

2022



Legislative Reference Bureau

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WATER WORKS

Milwaukee
Water Works

Safe, Abundant Drinking Water.

2022 Proposed Plan and Executive Budget Review

Prepared by: Aaron Cadle, Legislative Fiscal Analyst
Budget Hearing: 10:30 am on Friday, October 8, 2021



\$107,550,741

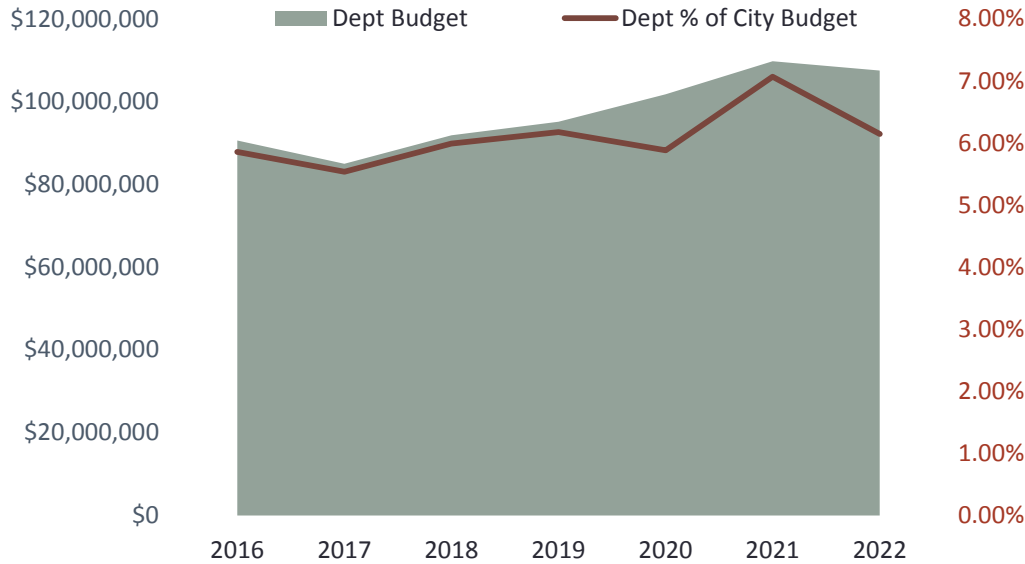
Proposed 2022 Budget

-\$2,251,770

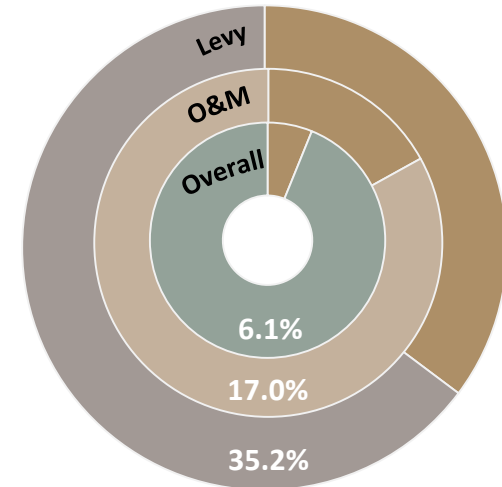
Change in Proposed Budget

-2.1%

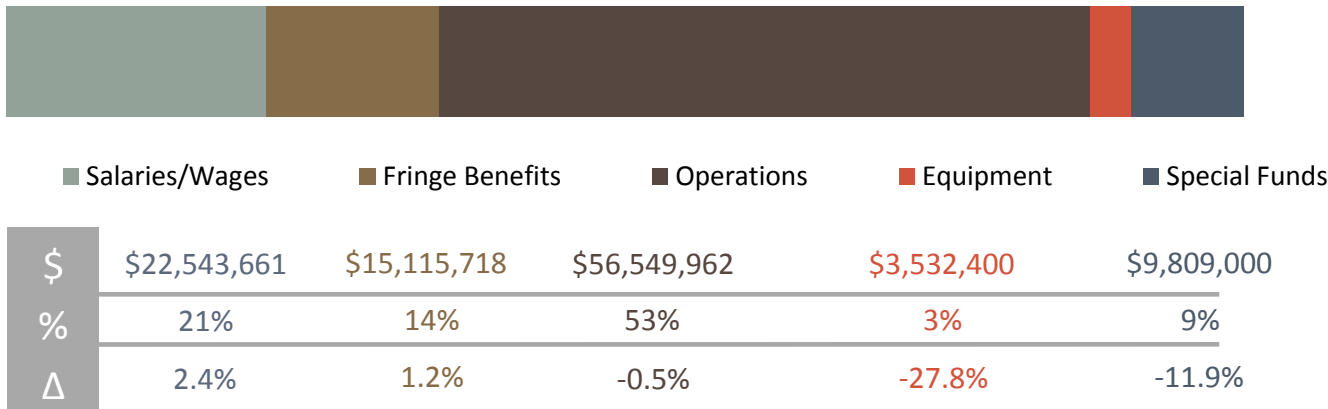
% Change in Proposed Budget



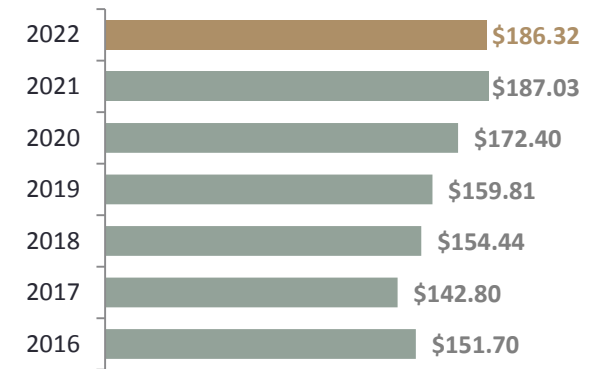
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



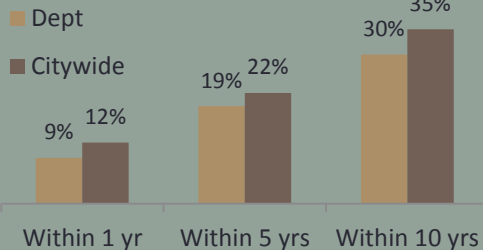
