

2020



Legislative Reference Bureau

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WATER WORKS

Milwaukee
Water Works

Safe, Abundant Drinking Water.

2020 Proposed Plan and Executive Budget Review

Prepared by: Aaron Cadle, Legislative Fiscal Analyst

Budget Hearing: 9:00 am on Monday, October 14, 2019



\$103,432,772

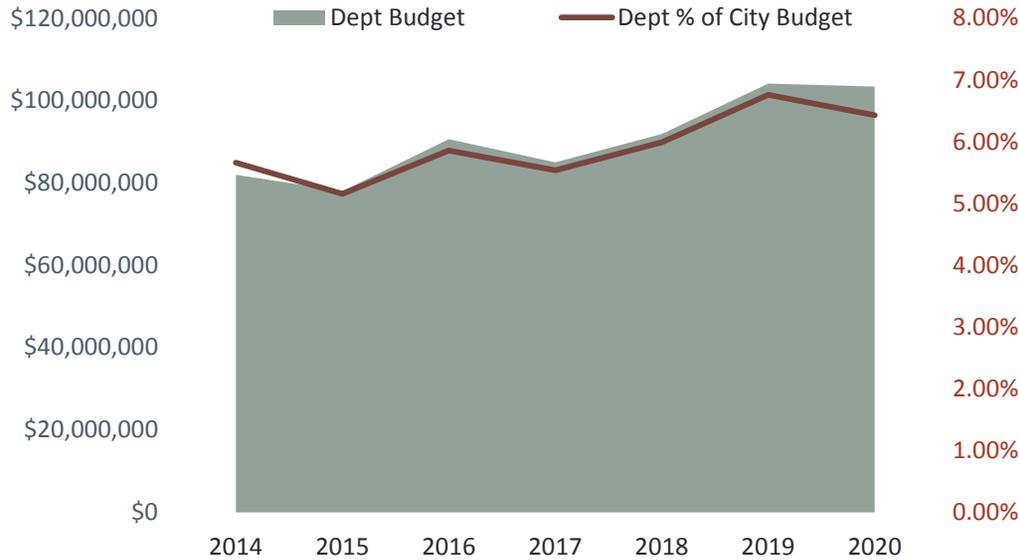
Proposed 2020 Budget

-\$722,450

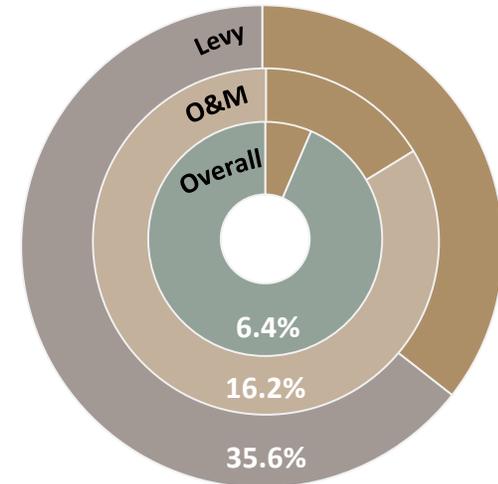
Change in Proposed Budget

-0.7%

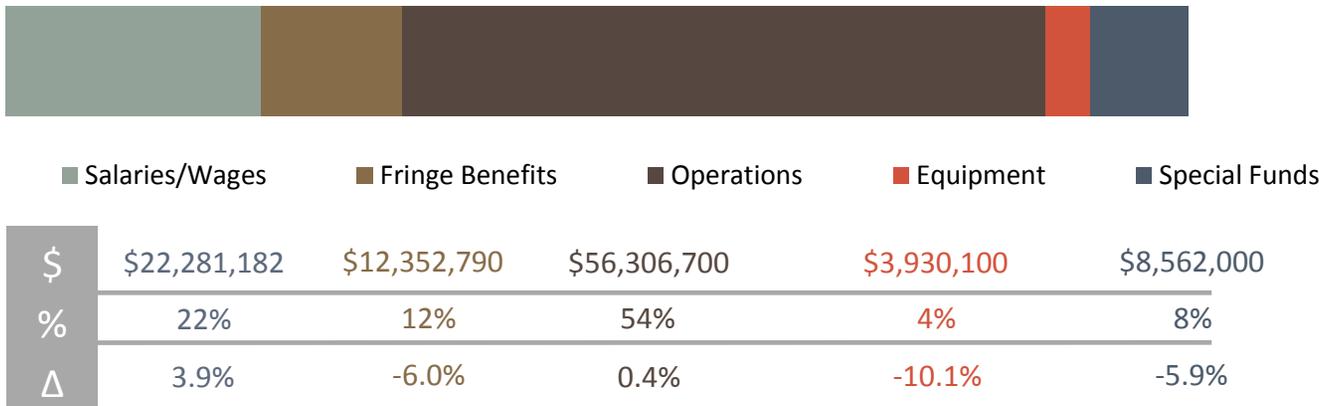
% Change in Proposed Budget



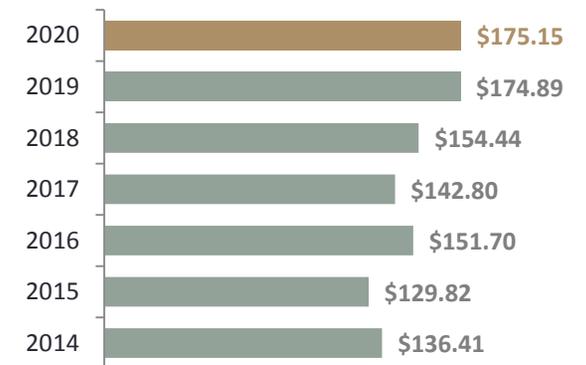
