



Milwaukee Water Works

Presentation to the Finance
& Personnel Committee on the
2020 Proposed Executive Budget
October 14, 2019

Performance Measures

Measure	2018 Actual	2019 Projected	2020 Planned
Rank of highest rate /Ccf of water among Class AB utilities in the 7-county metro area	23 of 27	22 of 27	22 of 27
Rate of Return [PSC Annual Report]	3.04%	3.0%	2.9%
Percentage of days/year in full compliance with water quality parameters of Safe Drinking Water Act	100%	100%	100%
Main breaks	517	526	500

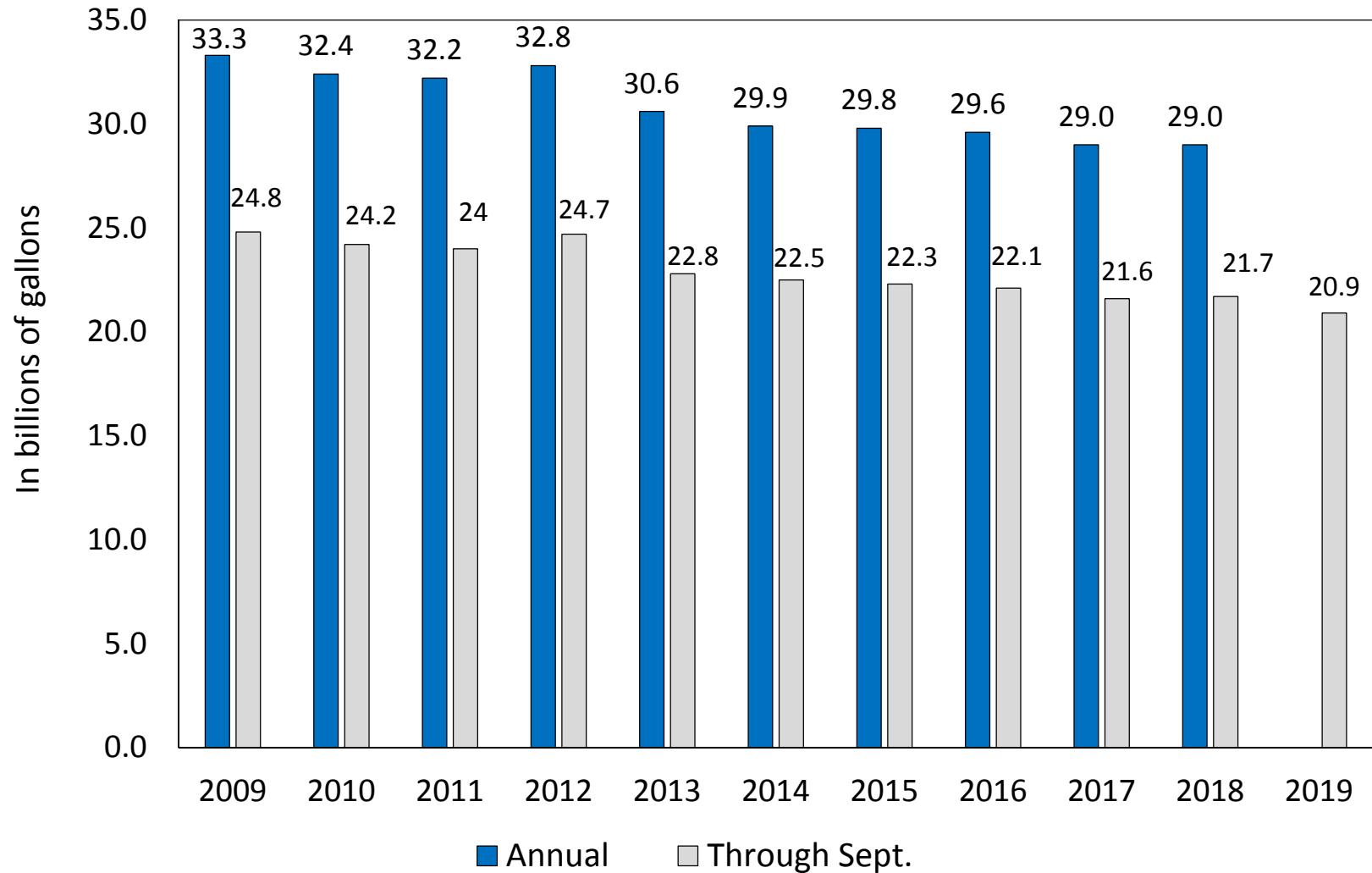
Budget Summary

	2019 Adopted Budget	2020 Proposed Budget	Difference (amount, %)
FTEs – O&M	396.37	401.49	+5.12 (+1.3%)
FTEs - Other	20.05	20.43	+0.38 (+1.9%)
Salaries & Wages	\$21,440,740	\$22,281,182	+\$840,442 (+3.9%)
Fringe Benefits	13,147,482	12,352,790	-794,692 (-6.0%)
Operating Expenditures	56,092,700	56,306,700	+214,000 (+0.4%)
Equipment	4,373,300	3,930,100	-443,200 (-10.1%)
Special Funds	9,101,000	8,562,000	-539,000 (-5.9%)
TOTAL	\$104,155,222	\$103,432,772	-\$722,450 (-0.7%)

Key Operating Budget Changes and Highlights

- \$200,000 increase to PILOT payment
- \$13.4 million for Lead Service Line Replacement & related efforts
- \$840,000 increase to salary account
 - 6 new positions
 - GIS Developer, Sr
 - Network Coordinator, Sr
 - Billing Specialist
 - Engineering Drafting Technician V
 - Plant Maintenance Supervisor
 - Youth Intern (0.5 FTE)
 - 3% salary increase from mid-year 2019

Water Consumption 2009 through 2019



Revenue and Consumption

- Long term trend- water consumption continues to decline
 - Water consumption is down 13% from 2009 to 2018
 - Consumption has decreased 3.7% from 2018 to 2019 through September
- 2020 revenue projected to be \$102.6 million
- Recent history of rate increases
 - Conventional Rate Case - November 2014: 11.4%
 - Simplified Rate Case - September 2016: 3%
 - Simplified Rate Case - September 2017: 3%
 - Simplified Rate Case – September 2019: 3%

