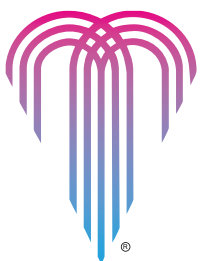


# 2014 STRATEGIC BUSINESS PLAN



KANSAS CITY  
MISSOURI



**KC**WATER  
SERVICES

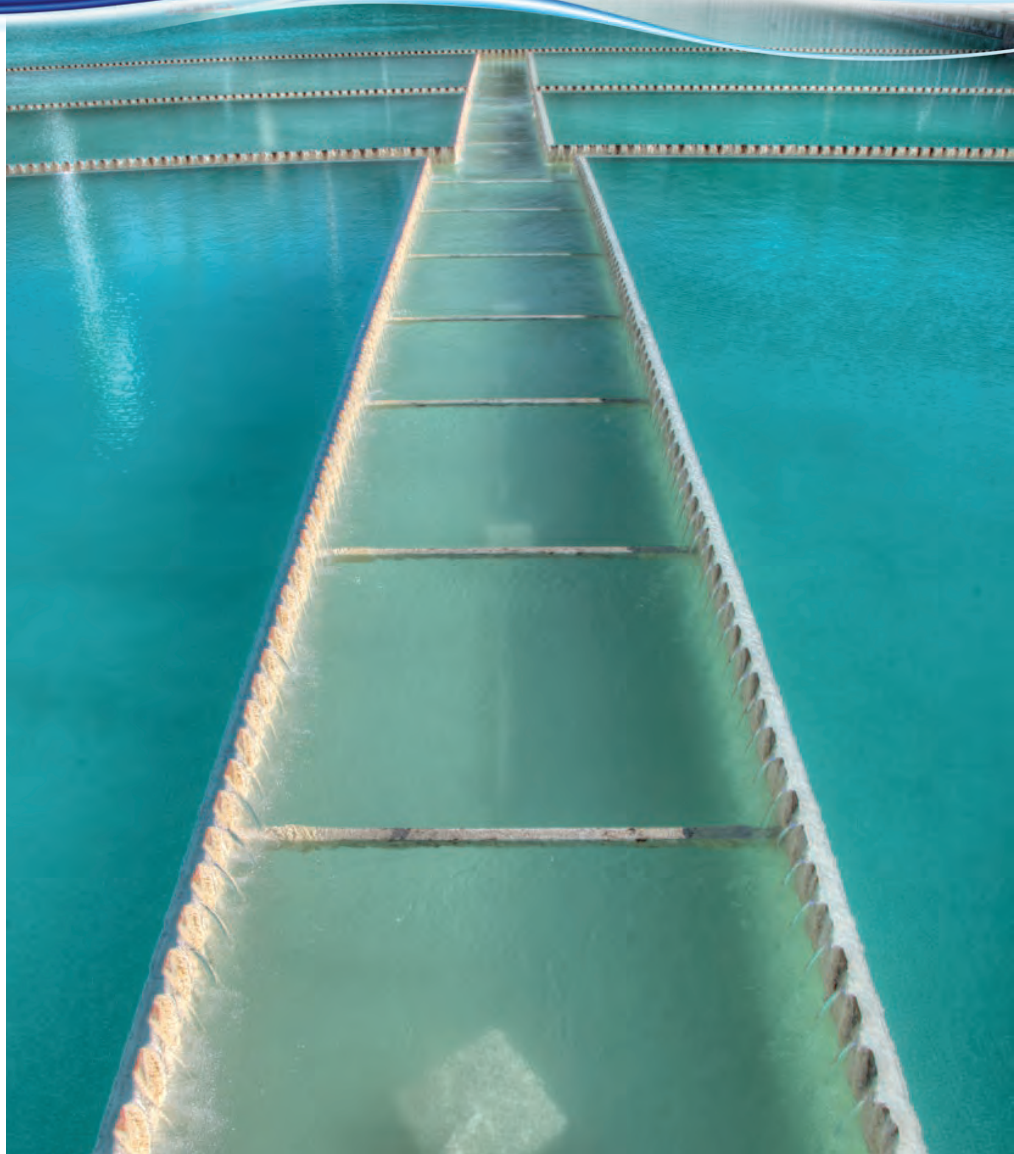
# KANSAS CITY WATER SERVICES

Kansas City Water Services ensures the availability and quality of water services to meet the growing needs of our region by investing in the future of our water, wastewater, and stormwater systems. Our focus is on providing a high-quality product and customer service today as we prepare for the water needs of future generations.

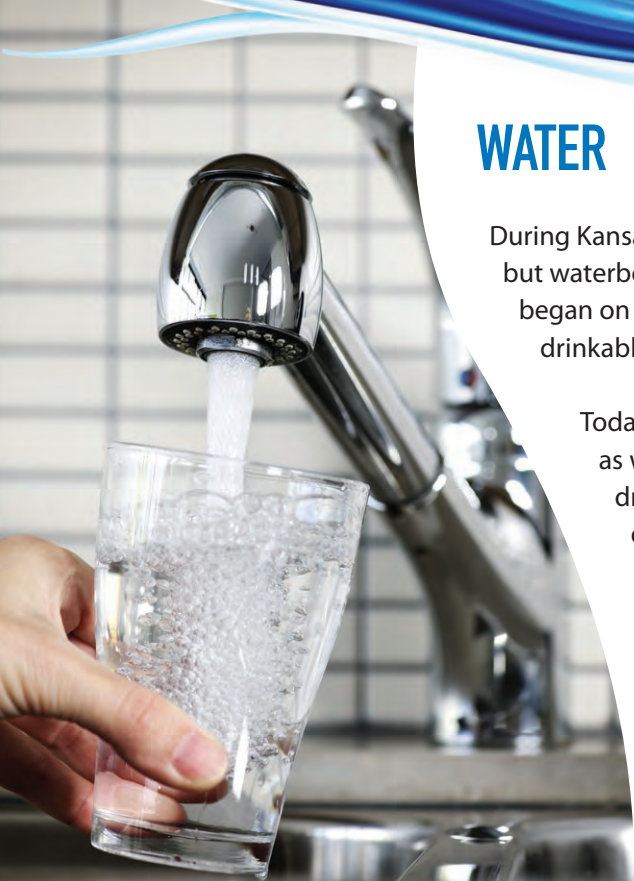
Kansas City Water Services maintains and operates water collection, treatment, and distribution systems; wastewater collection and treatment systems; and stormwater management systems for more than 170,000 residential and business customers in Kansas City and for wholesale customers in the Kansas City region. Water Services is funded primarily by fees charged to customers based on their use or impacts on the water, wastewater, and stormwater utility systems.

## KC WATER SERVICES BY THE NUMBERS:

- ▶ 460,000 KC residents served
- ▶ 170,000 customers
- ▶ 33 wholesale water customers
- ▶ 27 wholesale wastewater customers
- ▶ \$300 million enterprise
- ▶ 800+ full-time employees
- ▶ \$82.46 average monthly residential bill:
  - Average Water \$40.52
  - Average Wastewater \$39.44
  - Average Stormwater \$2.50







## WATER

During Kansas City's earliest days, most residents drew water from cisterns and wells, but waterborne illness was common and fire protection was lacking. In 1874, work began on the city's first waterworks, which originally provided 5 million gallons of drinkable water per day from the Kaw River.