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



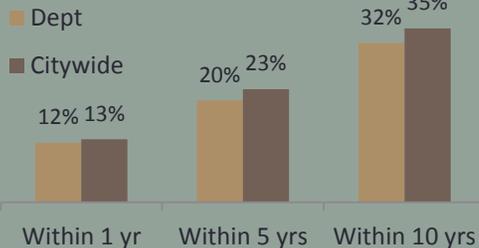
\$315,938

Increase in base salary costs projected for 2020 resulting from added 6 new positions.

\$542,269

Increase in projected 2020 base salaries resulting from raises for employees residing in the city.

Retirement Eligible



6

Change in Positions

1.4%

% Change in Positions

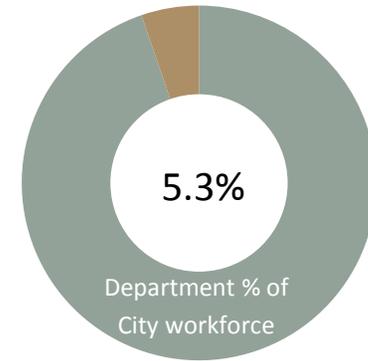
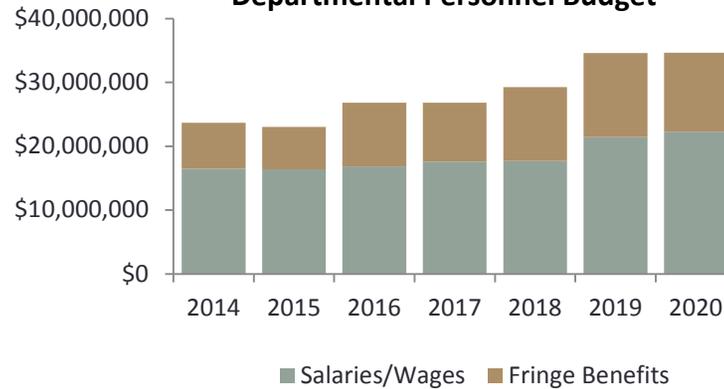
61

Current Vacancies

25

Voluntary Separations

Departmental Personnel Budget



Staffing - 6 New Positions Added.