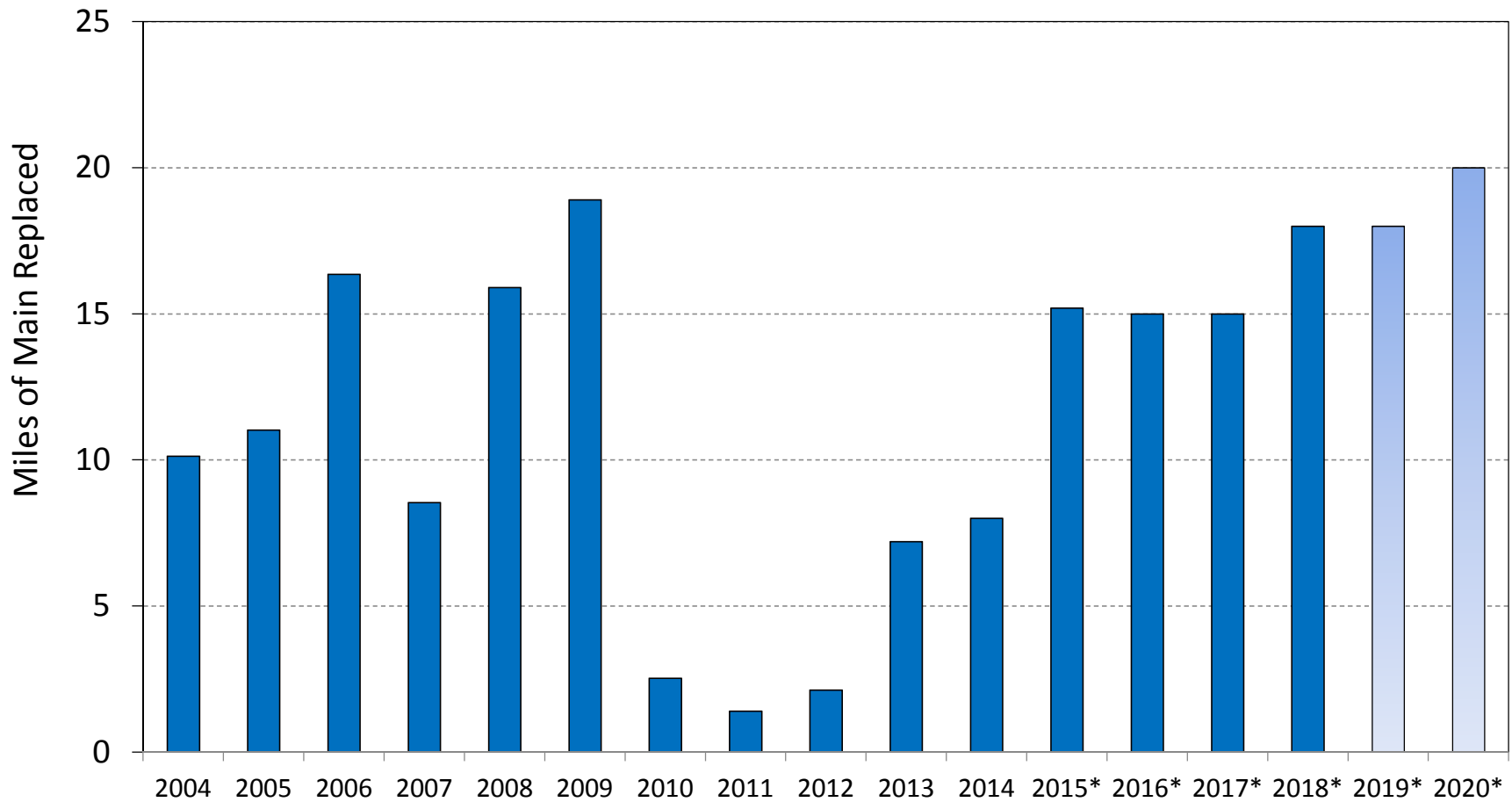
Water Works Capital

Program	2019 Adopted	2020 Proposed
Water Main Replacement	\$25,760,000	\$32,760,000
Linnwood Plant Building Improvements	\$800,000	\$400,000
Linnwood Plant Treatment Improvements	\$1,350,000	\$300,000
Howard Plant Building Improvements	\$350,000	\$150,000
Howard Plant Treatment Improvements	\$700,000	\$100,000
Pump Facilities Improvements	\$1,850,000	\$10,700,000
Storage Facilities Improvements	\$50,000	\$50,000
Meter Shop Repair	\$425,000	\$10,000
Capital Project Contingencies	\$100,000	\$100,000

