

# City of Udall Uses Good Public Relations in Support of Water System Improvement Projects

**T**he city of Udall, Kansas might well be a poster child example of how a small town effectively used good public relations to build support for a necessary water utility improvement project. While no governing body wants to increase rates on fellow citizens, projects are often necessary. I would like to showcase this project to explain what Udall did to update their water system in a way that best serves their needs.

On January 2, 2007, I received a telephone call from Lulita Hopkins, City Clerk of Udall, asking for information to help the city replace their deteriorated water system that was fifty-plus years old. The city of Udall is located in Cowley County in extreme south-central Kansas on Highway 15 between Mulvane and Winfield. The population for this third class city is 810 persons; the city has approximately 355 water service connections.

## Where to begin

After an initial meeting with Mayor Chris Lette, City Clerk Lulita Hopkins, and City Superintendent Todd Mays regarding the scope of their water project, I met with the city council to discuss the project. Financing options were presented with advantages and disadvantages of each option and how these options would affect the water rates.

After several discussions, the city council voted to apply for Kansas Department of Health and Environment (KDHE) State Revolving Loan Fund for about \$1.5 million and to submit an application





Duling Construction Company, Inc., Wichita, was contracted to install new waterlines in Udall. At a cost of nearly \$927,000, nearly all lines were directional bored.

## Need for improvements recognized

Most of the residents knew that the water system was in bad shape. Drivers in town encountered barricades almost on a weekly basis while water line breaks were being repaired. The city was averaging at least one minor leak a week and one major leak a month during the April to September time frame. On a minor leak 3,000 gallons could easily be lost. On the other hand, a major leak could reach 50,000 gallons plus. During the summer of 2007, the water tower was completely drained six times while the city repaired water lines. The 50,000 gallon legged tower just did not have the storage capacity needed to fill in those gaps during those major breaks. The costs of repairing a

to the Kansas Department of Commerce for a Community Development Block Grant (CDBG) for \$ 400,000. The city had to complete a door-to-door income survey to determine if the community was even eligible to apply for CDBG funds. Over the course of the next several months, the city updated their Water Conservation Plan by working with Tina Rajala at the Kansas Water Office; the city hired Poe & Associates of Kansas, Inc., a Wichita-based engineering firm, to develop a preliminary report. The city then submitted the Project Submittal Form to the Kansas Department of Health & Environment Public Water Supply Loan Section and completed the loan application. The city held two public hearings to inform the citizens of the need for the project and possible impact on rates. In addition to televising their city council meetings where the project was discussed almost monthly, the city also used their newsletter as an additional vehicle to explain the project to the community. All members of the city council were graduates of KanCap board/council training and, therefore, knew that they needed to be fiscally responsible to the public. And the city council was very open with the community on what needed to be done.

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waterline could be several hundred dollars to \$5,000, depending on the type of pipe and, of course, the degree of difficulty of the project. In essence, with all the repairs, the users were making significant payments without having a new system as a benefit.

Since the city did not have a particular engineering firm they worked with, Requests for Qualifications were sent out. The city received three proposals and selected a firm after going through the interview process.

The engineer met with the city to develop a cost estimate. Areas of frequent breaks were given the highest priority as well as undersized lines where system pressures were low. The firm then prepared an overall cost estimate and preliminary engineering report. Due to the estimated \$3,304,087 construction costs for new water lines, a new water storage tank and telemetry upgrades, the project was divided into two phases.

**Impact on rates**

Reviewing water rates became a priority after the scope of Phase I was established. The city has been proactive in making sure that the rates were sufficient to cover existing needs; rates were increased in 2003 and 2005. Initially, \$2.50 per meter was set aside monthly for future improvements to the water system. But with the increasing water line repairs, the reserve the city had gained was rapidly dwindling. So utilizing KDHE’s water rate check up program, water rate scenarios were produced based on the city’s existing water usage, water loss, revenues and expenses. The rate in 2007 for in-town users was as follows: a \$14.50 minimum for 0 to 1,000 gallons; \$2.75/1,000 gallons from 1,001 to 9,000 gallons and \$1.65/1,000 gallons thereafter. For 5,000 gallons a month, a user was paying \$25.50. The statewide average at that time was \$29.

