

2017 Annual Report



CITY UTILITIES
WATER THAT WORKS

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Utility Advisory Group Members

David Kohli - Chair

- | | |
|----------------|-------------------|
| Ellen Fox | Rodney Vargo |
| Beulah Matzak | Pone Vongphachanh |
| Bryan McMillan | Elizabeth Garr |
| Ron Smith | Beth Wyatt |





CITY OF FORT WAYNE

THOMAS C. HENRY, MAYOR

The City of Fort Wayne is experiencing unprecedented momentum and investments as a point of destination city for businesses and residents.

One of the reasons we're seeing so many successes and positive growth is due to our award-winning water, sewer, and stormwater systems. City Utilities provides these essential services each day to customers in Fort Wayne and northeast Indiana.

Thriving cities must have a utility infrastructure that works well. Business growth, economic development opportunities, new jobs, job retention, and strong neighborhoods are dependent on reliable, exceptional and affordable water, sewer, and stormwater services.

Through the outstanding work performed by the leadership staff and employees of City Utilities, Fort Wayne is a desirable community with quality of life amenities that are attractive to families and individuals. In addition, we're committed to using innovation and best practices to provide excellent customer service to make a lasting and meaningful difference.

This annual report is designed to give you an in-depth perspective on how we ensure the highest quality water, sewer and stormwater services are being provided to you.



Mayor Thomas C. Henry

Mayor Tom Henry

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FROM THE DIRECTOR

Dear City Utilities Customers,

What an exciting time to be a resident of the Fort Wayne region! Our rivers are becoming a rallying point, infrastructure investment is proceeding at a near-record pace, our schools and universities are filling a pipeline of talent and City Utilities is proud to be part of it all!

During 2017, Mayor Henry and City Utilities broke ground and began construction of the five-mile long deep rock tunnel that is the capstone to City Utilities combined sewer overflow reduction program. When the tunnel and all of its associated infrastructure is completed, we will have reduced the amount of combined sewage going into our rivers by more than one BILLION gallons each year! Protecting our rivers and improving water quality is just one of City Utilities' contributions to the new focus on our riverfront and on connecting neighborhoods and residents with the rivers.



Kumar Menon, Director of City Utilities

City Utilities remains committed to utility improvement projects within neighborhoods, too. Drainage issues are the ones our customers face the most. To address as many of those as possible the stormwater utility began planning in 2017 for drainage improvements in 30 priority areas around the city. Construction will begin in 2018 on many projects to reduce chronic drainage issues.

City Utilities continues to invest in water main replacement projects, prioritizing areas where aging water mains have a high number of main breaks. Director's Row and Secretary Drive in Interstate Industrial Park and the Frances Slocum Neighborhood top the list for main replacement. Another dozen high priority water mains are on the list for replacement in the next five years and are waiting to be funded.

With an increase of nearly five thousand customers in 2017, City Utilities is more focused than ever on delivering outstanding services that protect public health and safety, in the most cost-effective way. During 2017, City Utilities began the transition to a new bill delivery and payment system that will result in a cost savings of nearly \$500,000 per year. Nearly 20% of our customers now take advantage of enhanced convenience of electronic billing and payment options available at our website cityoffortwayne.org/utilities by clicking on "Pay My Bill". Our local schools and universities help us stay up-to-date with new technology and provide a pool of talent. City Utilities is proud to be able to contract with Anthis Career Center to give students in construction real-world experience and to offer classroom programs and internships to help students evaluate career options.

As director of Fort Wayne City Utilities, I am very happy to share this annual report of our accomplishments and our outstanding progress over the last year. On behalf of our more than 300 dedicated employees, we look forward to continuing to provide our customers and our region with excellent utility services while protecting the environment and helping our economy grow.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Menon', written in a cursive style.