Today, Kansas City Water Services is focused on providing quality water services as we prepare for the water needs of the next generation. Water Services draws from the Missouri River to produce up to 240 million of gallons of drinking water, serving more than 460,000 Kansas City residents and 33 wholesale customers in the greater Kansas City area. In order to get quality drinking water to customer's taps, we operate and maintain almost 2,800 miles of water mains in Kansas City. This drinking water is regularly tested for over 290 constituents, which is above and beyond the number required by the U.S. Environmental Protection Agency.

In addition to water treatment and delivery systems, Water Services also operates and maintains approximately 23,000 fire hydrants.

## WASTEWATER

Kansas City began building its basic sewer infrastructure more than 150 years ago, and some of that system is still in use today. In order to provide quality wastewater services the Department maintains nearly 2,800 miles of sewers which deliver almost 72 million gallons of wastewater to the City's six wastewater treatment plants each day.

As part of our commitment to safeguarding the future of Kansas City's wastewater systems, Water Services recently completed \$96 million in disinfection improvements projects across all six wastewater treatment facilities. These improvements foster the health of the community by improving the quality of water returned to area waterways.

Just as with other cities across the country, Water Services is in the process of implementing a \$4.5—5 billion, 25-year federally-mandated Overflow Control Program (OCP). This program has received national recognition for being among the first to incorporate significant green solutions.

Additionally, Water Services operates Birmingham Biosolids Farm, where more than 5,500 dry tons of biosolids are applied to the farm's 1,350 acres of corn and soybean crops, which are not intended for human consumption. Birmingham Biosolids Farm averages \$477,000 in revenue a year from the harvest and sale of crops to local grain elevators for ultimate use as biofuels.







## STORMWATER

Water Services is committed to the safety and health of our community by providing essential stormwater services for Kansas City's residents. A 1,250-mile stormwater system carries water from more than 44,000 catch basins serving the developed areas of Kansas City. In addition, Water Services maintains a flood control system that includes 13 miles of levee and floodwall; it is the nation's third-longest urban levee system. Water Services has 15 flood pump stations serving the area behind the levees, and maintains six detention basins to help with stormwater runoff.

## OTHER PROGRAMS

In addition to providing quality water, wastewater, and stormwater services, Water Services protects area waterways through the collection and safe disposal of household hazardous wastes and yard wastes.

In 1996, Water Services opened the Household Hazardous Waste Facility in response to both a consent decree and public need. This facility serves five counties and 40 incorporated cities, and it can handle up to 1,250,000 pounds of material per year. Since 2005, the facility has achieved a zero-landfill goal.

Beginning in Fall 2013, Water Services will begin overseeing the City's annual leaf and brush collection program.







## INDUSTRY OVERVIEW

The American Water Works Association (AWWA) recently published a national report detailing the specific challenges America is facing when it comes to water infrastructure.

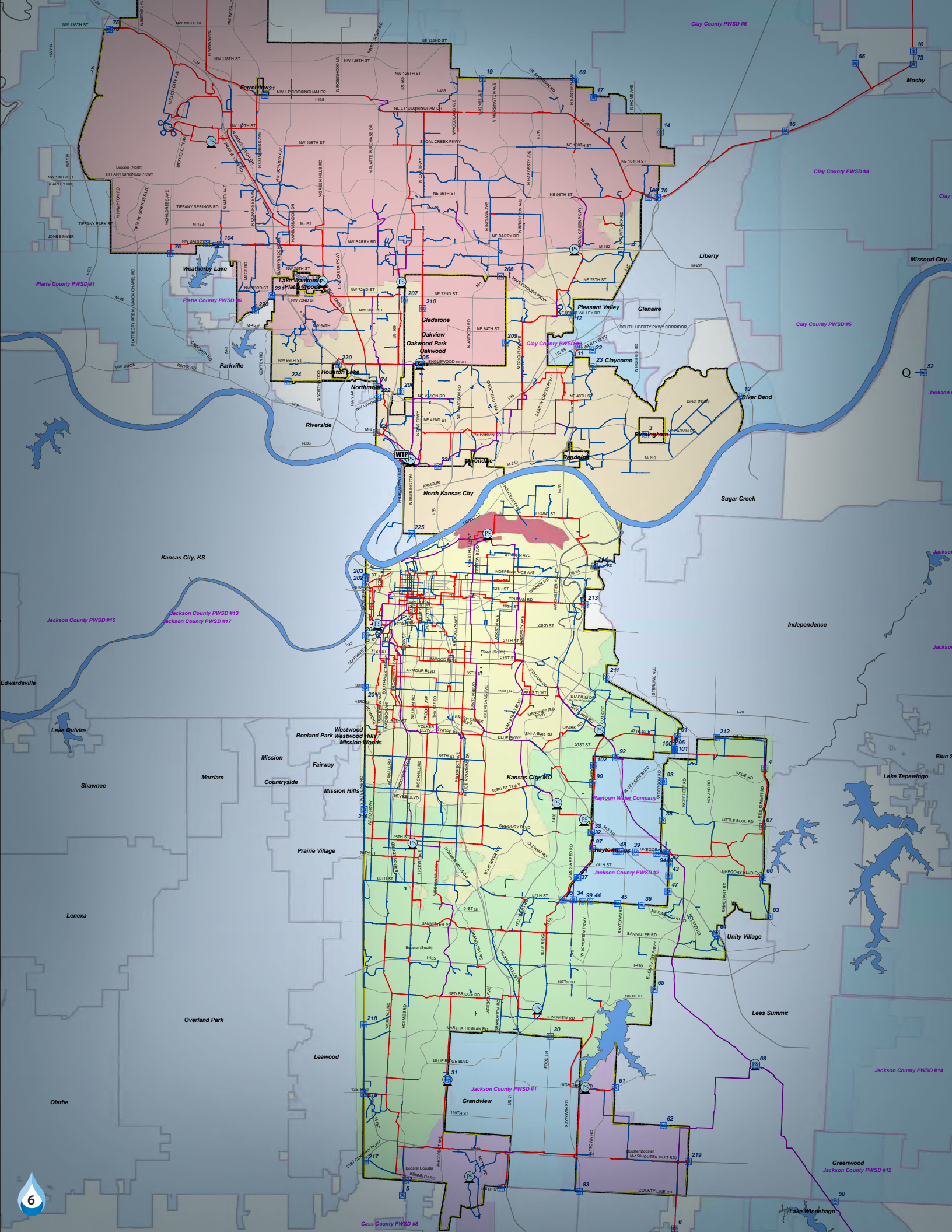
Key findings from this nationally-recognized report from AWWA indicate that much of the nation's drinking water infrastructure is nearing the end of its useful lifespan. Thus, cities across America are faced with a significant need to replace much of the aging infrastructure in the near future. Further expanding on this critical need is an expanding population base, which requires expanding water distribution systems to provide water service to more individuals.