\$214,023

Increase in base salary costs projected for 2022, resulting mainly from position reclassifications.

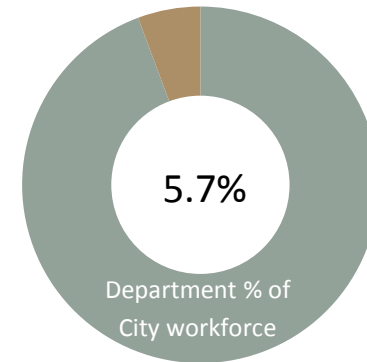
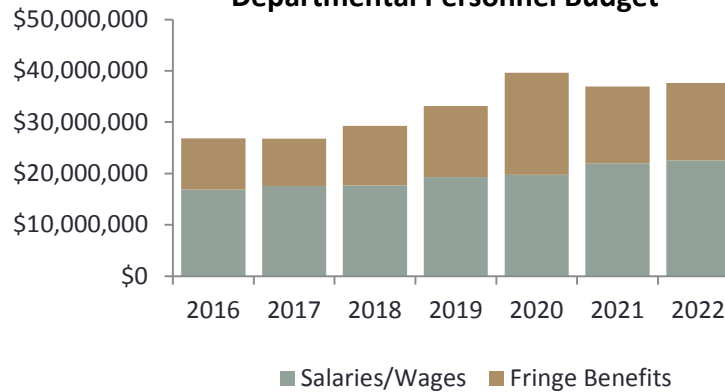
\$528,728

Increase in projected 2022 wages and salary costs resulting from changes in base salaries.

Retirement Eligible



Departmental Personnel Budget



Staffing – Changes in Authorized Positions and Base Salary Costs by Division.

Division	Authorized	Change in
	Positions	Base Salaries
Business	-1	\$71,624
Linnwood Plant	0	\$287,420
Engineering	1	\$86,056
Distribution	0	\$244,136
Water Quality	0	(\$17,261)
Howard Plant	-2	\$70,776
Total	-2	\$742,751

Staffing - Vacancies.

