



Department of Public Works
Infrastructure Services Division

Jerrel Kruschke, PE
Commissioner of Public Works

Kevin J. Muhs, PE, AICP
City Engineer

Timothy J. Thur, PE
Infrastructure Administration Manager

June 25, 2025

To the Honorable, the Common Council

Subject: Review of the Financial Condition of the Sewerage System

Dear Council Members:

The Department of Public Works is submitting a "Statement of Mid-Year Review for Financial Condition" of the Sewer Maintenance Fund as required by the Sewerage System Revenue Bonds Master Resolution, Article VIII, section 8.02, adopted August, 2001, and the second lien resolution, section 11, adopted by the City of Milwaukee on June 20, 2006.

The analysis covers the current year, 2025, and the requested budget for 2026. The data for the current year covers actual revenue and actual expenditures through May, plus an estimate for revenue and expenditures through the end of the current year. The 2026 requested budget was used for the projected year 2026.

The estimated debt service coverage of 4.03 for 2025 and 4.14 for 2026 exceeds the minimum requirement of 1.20 for the senior bonds. The estimated debt service coverage of 1.94 for 2025 and 1.89 for 2026 exceeds the requirement of 1.20 for the second lien debt.

If you have any questions regarding this report, please contact Nick Raso at (414) 286-5913.

Sincerely,

Kevin J. Muhs, P.E., AICP
City Engineer

NR:kv

Attachments

c: Bill Christianson, Comptroller, City of Milwaukee
Nathaniel Haack, Budget and Management Division, City of Milwaukee
Kurt Sprangers, Environmental Engineering, Management Civil Engineer - Senior



SEWER MAINTENANCE FUND
STATEMENT OF MIDYEAR REVIEW OF FINANCIAL CONDITION
CURRENT YEAR 2025
PROJECTED YEAR 2026
AS OF JUNE 23, 2025

	2025 (A)	2026 (D)
Operating Revenues:		
Sewer Maintenance Fees (B)	\$ 32,961,000	\$ 35,099,900
Stormwater Fees (B)	43,021,000	43,817,656
Sewer Maint-Non City Service	31,800	17,400
Interest Income	527,400	709,400
Sewer User Penalties	619,100	704,000
Water Sales Penalties	1,030,700	1,087,800
Miscellaneous	-	2,100
Total Revenues	\$ 78,191,000	\$ 81,438,256
Operating Expenditures:		
Contractual Expenses	\$ 7,376,700	\$ 8,436,200
Salaries and Wages	7,089,510 ^(C)	7,408,905
Employee Benefits	3,190,280	3,334,007
Equipment	34,000	34,000
Total Expenses	\$ 17,690,490	\$ 19,213,112
Net Revenues Available for Senior Debt Service	\$ 60,500,510	\$ 62,225,144
Senior Bonds Maximum Annual Debt Service ^(E)	\$ 15,016,675	\$ 15,016,675
Senior Bonds Debt Service Coverage ^(F)	4.03	4.14
Senior Bonds Minimum Required Coverage ^(G)	1.20	1.20
Pass Senior Bonds Debt Service Coverage Test	yes	yes
Second Lien Revenues ^(H)	60,500,510	62,225,144
Second Lien and Senior Lien Debt Service ^(I)	31,126,628	32,932,113
Second Lien Debt Service Coverage ^(J)	1.94	1.89
Second Lien Revenue Requirement ^(K)	1.20	1.20
Pass Second Lien Rate Covenant	yes	yes

Department Of Public Works
Notes to the Statement of Midyear Review of Financial Condition

(A) Current year 2025

Revenue data includes five months of actual revenue (January - May 2025) and estimated revenue through year-end. Operating Expenditures data includes five months of actual expenses (January - May 2025) and estimated expenses through year-end. Projections are based on current year trends and historical trends.

(B) Operating Revenues – Sewer Maintenance Fee and Storm Water Fee

The 2025 Sewer Fee is calculated at the current rate of \$1.78 per CcF (hundred cubic feet) of sanitary sewer consumption, which is based on the amount of metered tap water. The 2025 Storm Water Fee is based on the amount of impervious surface (areas that do not allow storm water to penetrate into the soil). Each residential property is assumed to be 1 ERU (Equivalent Residential Unit) of 1,610 sq ft. Non-residential properties are assigned ERUs by dividing their actual impervious surface areas by 1,610 sq ft. Each ERU is charged \$25.86 in 2025. The rates for the 2026 Sewer Maintenance Fee and the 2026 Storm Water Fee have not been determined at the time of this report. 2025 rates were used for the 2026 estimates.

(C) Salaries and Wages 2025

Salaries and Fringes are actual cost through pay period 12. The 2025 projection assumes current spending levels through year-end. Employee benefits include an estimate for other post employment benefits. No cost of living increase was included in the calculation.

(D) Budget Year 2026

The expenditure data for 2026 is based on the fund's 2026 requested budget. The 2026 figures are subject to change in the final adopted budget by the Common Council and Mayor in November 2025. The current Salary and Wage Rate Schedule was used for determining the amounts to be included in the 2026 budget request. One Civil Engineer II was moved from Flood Hazard Mitigation to Sewer Design. One Engineering Technician II was moved from Sewer Design to Flood Hazard Mitigation. Flood Hazard Mitigation added one Civil Engineer II for CG/Tech Lead underfill, and Sewer Design reduced 1 CADD and GIS Technician 2.

(E) Senior Bonds Maximum Annual Debt Service

Includes bonds issued in 2013, 2016, and 2021.

(F) Debt Service Coverage

Net Revenues Available for Debt Service divided by Maximum Annual Debt Service.

(G) Senior Bonds Minimum Required Coverage

Required by the Master Resolution, section 8.02, adopted by the City on August 2, 2001.

(H) Second Lien Revenues

Same as Net Revenues Available for Senior Debt Service.

(I) Second Lien and Senior Lien Debt Service

Debt issued through June 1, 2025. Assumes \$20 million of second lien debt issued by March 1, 2026 at a rate of 4.00%.

(J) Second Lien Debt Service Coverage

Second Lien Revenues divided by Second Lien and Senior Lien Debt Service.

(K) Second Lien Revenue Requirement

Required by the Second Lien Resolution, Section 11, adopted by the City on June 20, 2006.