It is estimated that replacing America's aging infrastructure will cost in excess of \$1 trillion over the next 25 years. This means that customers will be faced with rising costs to "catch up" with deferred investments. However, the cost of not replacing these critical pipe segments is believed to be of greater risk to public health and safety than financing this investment now.

Water Services is committed to investing in the future of Kansas City's infrastructure systems to safeguard and protect our resources and to deliver the highest-quality water services to our customers. Our teams are dedicated to strategically examining our infrastructure to improve our system.

*The American Water Works Association report, "Buried No Longer: Confronting America's Water Infrastructure Challenge," can be found online at [www.awwa.org](http://www.awwa.org).*







# KANSAS CITY WATER SERVICES ASSETS

44,000

STORMWATER INLETS

35,000

VALVES

23,000

FIRE HYDRANTS

2,800

MILES OF WATER MAIN

2,800

MILES OF SEWER MAIN

46

WASTEWATER  
PUMPING STATIONS

18

WATER PUMPING STATIONS

15.5

MILES  
OF LEVEE & FLOODWALL SYSTEM

6

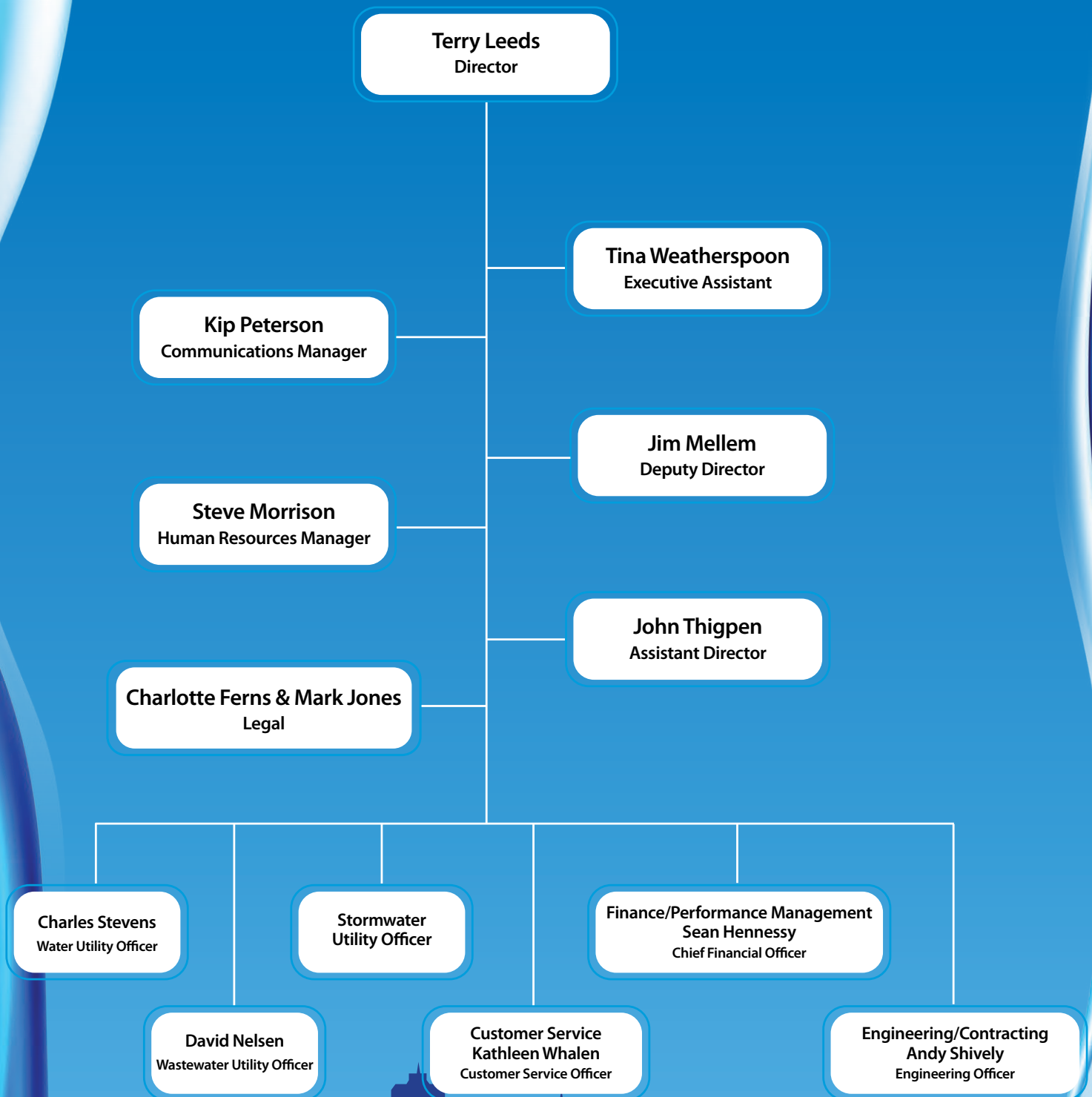
WASTEWATER  
TREATMENT PLANTS

2

WATER TREATMENT PLANTS



# ORGANIZATIONAL CHART







## CHALLENGES: LETTER FROM THE DIRECTOR

Laying the foundation is a critical step in building successful infrastructures, organizations, and teams. The foundation provides stability and balance for planned growth, and direction for the framework of success. Two years ago, Water Services stood on an unstable foundation: frequent changes in leadership had left the organization without a solid strategic plan; organizational infrastructure was in dire need of rehabilitation and key positions within the Department were left vacant; customers expressed dissatisfaction with service; and communication with key stakeholders and customers was lacking and inconsistent.

Over the past year, Water Services has made a number of significant improvements: we've reorganized; established benchmarks and performance measures for the business; initiated the first water master plan since 1997; and established a strong five-year Capital Improvements Plan.

With these foundational elements in place, Water Services is showing signs of success. Water Services has hired more new staff members than any other time in the last five years. We've achieved measurable improvements in our Customer Service Call Center due in part to newly implemented hiring and training programs. As promised, construction projects are underway and being completed in a timely manner. Maintenance and operations teams have improved repair times, ensuring that our customers receive the services they need with shorter interruptions.

These, and other improvements at Water Services, are early indicators of the achievement that is yet to come. Still, we have much work to accomplish in the coming year. Water Services has heard from our customers and we are ready to respond. Customers expect the services and value provided by a progressive, 21st-century utility. They want and deserve good customer service, more meaningful interactions, fewer service interruptions, and the opportunity to do business with us in a way that is convenient and efficient.

In the coming year, we will be focused on upgrading key processes and systems, improving the safety of our employees, improving customer satisfaction ratings, delivering improved customer service experiences at every interaction, and making it easier for our customers to do business with us. We are committed to reinvesting in our system, making replacements and repairs that will serve Kansas City for generations to come. Water Services will continue to implement our long-term plan for meeting consent decree requirements for reducing sewer overflows. Our strong bond rating, and success in raising money in the capital markets, provides assurance that we can continue to execute on our five-year plan in these areas.

As Water Services continues to transform into a professional, data-driven, customer-focused utility, we will be using the benchmarks and supporting plans outlined in the following pages to sharpen our vision for a better tomorrow. I am encouraged by the work that is underway, and I look forward to reporting greater success in the years to come.

