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Wichita Exploring Water Infrastructure P3.

The Wichita City Council this week approved the first step in a process that could lead to a public-private partnership to help pay for an estimated \$1.6 billion in water and sewer infrastructure repairs and upgrades. The city will seek bids from companies interested in loaning money and expertise to the city. In exchange, the selected company would receive annual payments from the city, according to The Wichita Eagle.

“The whole goal in looking at these public-private partnerships is to see if we can pick up efficiencies in the way that we operate our system and looking at some unique tools that aren’t available to us today that may change our bond indebtedness in the future,” said Mayor Jeff Longwell.

The city would retain ownership of the water and related assets — such as plants, pumps and pipes — as well as the ability to set rates and make policy decisions, said public works director Alan King. “We would enter into a financial arrangement where we would commit to pay back that private capital over time and it would give us some flexibility we don’t currently have when we issue revenue bonds as a utility,” King said.

Currently, the city pays for infrastructure repairs and improvements with cash or revenue bonds, said Ben Nelson, strategic services manager for public works. The money ultimately comes from rate payers. An aging system, paired with deferred maintenance over the years, led to Wichita’s \$1.6 billion water and sewer infrastructure needs, King said. City staff has been working on the P3 proposal for more than a year.

The first phase of the proposal will invite companies to evaluate Wichita’s infrastructure and create a plan to repair it. Staff then would seek City Council approval in July, King said. “To evaluate these proposals, we’re going to be looking to make sure we maximize our service levels at the lowest rates. That’s always been our guiding principle,” he said.

If approved by the council, the second phase likely would include a 10-year implementation agreement to put the plan into place. The selected company would bring in experts as consultants to work with the city’s field staff, assess the current conditions of the infrastructure, evaluate the risks, determine the remaining life of each asset and make recommendations on what to repair or replace first, King said.

It won’t be clear how much this will cost until the city receives bids, King said. If it’s not advantageous to the city after the initial bids, the city won’t be obligated to continue the 10-year implementation phase.

“We still needed to do a full assessment of the system regardless, and it kind of gives us an opportunity to look at our expertise and techniques and compare it to what they’re willing to offer from the private sector,” Longwell said. “I can’t see any downside to at least taking it to that next level.”

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By Editor

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