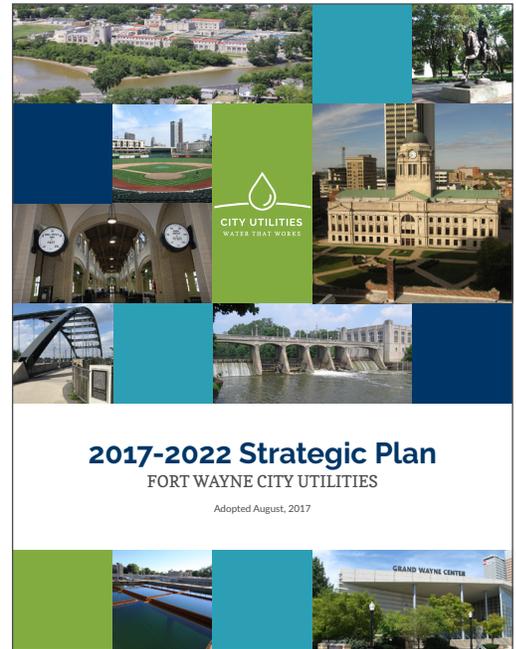
Kumar Menon

STRATEGIC PLAN

In late 2017, City Utilities unveiled its new strategic plan, which will guide its path forward as a nationally-recognized regional utility of excellence. The water industry has drastically changed over recent years, with water utilities adopting a much greater entrepreneurial focus. Unfunded mandates, aging infrastructure, declining consumption, and increased customer expectations have necessitated a shift from reactive to proactive service delivery.

The strategic plan identifies six strategic initiatives (as shown below) with accompanying goals, actions, and measures of success. These were developed based on input from multiple stakeholders including City Utilities leadership, City department heads, current and former elected officials, Utility Advisory Group members, members of the development community, and City Utilities employees. Ultimately, our strategic plan allows us to allocate resources and diversify business functions, while increasing value to our owners – our customers!

The strategic plan is available at cityoffortwayne.org/utilities/about.



The cover of the Strategic Plan

VALUES

- Customer Focus
- Integrity
- Leadership
- Stewardship
- Employee Growth & Development
- Shared Organizational Culture
- Effectiveness

STRATEGIC INITIATIVES

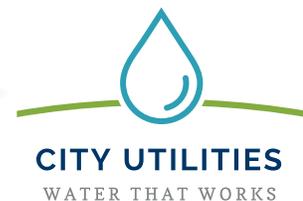
- Human Capital Development
- Community & Employee Engagement
- Customer Service
- Technology
- Affordability & Cost Management
- Environmental Stewardship & Conservation

MISSION

We support public safety, public health, and enhance regional economic development by delivering high quality, affordable water, wastewater and stormwater services, in ways that protect the environment.

VISION

Nationally recognized as a regional utility of excellence.



Graphic showing City Utilities' Mission, Vision, Values, and Strategic Initiatives.

PARTNERSHIPS

Strategic Initiative: Community & Employee Engagement

Utility Advisory Group – Long-Serving Volunteers Committed to Clean Water

“I don’t care how the sewer system works, I just want you to keep the sewage in the pipes!” That was the emphatic command from one of the members when the then-Sewer Task Force began meeting with City Utilities’ leadership in 1995 to talk about how to reduce sewer backups into homes. While some members have left and others have joined the group during its 22 year history, David Kohli is an original member of the Task Force who has stayed on, made a commitment to learn how the sewer system works, why basement backups sometimes happen, and what City Utilities does to keep the sewage in the pipes.

In 1997, David worked closely with City Utilities staff to develop a set of Sewer Task Force recommendations that were presented to the Mayor and City Council. The recommended plan included the investment of \$90-million dollars to increase capacity in neighborhood sewers to reduce the likelihood of sewer backups – an amount that didn’t exist in the City Utilities’ budget at the time. Sewer Task Force support was instrumental in funding a plan to address combined sewer issues. “The Sewer Task Force knew that a partnership of residents and City Utilities’ employees was necessary to make sure sewer work in the (combined sewer) areas was done on a timely and cost effective basis,” observes David.



David Kohli giving an interview at the 3RPort groundbreaking.