Sincerely,

A handwritten signature in black ink that reads "Terry Leeds".

Terry Leeds, Director



## VALUES & VISION

Kansas City Water Services has developed a strategic and focused plan to effectively define our current state and create a clear vision for the future of the organization. This plan encompasses key goals and objectives for ensuring that our Department is not only achieving the goals we have established, but is measuring this success in a meaningful way for our customers.

The pages that follow provide a high-level snapshot of the key initiatives the Department will be focused on in 2014. We invite you to join us as we embark upon these key improvements which will allow Kansas City Water Services to provide the highest-quality water services to our customers now and for generations to come.





## VALUES

We approach our work with **professionalism**, striving for excellence and competence in all we do.

We **focus on our customers** and their well-being, gathering data to guide our decisions and understanding the needs of our community.

We deliver **exceptional product quality** that ensures the health and safety of the public while enhancing one of our most precious resources.

We provide an **excellent work environment** that delivers effective training, safe work practices, responsiveness and a clear path forward for all employees.

We are **good stewards in our community**, protecting the environment and providing programs and services that support the public good, for current and future generations.

We are committed to **effective communication and education** to secure a legacy of quality water services in our region.

## VISION

We believe that our employees are an essential part of the organization; we are committed to **Developing & Maintaining our Workforce** to ensure efficiency and reliability in the delivery of the high-quality water services each of our customers depends upon each day.

Water Services has developed a long-term strategic plan to **Manage Infrastructure**, improving reliability of our services and creating fewer disruptions for our customers.

Our customers are a top priority; Water Services is making significant investments to **Improve Customer Service & Increase Confidence** at every touch point.

Measuring and reporting progress is a key component of steering the Department toward success. By **Enhancing Operational Excellence** Water Services is able to chart measureable goals and make adjustments to attain key objectives.

A strong financial rating and secure assets ensure the best value for our customers, Water Services is committed to continuing to **Assure Financial Stability** for our Department now and in the future.

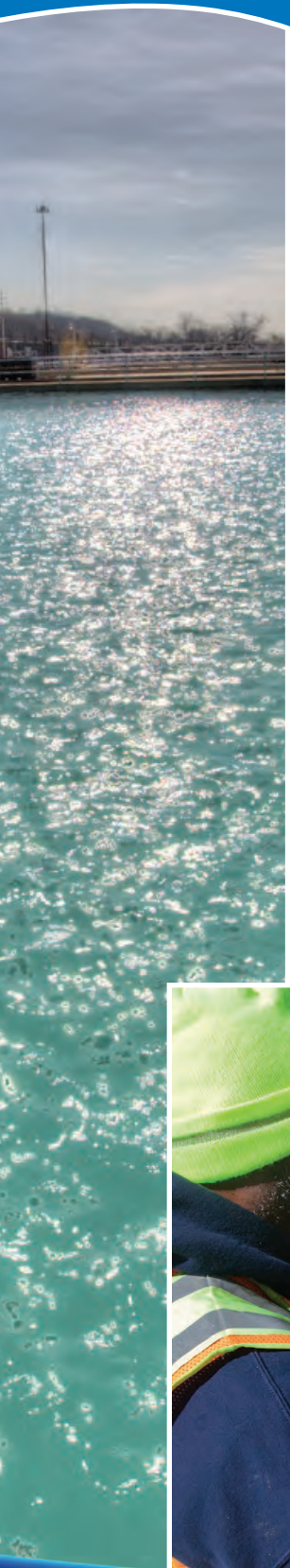
**Safety** is essential for both our employees and our customers. Water Services is committed to ensuring safety at every level of our Department.

**Efficiency** measures allow Water Services to provide the best possible service and the highest-quality product for our customers; we are committed to finding new and innovative ways to be effective in our business.





# ***MOVING FORWARD***





OBJECTIVES	INITIATIVES
<b>Workforce:</b> <ul style="list-style-type: none"> <li>• Strengthen Senior Management</li> <li>• Strengthen frontline workforce</li> <li>• Strengthen education through focused training</li> </ul>	Recruit senior leadership team: <ul style="list-style-type: none"> <li>• Water Utility Officer</li> <li>• Wastewater Utility Officer</li> <li>• Construction Manager</li> </ul> Hire Key Employees: <ul style="list-style-type: none"> <li>• Customer Service Teams</li> </ul>
<b>Infrastructure:</b> <ul style="list-style-type: none"> <li>• Develop &amp; Implement long-term plan for replacing &amp; rehabilitating key infrastructure</li> <li>• Develop proactive infrastructure measures</li> </ul>	5-Year Capital Improvements Plan Efficient management of contractors and crews Valve exercising and maintenance program Strategically address backlog of restoration and repair projects Commitment to the maintenance of existing infrastructure systems
<b>Customer Service:</b> <ul style="list-style-type: none"> <li>• Increase customer satisfaction &amp; perception of Water Services</li> <li>• Improve stakeholder understanding and support for key issues</li> </ul>	Critical Customer Information System (CIS) upgrades Reorganization of personnel Public meetings Website improvements Customer satisfaction surveys
<b>Operational Excellence:</b> <ul style="list-style-type: none"> <li>• Benchmark key initiatives</li> <li>• Measure &amp; evaluate progress</li> <li>• Select goals for improvements</li> </ul>	Customer Satisfaction Performance Reporting Scorecard Evaluate key business processes Technology upgrades & improvements
<b>Finance:</b> <ul style="list-style-type: none"> <li>• Ensure affordability of service</li> <li>• Establish and meet capital finance objectives</li> </ul>	Maintain strong financial standing Retention of wholesale customers Clean audit review Bond rating
<b>Safety:</b> <ul style="list-style-type: none"> <li>• Accountability from management to line crew</li> <li>• Improve safety compliance</li> </ul>	Complete training for first line support teams Obtain and maintain proper equipment
<b>Efficiency:</b> <ul style="list-style-type: none"> <li>• Improve processes to reduce cost</li> </ul>	Review and revise processes in the meter & field services, billing, and call center areas Establish work processes that provide cross-functional flow across major business units

# KEY GOALS & INITIATIVES FOR FISCAL YEAR 2014

Water Services is committed to providing services and resources that meet the needs and expectations of the customers we serve. Achieving this goal requires accountability at every level of the business. Water Services has developed a scorecard for measuring success across critical business areas, aligning our financial plans with the goals and objectives of the organization, while providing a means for monitoring our performance.

These goals and initiatives have been carefully developed by each division within Water Services, and they provide accountability and a means of measuring our progress. Our path toward achieving these goals is regularly reported to the City Manager, Mayor, and City Council, as well as to the teams within Water Services.

## WATER UTILITY

Water Services has presented a five-year Capital Improvements Plan for key infrastructure investments throughout the system. Execution of this plan will be measured through the modernization of our infrastructure and timely repair of the systems that serve our customers. Key measurements of success will include the completion of 19 miles of main replacements.

In addition, the organization will implement project and data management system controls for evaluating the five-year Capital Improvements Plan. Water Services will focus on the repair and restoration of our system when critical elements fail. Measurements for success will include improved repair and restoration time for main breaks, continuation of the valve exercise and replacement plan, and reductions in work order backlogs.

