

2018



Legislative Reference Bureau

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SEWER



MAINTENANCE FUND

2018 Proposed Plan and Executive Budget Review

Prepared by: Aaron Cadle, Legislative Fiscal Analyst
Budget Hearing: 9:00 am on Monday, October 16, 2017
Last Updated: October 10, 2017

Version 1.1



\$70,204,016

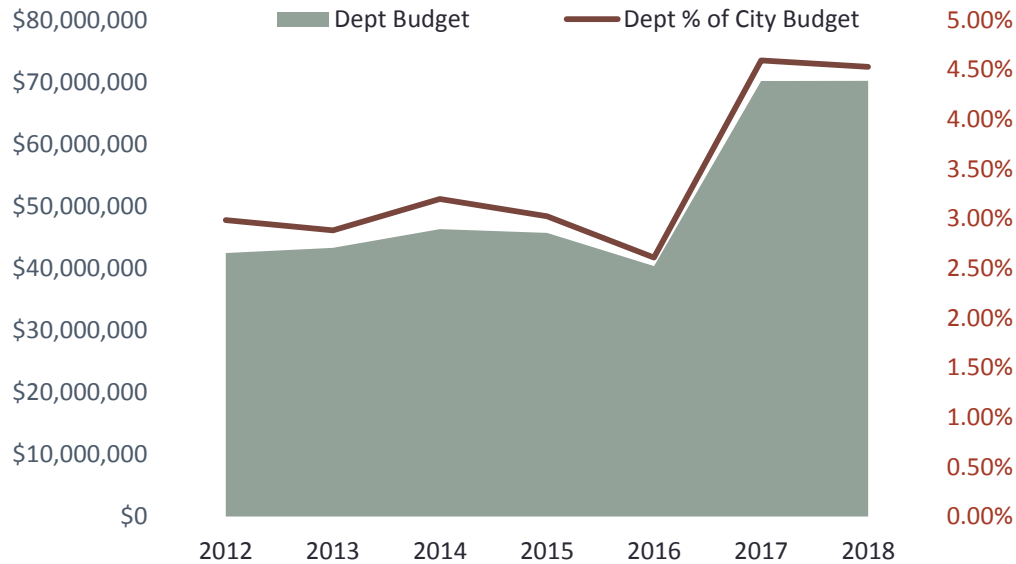
Proposed 2018 Budget

\$28,672

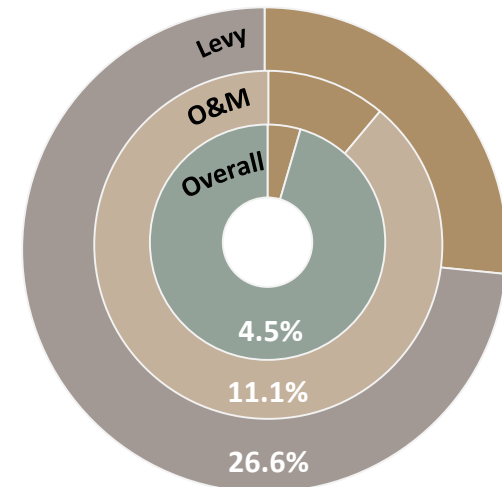
Change in Proposed Budget

0.0%

% Change in Proposed Budget



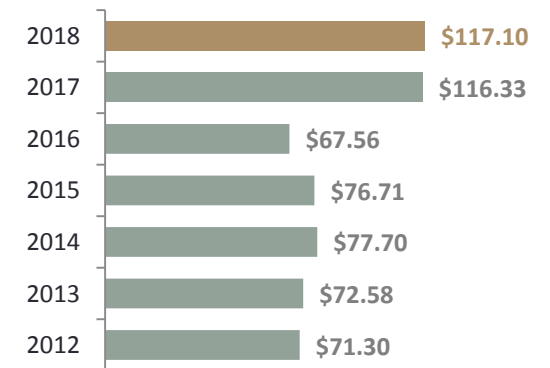
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



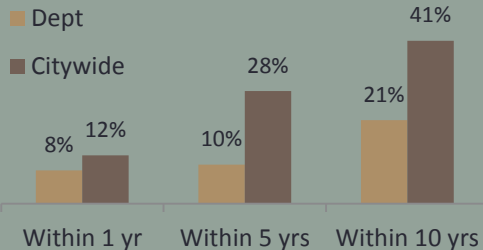
-\$198,296

2.8% reduction in projected 2018 payroll costs from the 2017 Adopted Budget.

-\$50,000

33% reduction in overtime costs from the 2017 Adopted Budget.