Key Capital Budget Changes and Highlights

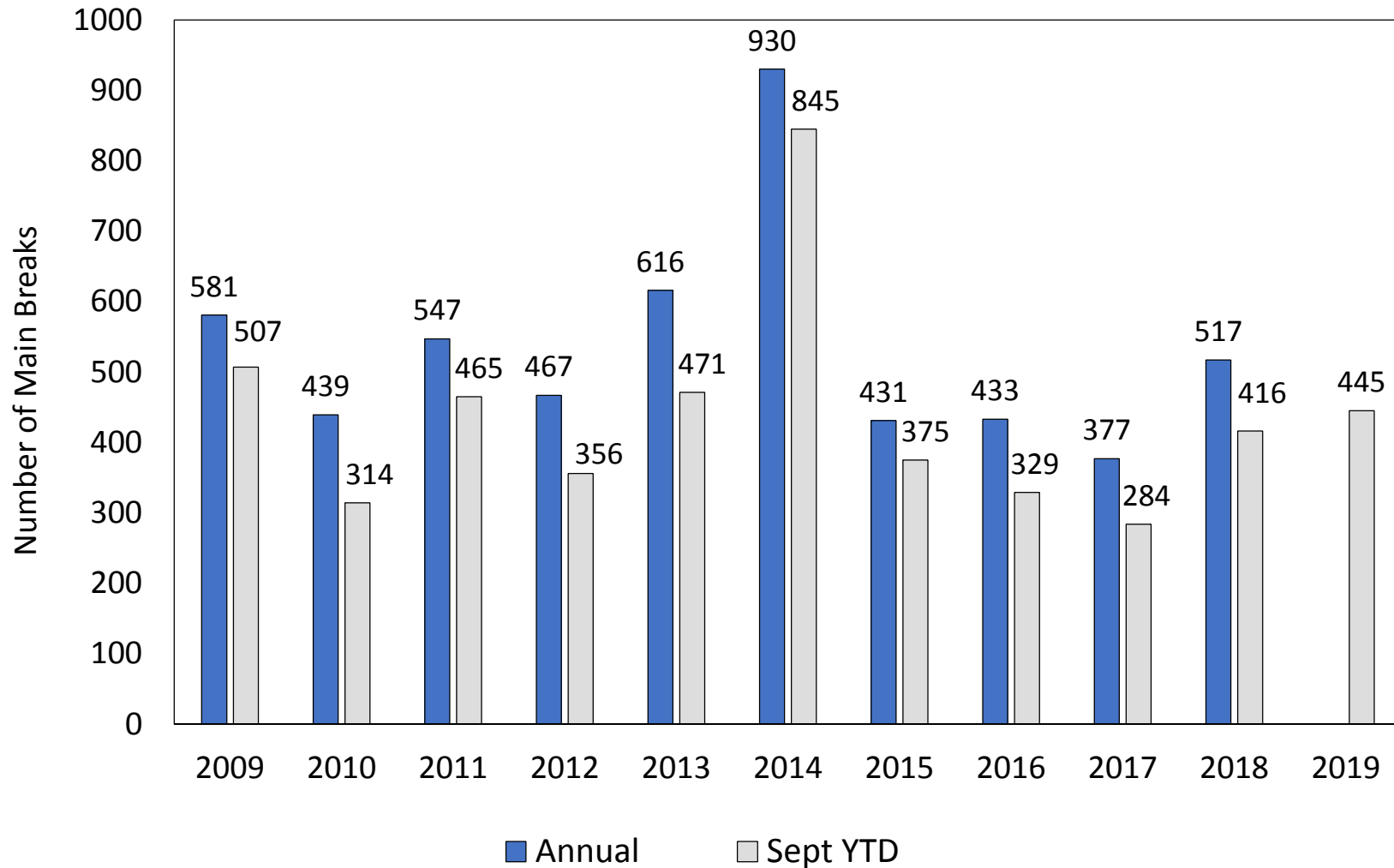
- Water Main Replacement Program (\$32.8 million)
 - Replaces 20 miles of main, 300 lead service lines
- Linnwood/Howard Plant and Treatment Repairs (\$950,000)
- Pump Facilities Improvements (\$10.7 million)
 - Includes reconstruction of Oklahoma Avenue booster station for \$10m

Miles of Water Main Replaced



*Miles of main replacement mandated by WI Public Service Commission

Water Main Breaks 2009 through 2019



Automatic Meter Reading Project



- 128,400 meters replaced
- 82% complete (27,600 to go....)
- ~\$3m annual expense
- Possible alternative technology in the future

Lead Service Lines: 2019 Replacements YTD

- 683 LSL replacements completed as of Sept. 30, 2019
- 77 LSL's replaced at child care facilities
- 94 LSL's replaced with water main replacement projects
- Over 1,000 projected LSL replacements by the end of 2019
- 1,099 filter pitchers issued

2020 Lead Service Line Replacement Project Type and Funding Sources

- 1,100 LSL replacements projected in 2020
 - 700 leaks
 - 300 with main replacement
 - 50 child care facilities
 - 50 owner initiated
- \$13.4 million for LSL replacement
 - \$6.2 million of MWW ratepayer funds for utility side work
 - \$4 million of funding for private side subsidy
 - \$1.5 million of levy-supported borrowing; \$2.5 million from Waukesha related to water service agreement
 - \$2.2 million of property owner contribution
 - \$1.3 million through Special Assessment financing
 - \$1 million for filters, bottled water, construction management, administration, etc.

Initiatives Underway

- Water Equity Taskforce with US Water Alliance
- Wholesale Water Sales
 - Working on route and pumping facility design for Waukesha
 - Amendment expected to be heard in December 2019
 - Received Housing Plan from Franklin
 - Agreement anticipated to be heard late 2019/early 2020
- Asset Management
 - Better estimate costs/timing for repairs (materials and labor)
 - Make more data driven decisions about capital investments
- Reducing Non-Revenue Water
 - Leak correlation team completed entire City
 - Convening non-revenue water task group to review current practices and implement best practices