## WASTEWATER UTILITY

The modernization of our system remains a key priority for Water Services and will include, in part, the rehabilitation of 13 miles of the sewer system in Fiscal Year 2014.

Water Services has committed to a 25-year, federally-mandated Overflow Control Program which will meet consent decree requirements for reducing or eliminating overflows within combined and separate sewer systems.

Measurement of program goals will include the development of a program management structure for executing a private-side inflow and infiltration abatement program, and seeking approval of the program from the City Council.

Maintenance milestones for the successful execution of the program in Fiscal Year 2014 are measured by the cleaning of 283 miles of sewer lines, and the completion of closed-circuit television inspections for 91 miles of sewer lines. These efforts will be concentrated in areas where backflows and overflows are prevalent.

## STORMWATER UTILITY

Water Services is committed to safeguarding health of our community and its natural resources by implementing programs for the control of the quality and quantity of stormwater runoff, and flood mitigation. Maintaining Kansas City's stormwater system is an important initiative for Water Services in Fiscal Year 2014. Maintenance milestones will include cleaning 18,000 stormwater inlets, repairing and replacing 300 catch basins, and sweeping 14,000 gutter miles.



## SAFETY

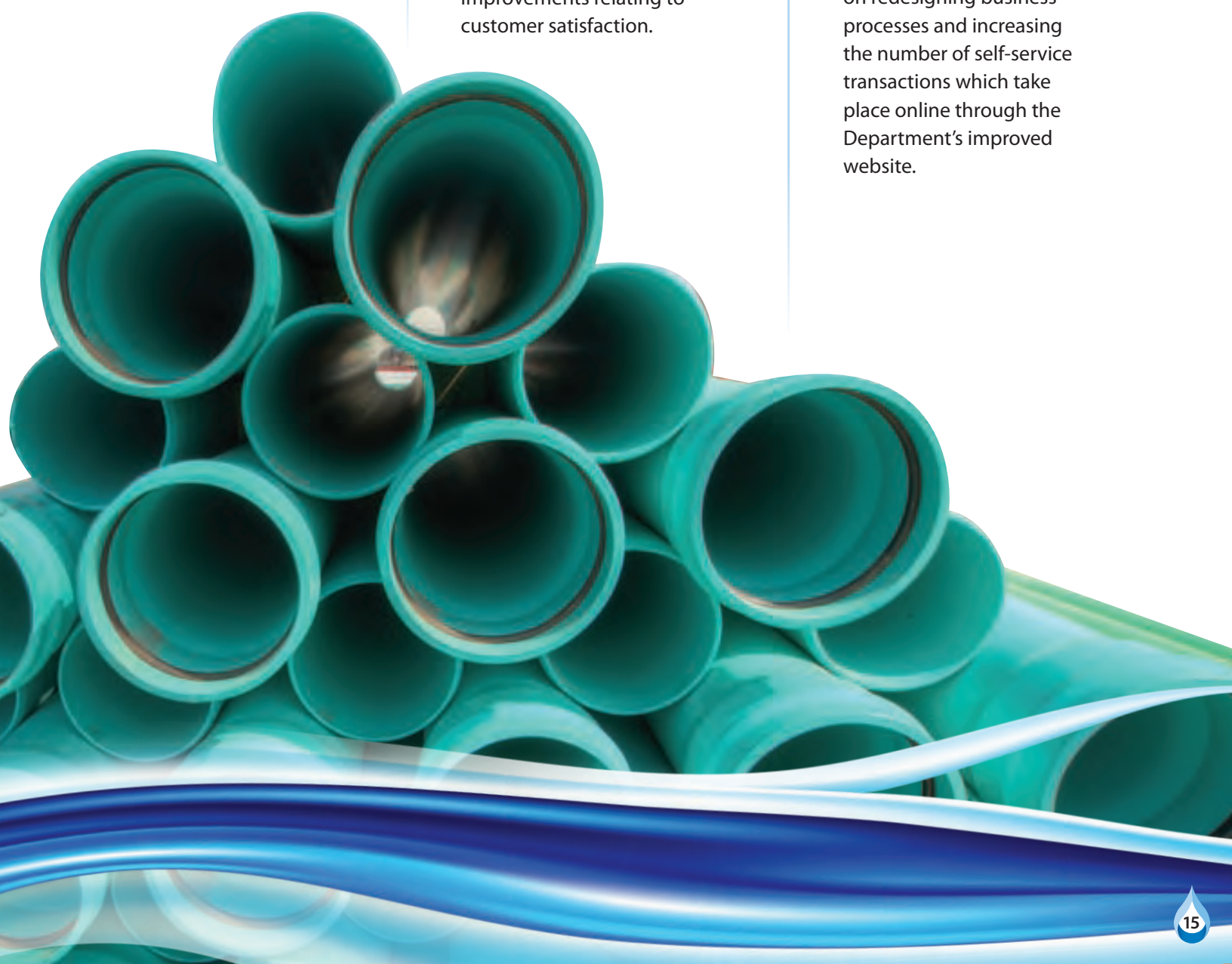
The safety of each employee is an important responsibility and is not an obligation taken lightly by Water Services. It is the Department's goal to reduce the injury rate by 25 percent.

## CUSTOMER SATISFACTION

Water Services will be measuring the total customer experience across every aspect of the utility. Quarterly customer surveys enable us to measure a variety of customer touch points in the areas of water, wastewater, stormwater, and customer service. This feedback provides important benchmarks and measurements of our performance and will be used to drive ongoing improvements relating to customer satisfaction.

## CUSTOMER SERVICE

Improving the way Water Services conducts business with our customers will be directly impacted through improved practices in the Call Center and the billing function. Measured goals will focus on improving the customer's ability to reach our agents, answering calls more quickly, and reducing the total number of billing issues. Additional measures for success will be placed on redesigning business processes and increasing the number of self-service transactions which take place online through the Department's improved website.



## LOCAL CONTRACTOR DEVELOPMENT

Water Services' \$4.5 billion investment in the implementation of the 25-year Overflow Control Program provides a unique opportunity to support Kansas City's small businesses as well as minority- and woman-owned business enterprises. Targeted contracting strategies will create partnerships that will further enhance the business capabilities and revenues for all three of these groups. Measured success will be directly tied to attaining programmatic goals for contracts established with small businesses, minority- and women-owned enterprises in the region.

## COMMUNICATIONS

Water Services is committed to strengthening customer relationships by improving their overall experience through the quality of the communications they receive. A new website, which is scheduled to launch in the spring of 2013, will provide customer-focused tools enabling individuals to more easily service their accounts and obtain helpful and timely information.

In addition, through the increased utilization of the website, various electronic tools, and public outreach activities, Water Services will improve the quality and timeliness of the information and updates customers receive, especially during times of critical service interruptions.

## FINANCE & PERFORMANCE REPORTING

Water Services has achieved a strong financial rating, which allows the Department to secure bonds at low rates. Water Services is committed to maintaining this strong financial rating, which will achieve cost savings in the upcoming fiscal year.

