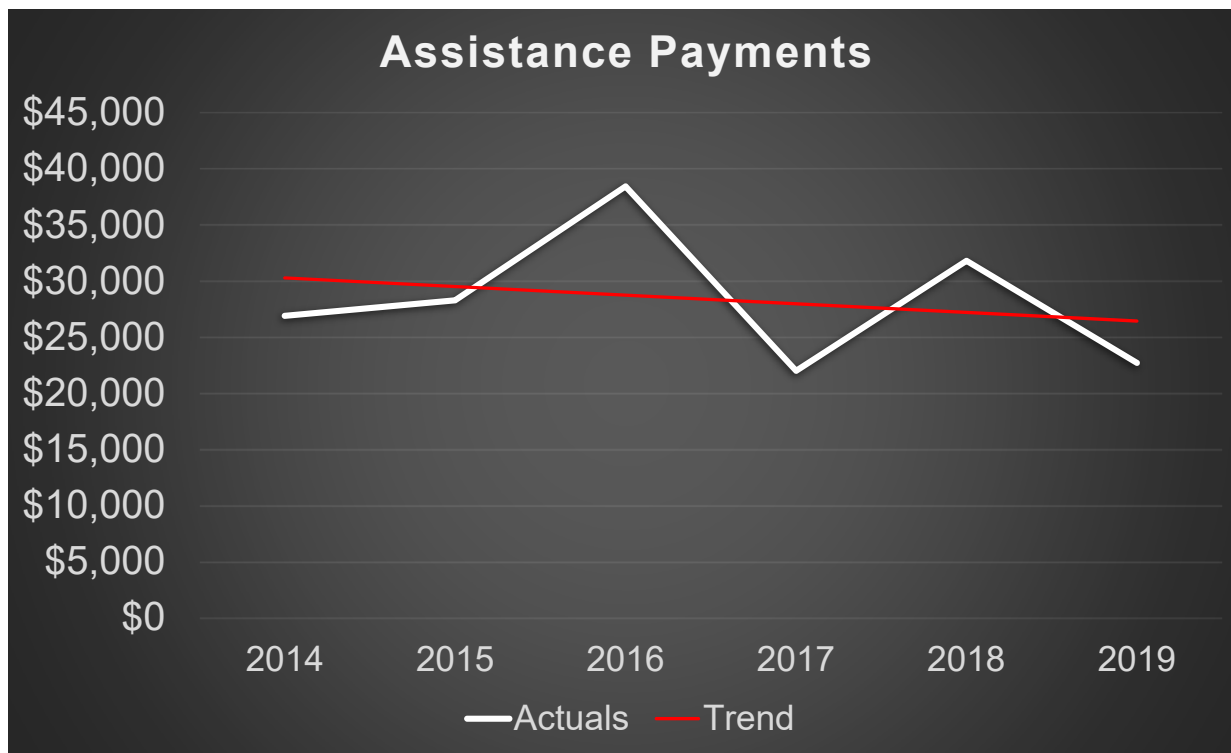
1. Approve amendment to WWP contract to provide all Phase 2 design and construction services
2. Approve amendment to Garver contract to provide all Phase 2 owner's representative services
3. Authorize the Notice to Proceed with Phase 2A
4. Close the public hearing and approve submission of the SRF loan application
5. Place the water and sewer rate ordinances on first reading to adopt the recommended 5% adjustment for 2020
6. Adopt the amending resolution to reflect the full project budget (\$553,187,535)
7. Authorize all necessary signatures

Upcoming Actions

- **SRF loan application to be submitted on December 17**
- **First Notice to Proceed to be issued in January 2020 to initiate final design and site preparations**
- **Application review and negotiation of financial terms with EPA and KDHE throughout 2020; results to be considered by City Council in 4th Quarter 2020**

CUSTOMER ASSISTANCE

14



The City's H2O Program helps about 275 households per year keep their water running.