As a result of David’s leadership, and with the help of others from the Sewer Task Force, the group extended its purview to become the Sewer Advisory Group and subsequently the Utility Advisory Group in 2014. Its mission is to facilitate community conversations about not just sewer but also stormwater and drinking water issues. Today those conversations often center on how utility systems work and how upgrades can be prioritized, funded, and executed in an era when resources remain limited.



Engaging With RiverFront Fort Wayne

Fort Wayne is a city that was founded on three rivers. But for many years the community has viewed the rivers as a liability and turned its back to them. Since 2012 the city has been working diligently to reclaim our rivers as a front door attraction. As a way to highlight the relationship between City Utilities and the rivers, the Riverfront Fort Wayne organization and City Utilities partnered to promote monthly tours of the Three Rivers Water Filtration Plant and the Water Pollution Control Plant in September, October and November of 2017. Each month the tours grew in popularity. Nearly 400 people visited the Water Filtration Plant at the confluence of the St. Marys, St. Joseph and Maumee Rivers to learn more about how cleaner river water means lower costs to treat and distribute drinking water. Almost 200 people visited the Water Pollution Control Plant to learn how Fort Wayne cleans and treats sewage, thereby ensuring that the discharge to the Maumee River is cleaner than the water taken from the St. Joe River at the beginning of the human-made water cycle.

Three Rivers Water Filtration Plant Superintendent Mike Gierscher (top) and Water Pollution Control Plant Operator Jeff Vachon (bottom) explain their respective plant’s process.

EDUCATION

Strategic Initiative: Human Capital Development

Developing Future Talent

The City Utilities engineering department has developed a pipeline of future employees by growing a successful internship program. In the past 16 years the program has expanded from just two summer interns to 13 interns – many of whom work year-round. City Utilities partners with colleges and universities throughout the region to attract talent to the program. Opportunities are available for students enrolled in accredited Bachelor degree programs in the fields of civil, mechanical, electrical engineering, and engineering technologies to name a few. Interns assist with tasks ranging from office work to surveying, data collection, design, and public outreach. Each manager to whom an intern is assigned ensures that the interns are performing important tasks for the utility and provides mentoring and guidance. Currently, nine of the 36 City Utilities engineering staff members began their careers in the intern program. Several more former interns have been placed locally with consulting firms that do regular business with City Utilities. In addition, several senior staff serve as adjunct faculty members and/or sit on Community Advisory Boards in schools of civil engineering and public administration at universities in the region.

City Utilities is also proud to partner with Fort Wayne Community Schools Anthis Career Center (Anthis) to provide students learning the construction trades with opportunities to apply the skills they are learning. For eight years, City Utilities has contracted with Anthis for repair and restoration work to be done by students following water main breaks or construction.



Fort Wayne Community Schools Anthis Career Center students repair concrete in a neighborhood.

Professional Development



City Utilities engineering staff attend a presentation on how to read easement plats.

Project Management and Information System (PMIS) to name a few. Outside consultants provide training that is recognized by the Indiana Professional Engineering Licensing Agency for professional development hours. These hours help staff who hold P.E. or other certifications to maintain licensing by including topics such as Indiana law and ethics. Staff are also encouraged to participate in webinars on a wide variety of technical topics provided by the Water Environment Federation, the American Public Works Association, the American Water Works Association, and other utility professional organizations.

City Utilities provides a continuous learning environment where staff are given opportunities to expand their knowledge base. A culture of career development exists. Internal promotions are frequent and succession planning is encouraged. All City Utilities employees are offered opportunities to attend professional conferences and training courses. In-house training sessions are led by staff, suppliers, and manufacturers to provide instruction on topics such as new products, software, design standards, proactive maintenance, rules and regulations, and City Utilities'