Additionally, the Department will work to fully fund upcoming infrastructure investments, hold operating expenses to inflationary increases, maintain appropriate cash levels, meet debt coverage requirements, and continue a balance between pay-as-you-go and using capital financing.

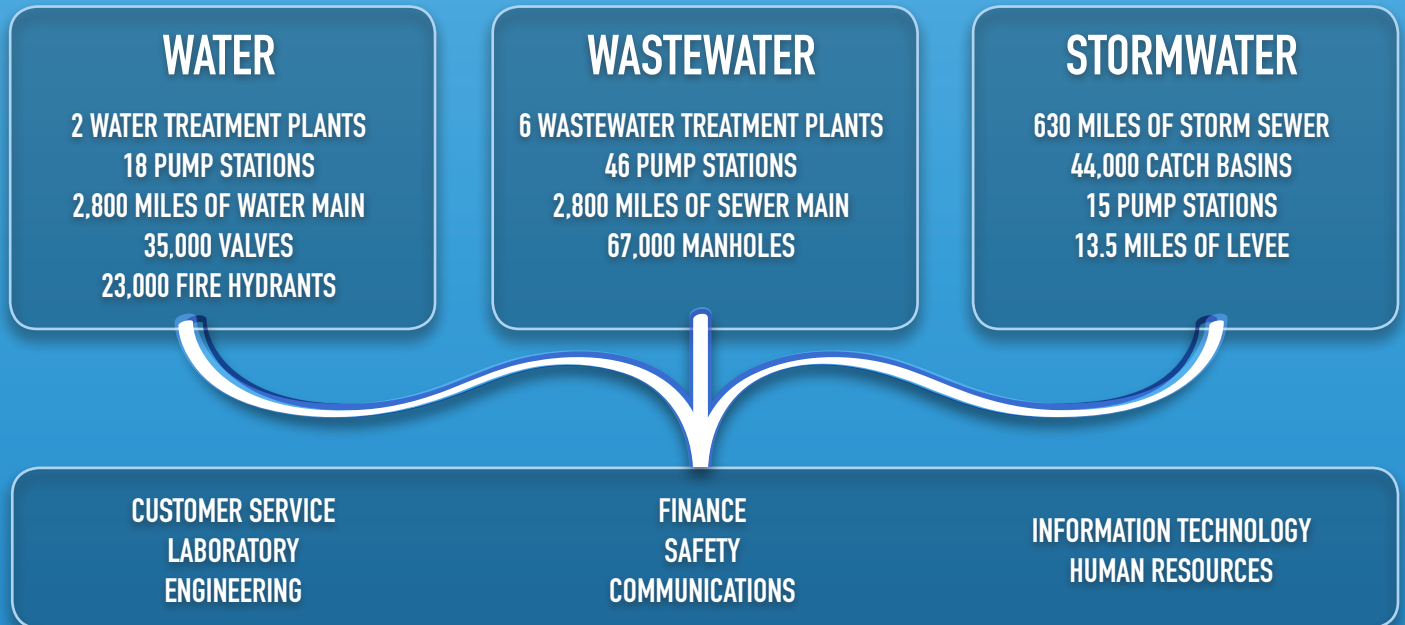




# BALANCED SCORECARD PERFORMANCE INDICATORS

UTILITY	DIVISION	INDICATOR	FY13 ACTUALS	FY14 TARGET
Department Support	Safety	Percentage Reduction in Injuries	N/A	25%
		Total Injuries	136	102
	Customer Service	Average customer service calls per day	1,050	1,000
		Call abandonment rate	10%	5%
		Billing Exception Rate	N/A	10%
Average speed of answer (seconds)		120	30	
	Percent of time answering calls in < 30 seconds	85%	85%	
Water Utility	Engineering	Water Main Replacement	N/A	19 Miles
	Water Line Maintenance	Water Main Repair and Restoration Time 90th Percentile (calendar days)	41	35
		Accounted for water	75%	75%
		Main breaks per 100 miles	60	55
		Valves assessed	6,100	6,100
		Hydrants Out of Service	N/A	<1%
Water Treatment & Supply	Water produced (billion gallons)	41.5	38.5	
	Cost per million gallon treated	422	489	
Wastewater Utility	Engineering	Sewer Main Rehabilitation and Replacement Program for Private I&I Reduction	100% 100%	13 Miles Program Design Complete
	Sewer Line Maintenance	Sewer basement backups	1,250	1,200
		Code 4 Public Sewer Main Breaks	75	70
		Miles of sewer line cleaned	283	300
		Miles of sewer line CCTV'd	77	91
Wastewater Treatment	Wastewater processed (billion gallons)	40	34	
	Cost per million gallons treated	400	517	
Stormwater Utility	Stormwater Line Maintenance	Catch basins cleaned	15,000	18,000
		Catch basins repaired	491	300
		Miles of gutter swept	18,000	18,000
		Tons of debris removed	2,500	2,500
Water Utility Support Services	Engineering	Project Management System/Program	100%	Program Design Complete
	Finance - Water	Meet Debt Coverage Requirements (1.3 required)	2.04	1.8
	Finance - Water	Maintain Credit Rating	AA+ & Aa2	AA+ & Aa2
	Finance - Water	Maintain Required Cash Level	90	90
Wastewater Utility Support Services	Engineering	Project Management System/Program	100%	Program Design Complete
	Finance - Wastewater	Meet Debt Coverage Requirements (1.3 required)	2	2
	Finance - Wastewater	Maintain Credit Rating	AA+ & Aa2	AA+ & Aa2
	Finance - Wastewater	Maintain Required Cash Level	N/A	90

# WATER SERVICES: STRATEGIC BUSINESS PLANNING



Budgets established for Revenues, operating expenses and capital investment for the three utilities are as follows:

## Water Utility

2014 Estimated Revenues .....	\$149,824,801
2014 Operating Expense Budgets.....	\$99,782,972
2014 Planned Capital Investments .....	\$15,802,500

## Wastewater Utility

2014 Estimated Revenues .....	\$136,755,185
2014 Operating Expense Budgets.....	\$87,326,345
2014 Planned Capital Budgets .....	\$26,702,500

## Stormwater Utility

2014 Estimated Revenues .....	\$12,441,450
2014 Operating Expense Budgets.....	\$14,074,699
2014 Planned Capital Investments .....	\$8,252,275
2014 PIAC Projects .....	\$745,000





Coincident with approval of the City Budgets, the City approved the following water rates, representing a 9.66% water revenue increase, which became effective as of May 1, 2013. Similarly, rates for wastewater revenues were increased by 14.42%. Stormwater rates did not change in Fiscal Year 2014. This rate increase represents an average rate increase of 11.5% for customers.