Retirement Eligible



-1

Change in Positions

-0.7%

% Change in Positions

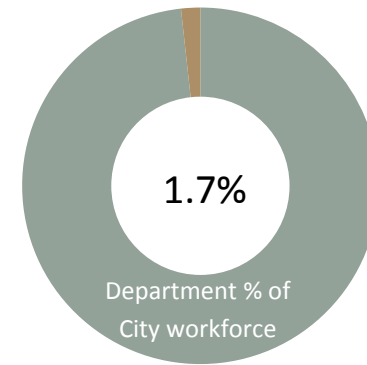
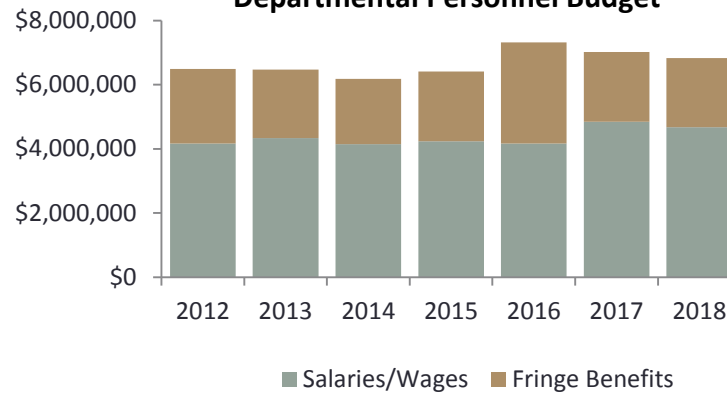
6

Current Vacancies

12

Voluntary Separations

Departmental Personnel Budget



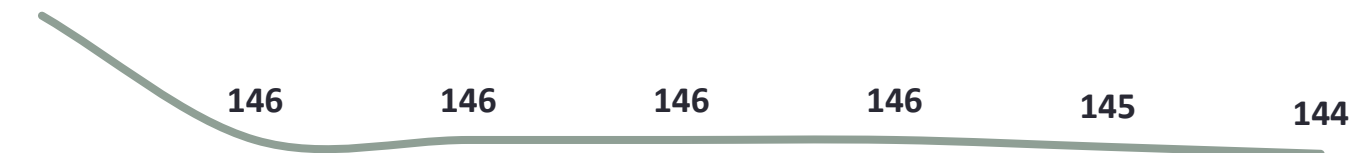
Position Elimination

One position, a Management & Accounting Officer in Administrative Support, was eliminated in the 2018 Proposed Budget for a salary savings of \$74,873.

Personnel Cost Adjustment

\$50,766 of department's projected 2018 personnel costs reduction from the 2017 Adopted Budget comes from changes in its Personnel Cost Adjustment.

164



**Department Positions
2012-2018**

\$8,300,000

Total capital funding allocated for flood mitigation projects in Dineen and Copernicus Parks.

\$270,000

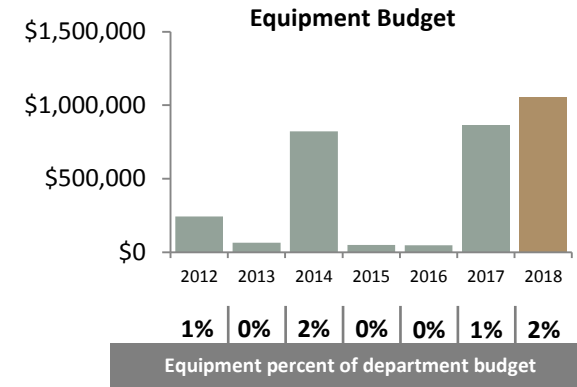
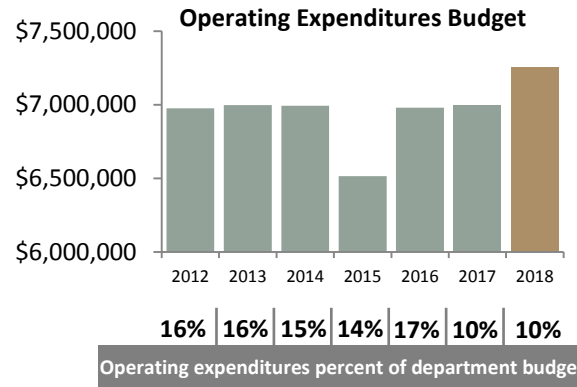
Estimated final cost into switch from the department's legacy management software the Esri – GIS mapping software system.

\$4.3 million

18% increase in projected 2018 capital expenditures for main replacement/relining projects from actual 2016.

\$86.2 million

Increase of 45.5% in actual bond debt from 2015 to 2016 from \$190 million to \$276 million at year-end 2016.



Flood Mitigation Projects

\$1.5 million budgeted in 2017 completes the \$8,300,000 capital funding allocated for flood mitigation projects in Dineen and Copernicus Parks. Memos of understanding (MOU's) with Milwaukee County were approved for both parks in May, 2017, and RFP's for the projects will be issued in 2018.