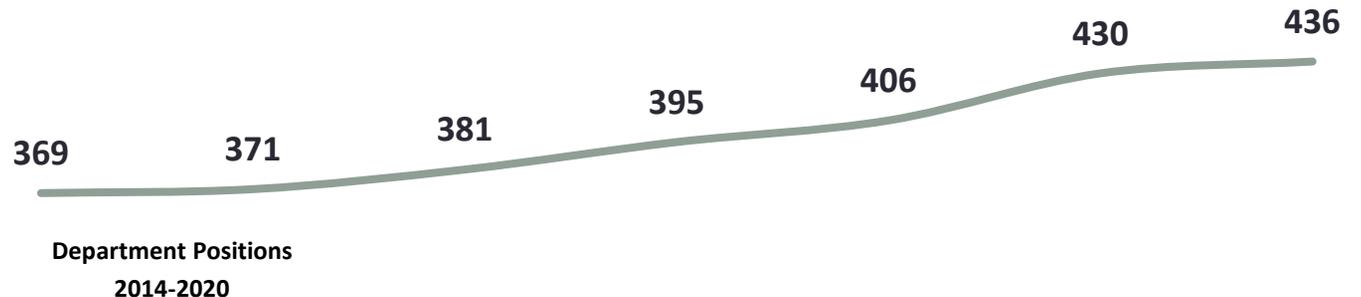
- Billing Specialist \$48,665
- GIS Developer \$58,462
- Network Coordinator \$62,723
- Drafting Technician \$61,787
- Maintenance Supervisor \$63,619
- Youth Apprentice-PT \$20,682

Staffing - Vacancies.

Included in the department's 61 vacancies are following 33:

- Repair Worker 10
- Drafting Technician IV 8
- Meter Technician 7
- Machine Repairperson 4
- Dist. Repair Worker I 4

Meter Technicians and Repair Workers historically have high turnover. The Drafting Technicians are newly-recruited positions.



910

Lead service line replacements in 2018. 683 lines were replaced in 2019 through September 30.

\$-696,981

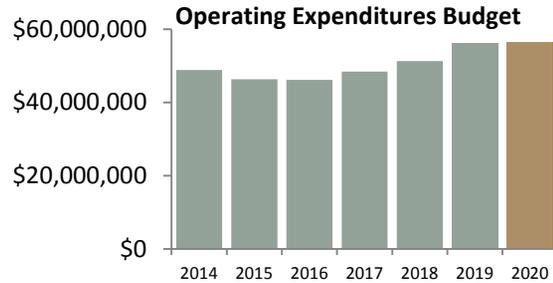
Decrease in total revenues projected for 2020 from the actual 2018 revenues - a 0.7% decrease.

20

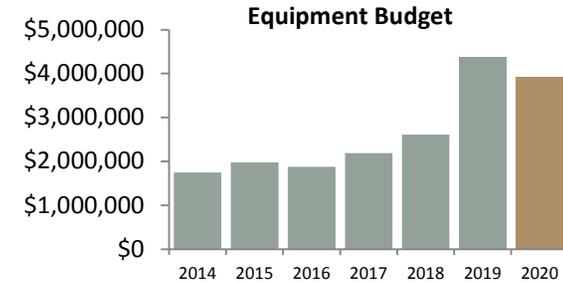
Miles of water main replacements projected for 2020 – up from 18 miles in both 2018 & 2019 per PSC mandate

\$4 million

Projected 2020 capital budget to replace the public and private portions of 1,100 lead service lines.



60% | 59% | 51% | 57% | 56% | 54% | 54%
Operating expenditures percent of department budget



2% | 3% | 2% | 3% | 3% | 4% | 4%
Equipment percent of department budget

Average Private-side Lead Service Line Replacement Costs and Impact on Subsidy Costs

Current average private-side lead service line replacement of \$4,400 is down 33% from the 2017 average of \$6,536. Based on this lower cost, if each of the 588 properties where lead service lines were replaced through September 30, 2019, due to leaks or disruptions, main replacement or other utility work qualified for the City’s subsidy for replacement of the privately-owned portion of the line, the cost to the department would be approximately \$1,646,400 – nearly \$1.3 million less than the cost at 2017’s average cost.

Waukesha Contribution

The City of Waukesha will contribute \$2.5 million in 2020 to supplement the utility’s projected \$4 million cost of replacing the utility-side of lead service line.

2020 Budget vs. Actual 2018

- Wages & Fringes - \$7,827,787 (up 26.7%).
- Operating Exp. - \$5,076,535 (up 9.9%).
- Equipment Purchases - \$1,322,188 (up 50.7%).
- Total Operating Budget - \$11,531,350 (up 12.5%).

Lead Service Line Replacements through 09/30/19.

Replacements by Type	2017	2018	2019	Total
Leaks and Disruptions	438	542	494	1,474
Main Relays	18	124	93	235
Other Utility Work	6	0	1	7
Child Cares & Schools	149	204	77	430
Owner-initiated	10	40	18	68
Total	621	910	683	2,214

\$11.5 million

Projected 2020 increase in operating budget (13%) over actual 2018 expenditures.