SUSTAINABILITY

Strategic Initiative: Environmental Stewardship & Conservation

Beneficial Biosolids Reuse

For more than three decades, City Utilities has been a leader in recovering and reusing what many community residents consider to be simply waste products. The City of Fort Wayne Biosolids Handling Facility is an approximately 582-acre facility that distributes an average of 27,065 dry tons of materials per year. At the site, 382 acres is covered by 34 lagoons with a capacity to hold 1.7 million cubic yards of material to be reused. Twenty-three (23) of the lagoons are used for dewatering and drying lime from the drinking water treatment process and eleven (11) are for dewatering and drying digested sludge from the sewage treatment process. The remaining area is dedicated to composting leaves, yard waste and brush, and storing grit and spoil from construction projects for eventual reuse. In 2017 the Indiana Water Environment Association (IWEA) honored City Utilities with the Residuals and Biosolids Excellence in Operating a Large Facility award.

2017 Volumes

- 11,221.13 tons of leaves from the Street Department leaf collection
- 3,227 tons of yard waste
- 4,215.28 tons of brush
- 8,542.90 tons of grit
- 23,232.97 tons of lime
- Approximately 13,347 yards of spoil diverted from the landfill



An aerial photo of the Biosolids Handling Facility shows the size of the facility.

Collaboration for Cost-Effectiveness

2017 was the last year of a 10-year contract between City Utilities and Fox Contractors Corp. for operation, management, and improvement projects at the Biosolids Handling Facility (BHF). In early 2018 a new 3-year contract was negotiated with a possible a 2-year extension, making the relationship between Fox and City Utilities more of a true collaboration. The new contract represents an annual savings of approximately \$494,271 per year, which could save City Utilities over \$2 million over the next 5 years. In addition to the base fee, Fox Contractors Corp. and City Utilities have the opportunity to earn additional revenue if more than 50,000 tons of lime and 30,000 tons of biosolids are sold. In such a case, income from the excess tonnage sold will be split between Fox Contractors Corp. and City Utilities. In addition, the BHF can accept biosolids from other municipalities, with revenue from sales of that material split between City Utilities and Fox.



A limestone lagoon.



A loader supplying lime to a customer.



A biosolids lagoon.

CUSTOMER SERVICE

Strategic Initiative: Customer Service

Exceeding Your High Standards

City Utilities is committed to providing safe, great tasting drinking water to our customers every time they turn on the tap. In fact, City Utilities has received the Director's Award from the Partnership for Safe Water for 16 consecutive years for providing water that is better than national standards and for operating the water utility according to Partnership guidelines. To keep our customers informed about the quality of water provided, City Utilities has created drinkingwater.cityoffortwayne.org to provide daily water quality updates. In addition to a real-time water taste barometer, the site shows results of testing for regulated parameters from the previous calendar year. The website provides an easy-to-read dashboard demonstrating to customers that Fort Wayne's water always meets, or is better than, state and federal standards require. Visit drinkingwater.cityoffortwayne.org for the 2017 water quality results.



The front page of drinkingwater.cityoffortwayne.org.

Involving You in All We Do

For City Utilities, serving our customers is about more than providing safe water and collecting and treating sewage. Serving our customers also includes keeping them informed about policies, projects and programs and involving them when important decisions are being made. At City Utilities, we believe customer satisfaction increases when stakeholders understand the factors that drive decisions. Two-way conversations are key.

In 2017, City Utilities staff members hosted or attended almost 100 meetings, workshops, and other events where we provided informational presentations, answered questions and engaged in discussions with our customers. Working with residents at all stages of project planning is just one example of City Utilities' commitment to stakeholder involvement and customer satisfaction. Year by year we do more to enhance customers' understanding of the steps City Utilities takes to protect water resources – treating and delivering safe drinking water, collecting and treating sewage before water is returned to the environment and managing rain water runoff to protect property and keep rivers and streams clean.



City Utilities Engineer TJ Short provides a sewer project update.