Main Replacement/Relining Projects

The department projects to reline 5 miles of sewer mains in 2018 at a projected cost of \$28 million. During 2016, the department spent \$23.7 million on such projects. The average spending from 2012 to 2016 was \$24.5 million.

Esri – GIS Mapping Software System

The department transitioned from its legacy system to the “off-the-shelf” Esri – GIS mapping software system during 2017 to better manage sewer assets and maintenance, and GIS mapping of sewer data. The new system is expected to reduce support costs and provide greater functionality.

Debt Coverage Ratio

LRB projects the utility's debt coverage ratio, a measure of the utility's ability to meet debt service obligations, at year-end 2018 (based on the 2016 CAFR) will be 2.4, meaning for each \$1 of debt service owed, the Sewer Fund will generate \$2.40 in “earnings” to pay the debt. The year-end 2016 ratio was 3.

\$496,504

1.7% increase in 2018 projected sewer fee from 2016 actual revenues. 2018 local sewerage fee up 2.1%.

\$5,698,619

18.2% increase in 2018 projected stormwater fee revenues from actual 2016 revenues. 2018 stormwater fee 3%.

29%

Increase in stormwater fee since 2013.

12.4%

Increase in sewer fee since 2013.

Fee Changes

- Stormwater fee – up 3% from 2017
- Sewer fee – 2% from 2017

Street Sweeping, Leaf & Brush Collection and Tree Pruning

A transfer to the General Fund of \$21.7 million is proposed for 2018 to pay for the City's street sweeping, leaf and brush collection and tree pruning operations. This is \$2 million (1%) more than the 2017 Adopted Budget and \$3.6 million (19.6%) more than the actual 2016 transfer of \$18,126,000.

Private Laterals

The utility received a \$1.65 million MMSD grant to replace or reline private sewer laterals to correct "infiltration and inflow" that can direct significant amounts of rainwater into the sanitary sewer, overwhelming that system at times. A similar \$1.65 million grant was awarded in 2017.

Capital Improvements Borrowing

The utility plans to borrow \$32.5 million to finance \$37.5 million in 2018 projected capital improvements, or 86.6%. For the period 2012-2016, the Sewer Fund borrowed an average of 97.7% of average capital improvement spending.

Days in Receivables

The utility's "days-in-receivables," the number of days a receivable remains unpaid after invoicing, for 2016 was 98 days, up 13 days since 2015. This is the first time days-in-receivables have increased year-to-year since 2010 when the measure was 115 days.

2016 Net Fund Change

The 2016 net fund change for the Sewer Maintenance Fund (the surplus revenues over cash expenditures including the amount transferred to the City's General Fund) was \$23.5 million. The average from 2012-2016 was \$17.8 million.

Income Statement Summary	Actual 2013	Actual 2014	Actual 2015	Actual 2016	'17 Adopted	2018 Proposed
Total Revenues	\$ 58,789,908	\$ 59,136,679	\$ 67,212,074	\$ 63,044,419	\$ 63,678,458	\$ 65,242,766
Total Dept. Expenses	\$ 14,548,561	\$ 15,333,234	\$ 14,455,705	\$ 14,902,097	\$ 16,214,737	\$ 16,476,441
Debt Service	\$ 14,282,819	\$ 14,990,634	\$ 14,539,964	\$ 6,754,520	\$ 33,838,652	\$ 31,549,620
Operating Fund Increase	\$ 29,958,528	\$ 28,812,811	\$ 38,216,405	\$ 41,387,802	\$ 13,625,069	\$ 17,216,705
Capital Improvements						
Total Budgeted	\$ 35,597,805	\$ 34,258,728	\$ 36,772,529	\$ 34,029,633	\$ 38,714,000	\$ 37,514,000
Borrowing	\$ 35,597,805	\$ 34,258,728	\$ 36,772,529	\$ 33,674,888	\$ 33,500,000	\$ 32,500,000
Grant & Aid	\$ -	\$ 263,057	\$ -	\$ 585,435	\$ 2,314,000	\$ 2,314,000
Assessable & Dev. Financed	\$ 3,012	\$ 4,675	\$ -	\$ -	\$ -	\$ -
Cash Financed	\$ (3,012)	\$ (267,732)	\$ -	\$ (230,690)	\$ 2,900,000	\$ 2,700,000
Net after Capital Improvements	\$ 29,961,540	\$ 29,080,543	\$ 38,216,405	\$ 41,618,492	\$ 10,725,069	\$ 14,516,705
Transfer to General Fund	\$ 14,437,000	\$ 15,059,000	\$ 16,060,000	\$ 18,126,000	\$ 19,626,000	\$ 21,682,000
Payment to Pension Fund	\$ -	\$ 924,605	\$ 495,955	\$ -	\$ 495,955	\$ 495,955
Net Fund Change	\$ 15,524,540	\$ 13,096,938	\$ 21,660,450	\$ 23,492,492	\$ (9,396,886)	\$ (7,661,250)