\$10 million

Projected 2020 capital budget for pumping facilities to serve the City of Waukesha.

\$59,046,454

Actual long-term debt for year-end 2018 - up \$22.7 million (63%) from actual 2015.

\$27,728,815

2018 actual cash reserves – up \$9.47 million (52%) over 2016 actual reserves.

Water Rate Increases.

- An automatic 3% simplified rate increase was implemented in September, 2019. This type of 3% rate increase previously implemented in the final quarter of 2017.
- The department may petition the Public Service Commission for a more comprehensive, convention rate case based on the utility’s operations during 2020. PSC will independently determine any possible rate increase based on the Water Works’ cost structure, including the costs of utility-side lead service line replacement and water main repairs.

Staffing - New GIS Developer Position.

Position added to expand the department’s GIS capacity to more effectively use the efficiencies of GIS technology to manage maintenance of the water distribution system and other department activities.

Liquidity.

	Net Fund	Cash Reserves	Current
Year	Change	Year-end	Ratio
2017	\$37,417,891	\$27,975,659	2.7
2018	\$5,360,830	\$27,728,815	2.4
2019	(\$2,850,000) *	\$22,325,191 *	2.2
,2020	(\$4,238,000) *	\$20,640,815 *	2.2
* LRB Estimate			

Recent Actual Capital Borrowing.

- 2014 Actual - \$ 1,311,125.
- 2015 Actual - \$10,000,000.
- 2016 Actual - \$20,000,000.
- 2017 Actual - \$22,312,279
- 2018 Actual - \$21,763,615

Waukesha Service Capital Cost.

The 2020 Proposed Budget allocates \$4 million in capital costs for water mains to serve the City of Waukesha.

PILOT’s – Payments in Lieu of Taxes.

2020 est.	\$13,300,000
2019 est.	\$13,300,000
2018	\$13,090,014
2017	\$13,301,628
2016	\$12,767,171
2015	\$12,880,259
2014	\$12,397,198
2013	\$12,395,168

The chart below shows the amount the department's revenues exceed its expenditures.

Income Statement Summary	Actual 2015	Actual 2016	Actual 2017	Actual 2018	'19 Adopted	'20 Proposed
Total Gen. Purpose Revenues	\$97,238,271	\$100,984,610	\$120,981,964	\$103,387,981	\$100,573,000	\$102,691,000
Operating Expenses						
Salaries & Benefits	\$23,026,389	\$ 26,819,067	\$ 26,806,185	\$ 29,277,726	\$ 34,588,222	\$ 34,633,972
Operating Expenses	\$46,279,539	\$ 46,161,193	\$ 48,413,902	\$ 51,230,165	\$ 56,092,700	\$ 56,306,700
Equipment	\$ 1,979,933	\$ 1,875,891	\$ 2,188,823	\$ 2,607,912	\$ 4,373,300	\$ 3,930,100
Debt Service	\$ 5,300,000	\$ 14,328,190	\$ 5,391,000	\$ 8,417,965	\$ 7,451,000	\$ 7,400,000
Other	\$ 103,710	\$ 30,343	\$ -	\$ 200,000	\$ 200,000	\$ 200,000
Operating Fund Increase	20,548,699	\$ 11,769,926	\$ 38,182,054	\$ 11,654,213	\$ (2,132,222)	\$ 220,228
Capital Improvements						
Total Budgeted	\$23,051,134	\$ 21,500,580	\$ 20,989,710	\$ 28,077,710	\$ 31,385,000	\$ 44,570,000
Borrowing	\$10,000,000	\$ 20,000,000	\$ 22,312,279	\$ 21,763,615	\$ 30,657,222	\$ 40,101,772
Cash Financed	\$13,041,073	\$ 1,495,740	\$ (1,332,837)	\$ 6,293,383	\$ 717,778	\$ 4,458,228
Net after Capital Improvements	7,507,626	\$ 10,274,186	\$ 39,514,891	\$ 5,360,830	\$ 2,850,000)	\$ 4,238,000)
Pension Contribution	\$ 1,333,095	\$ 1,427,864	\$ 2,097,000	\$ -	\$ -	\$ -
Net Fund Change	\$ 6,174,531	\$ 8,846,322	\$ 37,417,891	\$ 5,360,830	\$ (2,850,000)	\$ (4,238,000)