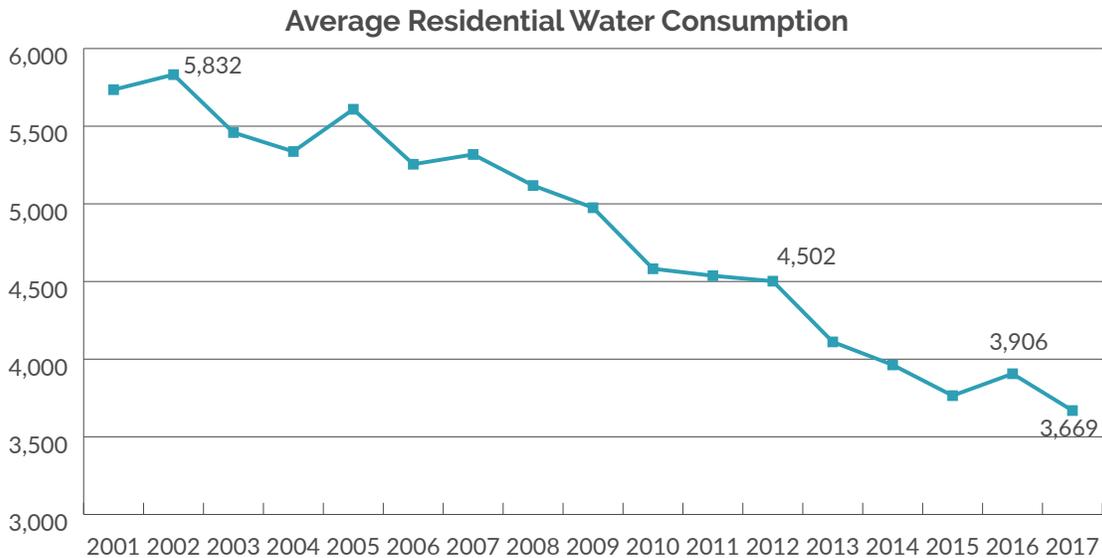
Through our aggressive commitment to our customers and to investing in technology, programs and infrastructure to serve them better City Utilities is enhancing the customer experience as we build a utility of the future.

FINANCIAL STEWARDSHIP

Strategic Initiative: Affordability & Cost Management

Keeping Services Affordable

Like many other utilities, Fort Wayne City Utilities is challenged by the paradox of decreasing per customer water consumption. Customers may believe that the utility's costs are reduced when less water is used. This is true in water-scarce areas where significant capital expenditures are required to develop new water sources. However, in water-rich areas such as Northern Indiana, the incremental cost of treating more water is small. Rather it is the fixed cost of maintaining and replacing pipes that is the most significant factor placing upward pressure on rates especially as consumption declines. Decreasing water consumption per customer is a result of more water-efficient appliances, a growing conservation ethos, and smaller household sizes. The chart below illustrates the decline in monthly consumption since 2001.



City Utilities is committed to finding non-traditional revenue sources and to reducing costs to keep downward pressure on rates. For example, methane, a by-product of the wastewater treatment process, is used to power and heat parts of the Water Pollution Control Plant, reducing the amount of electricity being purchased by an average of 31.8% each year. This and other cost saving efforts have kept City Utilities' rates competitive with other water and sewer utilities throughout the state as shown in the table below.

Monthly Inside City Residential Bill for 5,000 Gallons

City	2016 Population	Stormwater	Water	Sewer	Monthly Total
South Bend	101,734	\$0.00	\$11.09	\$48.67	\$59.76
Carmel	91,065	\$6.28	\$25.91	\$29.56	\$61.75
Fort Wayne	264,488	\$4.40	\$22.45	\$37.95	\$64.79
Fishers	90,127	\$4.95	\$33.23	\$31.00	\$69.18
Bloomington	84,465	\$2.70	\$20.46	\$46.75	\$69.91
Gary	76,424	\$5.00	\$37.02	\$42.50	\$84.52
Indianapolis	855,164	\$3.45	\$33.23	\$50.27	\$86.95
Evansville	119,477	\$0.00	\$25.32	\$61.90	\$87.22
Average		\$3.35	\$26.09	\$43.57	\$73.01

DRINKING WATER

Featured 2017 Construction Projects



Stone backfill being placed around suction line leading to the new pump station.