With Phase I total estimated costs of \$1,550,000, financing was broken into CDBG funds of \$400,000 and a Public Water Supply Loan of \$1,150,000. Annual principal and interest payments

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based on an interest rate of 3.63% would be \$81,374.34. In order to retire the principal and interest payments, the water rates needed to be increased to cover the \$19.10/month/user.

The city was successful in receiving a CDBG grant in 2008. Final design for the water tower was approved and bids were received on March 30, 2009. Maguire Iron, Inc. of Sioux Falls, South Dakota was awarded the \$859,000 contract for a 200,000-gallon, single pedestal tower and telemetry improvements. On November 10, 2009, the standpipe and the lower portion of the bowl were attached. The school set up a live feed to watch since temperatures were a little chilly and numerous local residents were present throughout the day to watch the event. Due to the height of the tower an additional crane needed to be brought in to lift the upper portion of the tank so it could be welded in place. By Saturday evening, November 15, the new tower was erected. Painting began almost immediately but the Kansas winter weather soon slowed that to a screeching halt.

The water line bids were opened on July 6, 2009. Duling Construction Company, Inc. of Wichita was awarded the project for \$926,951.95. The contractor is using the boring method to install the water lines which has lessened the need to excavate the local streets. Residents are appreciative that they can come and go from their driveways without having to detour around barricades.

Due to the increased construction costs, the city had three options prior to accepting the water line bid. The first

option was to reject all bids and re-bid again. While it seems to be an easy answer, there is a risk that the bids the next time would be higher. The second option was to use the deduct sections that the engineer incorporated into the bid schedule. This would have been helpful but the total deduct dollar amount was \$59,544.10. The city decided to use funds from the city's water reserve account and to ask KDHE for a loan amendment for the difference. The city signed a loan amendment for an additional \$215,000 in order to move the project along. This brought their loan commitment to \$1,365,000 and a total project cost of \$2,065,000.

How has this affected the water rates? On April 14, 2008, shortly after receiving the CDBG award, the city increased the in-town water rates to \$20 for the monthly minimum for 0-1,000 gallons and \$4.50/1,000 gallons thereafter. For 5,000 gallons used in a month's time, the water bill is now \$38. Out-of-town user rates were also adjusted. This was a \$12.50/month/user increase or approximately a 33% increase. This allowed the city time to accumulate funds to pay the first

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principal and interest payment which was due in February 2010. The city is in the process of contemplating an additional increase. The cost/user for the additional \$215,000 is \$3.59/month/user with an additional annual payment of \$15,306.

Was the city council and city hall bombarded with a myriad of questions on why rates were being increased so drastically? City Clerk Lulita Hopkins reports that for the most part, that answer is "No." Especially now that the water tower is constructed, a few of the customers have asked when the water rates will increase. Due to the

effective ways the city communicated the need of replacing the lines and costs per user, few questions have been asked. Have there been some unhappy customers? Yes, but each is dealt with individually. For several months after the public hearings and even into the spring of 2009, the city kept the posters used at the public hearings up in city hall so that residents could review them and ask questions.

Phase I work is scheduled to be completed by the end of May 2010. The city is contemplating Phase II to complete the replacement of the distribution system. The city is likely to return to the KDHE loan program as part of their financing package.

*Rose Mary Saunders has nearly 25 years of experience writing grants, administering and working with the Community Development Grant Program and more than 25 years working with USDA Rural Development loan and grant programs. Her present primary emphasis is to assist applicants to the Kansas Public Water Supply Loan Fund. Contact: [rsaunders@ransonfinancial.com](mailto:rsaunders@ransonfinancial.com)*





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