## AVERAGE RESIDENTIAL BILL

Service	FY 13	FY 14	Difference (In Dollars)	Difference (Percentage)
Water	\$36.95	\$40.52	\$3.57	9.66%
Wastewater	\$34.47	\$39.44	\$4.97	14.42%
Stormwater	\$2.50	\$2.50	\$0.00	0.00%
<b>TOTAL</b>	<b>\$73.92</b>	<b>\$82.46</b>	<b>\$8.54</b>	<b>11.5%</b>

## WATER REVENUES BY RETAIL AND WHOLESALE CUSTOMERS

Fiscal Year Ended April 30

	2009	2010	2011	2012	2013
Retail Customers	\$67,165,000	\$68,197,000	\$91,072,000	\$97,503,000	\$118,403,000
Wholesale Customers	12,205,000	11,206,000	13,737,000	16,292,000	20,641,000
<b>Total</b>	<b>\$79,369,000</b>	<b>\$79,403,000</b>	<b>\$104,809,000</b>	<b>\$113,795,000</b>	<b>\$139,044,000</b>

## NUMBER OF WATER SYSTEM CUSTOMERS

Fiscal Year Ended April 30

	2009	2010	2011	2012	2013
<b>Retail Customers</b>	141,401	143,226	144,000	147,448	150,790
<b>Commercial/Industrial</b>	15,239	15,600	15,000	16,160	16,818
<b>Wholesale Customers</b>	33	34	34	33	33
<b>Total</b>	156,673	158,860	159,034	163,641	167,641

## TOP TEN WATER CUSTOMERS BY CONSUMPTION

Fiscal Year Ended 2013

User	Type of Business	Annual Consumption (100 cubic feet)	Percentage of Total Consumption
<b>City of Lee's Summit</b>	Wholesale Water	1,992,454	5.03%
<b>Jackson County PWSD No. 1</b>	Wholesale Water	1,107,227	2.79%
<b>City of Belton</b>	Wholesale Water	1,028,837	2.60%
<b>City of Blue Springs</b>	Wholesale Water	902,400	2.28%
<b>City of Raymore</b>	Wholesale Water	801,522	2.02%
<b>Raytown Water Company</b>	Wholesale Water	693,977	1.75%
<b>Dogwood Energy</b>	Utility	608,731	1.54%
<b>Veolia – Kansas City</b>	Utility	514,161	1.30%
<b>KCPL</b>	Utility	464,498	1.17%
<b>Jackson County PWSD No. 2</b>	Wholesale Water	354,444	0.89%







## WATER REVENUES AND EXPENSES

Operating revenues:	2009	2010	2011	2012	2013
Water sales	\$ 79,369,329	\$ 79,402,865	\$ 104,809,250	\$ 113,795,787	\$ 139,044,243
Other water revenue	2,401,532	3,051,231	3,043,482	4,425,641	4,128,038
Income from jobbing, contract work and misc. revenues	4,360,006	5,729,988	7,355,893	7,026,768	6,470,794
<b>Total operating revenues</b>	<b>\$ 86,130,867</b>	<b>\$88,184,084</b>	<b>\$115,208,625</b>	<b>\$125,248,196</b>	<b>\$149,643,076</b>
Operating expenses:					
Power and pumping	5,065,124	4,540,886	4,955,130	4,844,668	5,391,806
General and electrical maintenance	2,282,020	2,517,212	2,541,658	4,034,162	4,347,317
Purification	11,078,707	11,549,618	11,892,058	11,020,685	12,245,660
Laboratory services	2,960,532	2,433,467	2,477,521	2,470,682	2,471,376
Transmission and distribution	13,925,182	13,303,041	11,488,867	21,122,053	23,062,262
Customer service	7,156,669	7,040,500	7,295,986	7,236,663	7,851,497
Mechanical maintenance	3,122,413	2,634,981	2,754,732	2,751,426	2,929,851
Customer accounting and collection	4,520,029	4,258,158	4,963,537	5,184,265	5,672,474
Administrative and general	13,423,079	14,477,547	16,123,070	14,585,368	14,727,241
Depreciation and amortization	10,270,730	10,260,837	10,708,385	13,793,442	14,459,219
<b>Total operating expenses</b>	<b>73,804,485</b>	<b>73,016,247</b>	<b>75,200,944</b>	<b>87,043,414</b>	<b>93,158,703</b>
<b>Operating income</b>	<b>\$12,326,382</b>	<b>\$15,167,837</b>	<b>\$40,007,681</b>	<b>\$38,204,782</b>	<b>\$56,484,372</b>



## WATER FUND – HISTORICAL DEBT SERVICE COVERAGE CALCULATION

For Fiscal Years Ending April 30

	2009	2010	2011	2012	2013
Total Operating Revenues	\$ 86,130,867	\$ 88,184,084	\$ 115,208,625	\$ 125,248,196	\$ 149,643,076
Less: Total Operating Expenses	73,804,485	73,016,247	75,200,944	87,043,414	93,158,703
	12,326,382	15,167,837	40,007,681	38,204,782	56,484,373
Plus: Depreciation and Amortization	10,270,730	10,260,837	10,708,385	13,793,442	14,459,219
Administrative Fees		4,725,767	4,725,768	4,314,746	3,506,180
Principal of Contracts Received	496,006	1,055,313	565,529	510,426	684,964
Non-Cash OPEB		1,239,731	368,547	346,943	214,843
Intrest Income	1,564,504	2,555,115	1,625,220	1,457,756	977,115
	12,331,240	19,836,763	17,993,449	20,423,313	19,842,321
Net Revenues Available for Debt Service	<b>\$24,657,622</b>	<b>\$35,004,600</b>	<b>\$58,001,130</b>	<b>\$58,628,095</b>	<b>\$76,326,694</b>
Debt Service - All Water Obligations*	21,188,579	20,591,443	27,795,629	27,974,952	29,393,656
Debt Service Coverage - All Water Obligations*	1.16	1.70	2.09	2.10	2.60

\*Debt Service on All Water Obligations Includes AMR Obligations

## WASTEWATER REVENUES

	2009	2010	2011	2012	2013
Residential	\$ 23,897,457	\$ 28,302,375	\$ 37,568,002	\$ 38,097,564	\$ 46,512,245
Commercial/Industrial	24,854,549	24,109,231	32,658,410	38,351,324	47,442,086
Inter-jurisdictional	21,098,061	21,707,816	23,123,947	23,925,569	24,508,148
Other Operating Revenues	4,752,796	5,521,163	5,023,113	4,535,887	3,335,619
<b>Total Customers</b>	<b>\$74,602,862</b>	<b>\$79,640,585</b>	<b>\$98,373,472</b>	<b>\$104,910,344</b>	<b>\$121,798,099</b>