Coldwater Road Pump Station

Project Scope: Installation of a pump station near the intersection of Coldwater Road and Pion Road.

Project Benefits: The pump station is the foundation for a planned additional pressure zone supporting growth and development at the northern edge of the water distribution system. The pump station will increase the water hydraulic gradeline, fire flows, and reliability for our water customers.

Project Investment: \$399,000

Construction Started: March 17, 2017

Final Completion Date: September 15, 2017

California Road Water Main Extension

Project Scope: The construction of approximately 3,780 linear feet of 12 inch water main along California Road. This project is one of many water main extensions along California Road, Hillegas/Huegenard Road, and US 30.

Project Benefits: The water main extensions will eliminate dead end mains near the Steeple Chase neighborhood. Creating these additional loops will improve system performance by increasing reliability and fire flow capabilities.

Project Investment: \$285,170

Construction Started: August 4, 2017

Final Completion Date: December 4, 2017



HDPE pipe lined up along California Road to be fused together.

STORMWATER

In the spring of 2017, Fort Wayne City Council approved a three phase rate plan, which will allow City Utilities to invest \$40 million in stormwater infrastructure improvements. More than 30 large projects throughout the city have been identified to be completed with the new funding through 2021. Below is a map showing the location of the projects with four highlighted that are some of the first projects to be built with the new funds.



Pine Valley Phase 2

Project Benefits: This project is being completed to alleviate drainage problems by adding new storm sewer pipe and inlets in the Pine Valley neighborhood.

