
Milwaukee Water Works

2014 Budget Overview

Finance & Personnel Committee

October 15, 2013

Community Goals & Objectives

- Increase investment & economic vitality throughout the city
 - Ensure the quality and safety of the drinking water supply
 - Maintain a regular and effective replacement cycle for mains
 - Maintain competitive rates and generate an appropriate rate of return for the utility
 - Ensure the treatment & distribution system's capacity to accommodate customer growth

Goals & Objectives

Measure	2012 Actual	2013 Planned	2014 Planned
Rank of rate /Ccf of water among Class AB utilities in the 7-county metro area	5/25	5/25	5/25
Rate of Return [<i>PSC Annual Report</i>]	4.06%	4.00%	4.00%
Percentage of days/year in full compliance with Safe Water Drinking Act	100%	100%	100%

Budget Changes - 2014

- Meter Shop and AMR related O&M costs: +\$598,000
 - Consolidation of Meter Shop at Cameron Ave
 - Increase space, reuse old City facility
 - Distribution staffing changes (net -0.32 FTE)
 - Enhance flexibility between Meter and Distribution Services
 - Accommodate increase in AMR-related curb box and shutoff work

- Other O&M increases due to:
 - Pavement cuts and Digger's Hotline: \$1,030,000
 - PILOT: \$261,000
 - Pension: \$90,000

Budget Changes - 2014

- 2014 revenues increase slightly from 2013 budget after 3% rate increase June 2013
- Capital budget shows no net change
 - +\$3.5 million in mains replacement
 - -\$3.5 million in plants/facilities
- Capital financing reduces 2014 debt financing compared to Financial Plan (-\$4 million)
- Rate adjustment planned for 2014 based on consultant work now underway
 - Revenue requirement (complete)
 - Cost of Service Study (in progress)
 - Rate design (to be done)

2014 O&M Budget Summary

	2013 ADOPTED BUDGET	2014 PROPOSED BUDGET	DIFFERENCE (amount, %)
FTEs – O&M	343.72	345.07	1.35 (0.4%)
FTEs - Other	8.95	10.60	1.65 (18.4%)
Salaries & Wages	\$18,419,347	\$18,220,242	-\$199,105 (-1.1%)
Fringe Benefits	9,976,579	9,998,641	22,062 (0.2%)
Operating Expenditures	44,426,000	46,448,000	2,022,000 (4.6%)
Equipment	1,898,000	1,967,000	69,000 (3.6%)
Special Funds	6,834,700	7,895,560	1,060,860 (15.5%)
TOTAL	\$81,554,626	\$84,529,443	\$2,974,817 (3.6%)

2014 Capital Budget Summary

	2013 ADOPTED BUDGET	2014 PROPOSED BUDGET	DIFFERENCE (amount, %)
Mains Replacement	\$8,000,000	\$11,500,000	\$3,500,000 (43.8%)
Backup Power	3,800,000	-	-3,800,000 (-100.0%)
Storage Facilities	1,400,000	-	-1,400,000 (-100.0%)
Pump Facilities	-	100,000	100,000 (-)
Treatment Plants	400,000	925,000	525,000 (131.3%)
Other Plant & Facilities	250,000	1,300,000	1,050,000 (420.0%)
TOTAL	\$13,850,000	\$13,825,000	-\$25,000 (-0.2%)

Financing

	2013 ADOPTED BUDGET	2014 PROPOSED BUDGET	DIFFERENCE (amount, %)
Operating	\$78,186,000	\$80,808,000	\$2,622,000 (3.4%)
Non-Operating	6,550,000	6,692,000	142,000 (2.2%)
Assessments/ Developer	400,000	400,000	-
Debt Proceeds	8,000,000	4,000,000	-4,000,000 (-50.0%)
Withdrawal From (Deposit To) Reserves	2,268,626	6,454,443	4,185,817 (184.5%)
TOTAL	\$95,404,626	\$98,354,443	\$2,949,817 (3.1%)