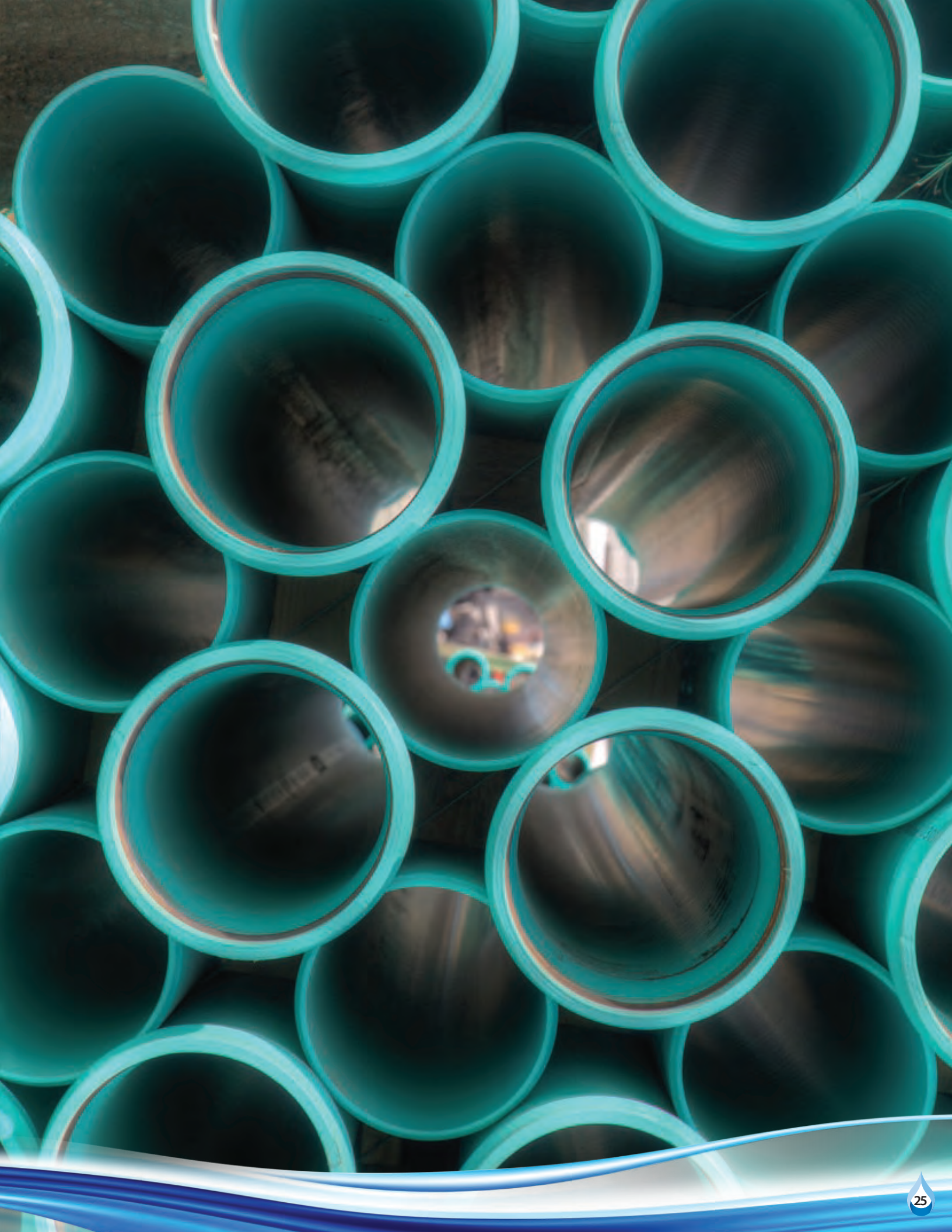
## NUMBER OF WASTEWATER CUSTOMERS

	2009	2010	2011	2012	2013
Residential	136,470	137,500	139,496	142,535	145,985
Commercial	15,179	15,200	13,949	15,947	16,500
Inter-jurisdictional	27	27	27	27	27
<b>Total Customers</b>	<b>151,676</b>	<b>152,727</b>	<b>153,472</b>	<b>158,509</b>	<b>162,512</b>

## TOP TEN WASTEWATER CUSTOMERS BY REVENUE

User	Annual Revenue	Approximate Percentage of Total Wastewater Revenue
Johnson County, Kansas	\$10,211,871	8.15%
Liberty, Missouri	\$ 3,444,226	2.75%
Gladstone, Missouri	\$ 3,010,886	2.40%
North Kansas City, Missouri	\$ 2,272,574	1.82%
Veolia	\$ 1,300,520	1.04%
Raytown, Missouri	\$ 888,320	0.71 %
Ford Motor Company	\$ 816,228	0.65%
Riverside, Missouri	\$ 660,472	0.53%
Pleasant Valley, Missouri	\$ 495,407	0.40%
Independence, Missouri	\$ 430,068	0.34%





## WASTEWATER REVENUES AND EXPENSES

Operating Revenues	2009	2010	2011	2012	2013
Retail sewer charges	\$48,752,005	\$52,411,606	\$70,226,412	76,448,889	93,951,330
Inter-jurisdictional sewer charges	21,098,061	21,707,817	23,123,947	23,925,569	24,508,149
Other operating revenues	4,752,796	5,521,162	5,023,113	4,535,887	3,335,623
<b>Total operating revenues</b>	<b>\$74,602,862</b>	<b>\$79,640,585</b>	<b>\$98,373,472</b>	<b>\$104,910,345</b>	<b>\$121,795,10</b>
Operating Expenses					
Sewage treatment and pumping	18,968,715	19,158,602	20,207,164	21,075,363	21,350,652
Sewer maintenance	16,489,430	18,014,531	14,638,633	18,440,854	19,163,129
Administrative and general	14,509,502	14,833,438	14,535,534	13,468,247	18,581,619
Industrial and household hazardous waste	2,264,239	2,214,016	1,422,844	1,268,901	1,318,222
Depreciation and amortization	14,008,556	14,330,796	17,375,094	17,615,972	18,120,126
<b>Total operating expenses</b>	<b>66,240,442</b>	<b>68,551,383</b>	<b>68,179,269</b>	<b>71,869,337</b>	<b>78,533,748</b>
<b>Operating Income</b>	<b>\$8,362,420</b>	<b>\$11,089,202</b>	<b>\$30,194,203</b>	<b>\$33,041,008</b>	<b>\$43,261,354</b>



## DEBT SERVICE COVERAGE – WASTEWATER SYSTEM

Revenues:	2009	2010	2011	2012	2013
Sewer charges	\$ 69,850,066	\$ 74,119,422	\$ 93,350,359	\$ 100,374,457	\$ 118,459,479
Other operating income	4,752,796	5,521,162	5,023,113	4,535,887	3,335,623
Interest income	1,418,735	2,852,011	2,113,983	2,631,399	1,727,177
<b>Total Revenues</b>	<b>\$76,021,598</b>	<b>\$82,492,595</b>	<b>\$100,487,455</b>	<b>\$107,541,743</b>	<b>\$123,522,279</b>
Less Expenses:					
Sewage treatment and pumping	18,968,715	19,158,602	20,207,164	21,075,363	21,350,652
Sewer maintenance	16,489,430	18,014,531	14,638,633	18,440,854	19,163,129
Administrative and general	14,509,502	14,833,438	14,535,534	13,468,247	18,581,619
Industrial and household hazardous waste control	2,264,239	2,214,016	1,422,844	1,268,901	1,318,222
<b>Total Expenses*</b>	<b>\$52,231,886</b>	<b>\$54,220,587</b>	<b>\$50,804,175</b>	<b>\$54,253,365</b>	<b>\$60,413,622</b>
Net Revenues Available for Debt Service	23,789,712	28,272,008	49,683,280	53,288,378	63,108,657
Net Current Year Debt Service	16,034,311	18,799,776	21,677,087	22,696,059	27,045,287
Coverage of net debt service (multiples)	1.48	1.50	2.29	2.35	2.33

\*Does not include depreciation, interest expense and fiscal agents fees.