Construction Start Date: February 28, 2018

Projected Final Completion Date: December 2018

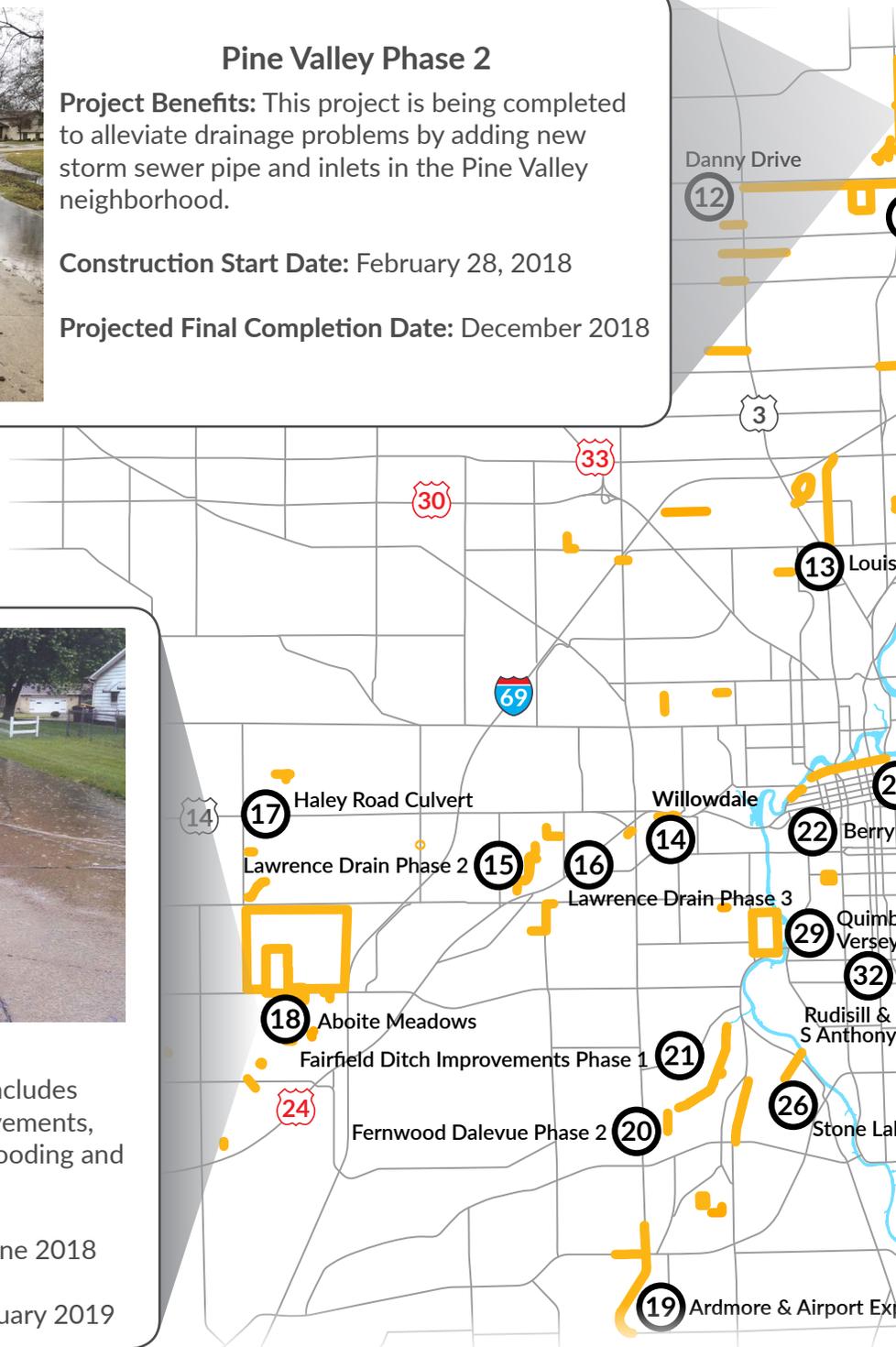


Aboite Meadows

Project Benefits: The project, which includes storm sewer system and street improvements, will alleviate street, yard, and house flooding and improve drainage.

Projected Construction Start Date: June 2018

Projected Final Completion Date: January 2019





Maplewood Park

Project Benefits: This project is being completed to address drainage issues in the Maplewood Park Neighborhood through the installation of new storm sewer pipe and drainage structures.

Construction Start Date: February 28, 2018

Projected Final Completion Date: December 2018



Hessen Cassel Corridor Phases 1 & 2

Project Benefits: This project will improve poor drainage through the installation of new stormwater infrastructure and provide safe pedestrian passage with new sidewalks along Hessen Cassel from Oxford to the southern city limits.

Projected Construction Start Date: November 2018

Projected Final Completion Date: January 2019

SEWER

Long Term Control Plan to Reduce Combined Sewer Overflows

City Utilities achieved a major milestone in river water quality improvement in 2017 with groundbreaking for the Three Rivers Protection and Overflow Reduction Tunnel (3RPort) project. Mayor Tom Henry was joined by elected officials, representatives of internationally recognized tunnel contractor Salini Impregilo/Healy, local subcontractors including Bunn Trucking, designers, and Utility Advisory Group members on June 15, 2017 to turn over shovels-full of dirt, marking the beginning of the project.

The five-mile long tunnel will extend parallel to the Maumee and St. Marys Rivers and will collect and transport combined sanitary sewage and stormwater runoff that would otherwise be discharged to the rivers in wet weather. The tunnel is the capstone project in City Utilities' long term control plan. Along with on-going sewer separation projects in neighborhoods and the investment of over \$50 million to upgrade treatment capacity at the Water Pollution Control Plant from 65 million gallons per day (GPD) to 100 million, the tunnel is part of the three pronged approach the City has taken to reduce flows, collect more, and store more/treat more. The tunnel and associated drop shafts and near surface consolidation sewers must be completed and operational by the end of 2023.



Mayor Henry speaks to the crowd gathered at the groundbreaking.



A photo of the groundbreaking ceremony area with the working shaft construction in the background.



Kumar Menon, Director of City Utilities, explains the importance of the 3RPort tunnel project.



Mayor Henry, City Clerk Lana Keesling, and Council members turn over shovels of dirt at the 3RPort groundbreaking.