54 vacant positions including

- Senior Treatment Plant Operator 7
- Engineering Technician VI 7
- Plant Machine Repairperson 6
- Distribution Repair Worker I 5
- Distribution Utility Investigator 4
- Repair Worker 4

-2

Change in Positions

-0.5%

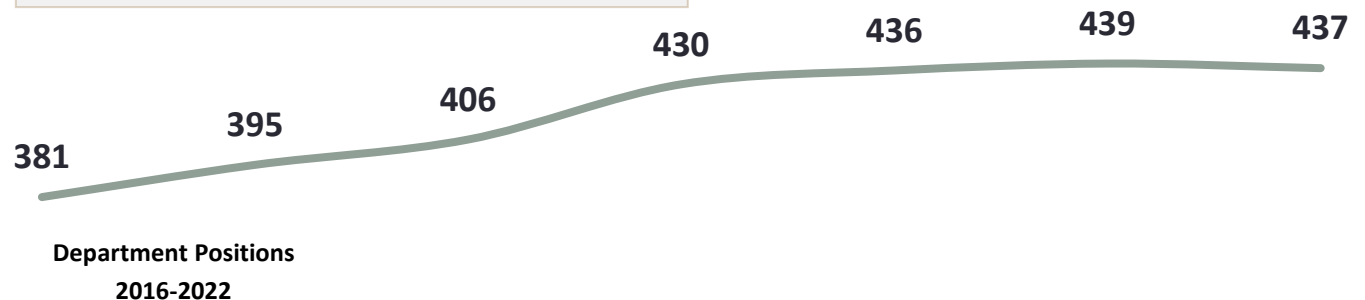
% Change in Positions

54

Current Vacancies

28

Voluntary Separations



3,881

Lead service line replacements from 2017 through July, 15, 2021.

\$5,843,063

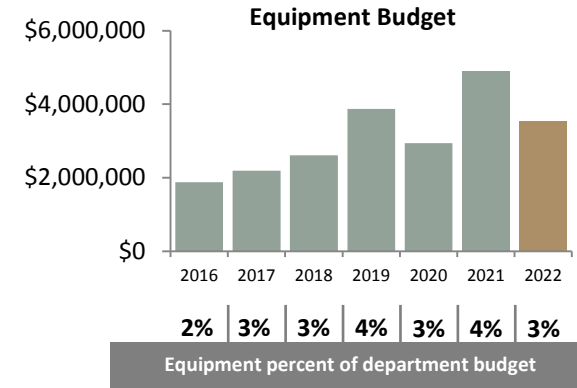
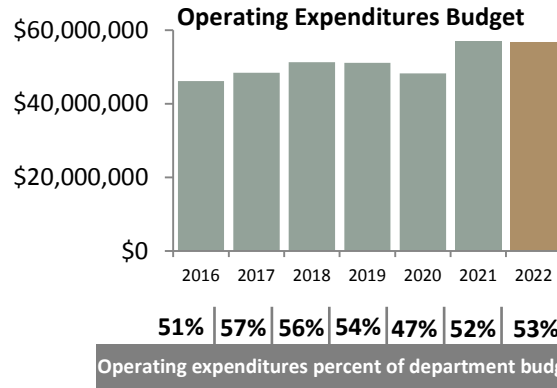
Increase in total revenues projected for 2022 from the actual 2020 revenues, a 5.8% increase.

\$31,205,724

Total actual spending for replacement of lead service lines from 2017 through 2020.

\$5,741,195

Projected 2022 increase in operating budget (5.6%) over actual 2020 expenditures.



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

As of June 30, 2021, the average cost of replacing the utility’s portion of a lead water service line was \$5,609, including pavement restoration, while the average cost of replacing the property owner’s portion was \$5,405. Eligible property owners are assessed one-third of the average cost of replacing the owner’s portion of the line (\$1,802 currently), or \$1,843 if the replacement is made after March 1, 2021. The \$1,843 cap results in an average subsidy of \$3,563 per replacement.

Lead Service Line Replacement Spending.

2017 Actual	\$6,765,962
2018 Actual	\$7,327,400
2019 Actual	\$8,923,618
2020 Actual	\$8,188,744
2021 Budget	\$11,000,000
2022 Budget	\$7,143,000
Total	\$49,348,724

Lead Service Line Replacements through 07/15/21.

Replacements by Type	2017	2018	2019	2020	2021	Total
Leaks and Disruptions	437	547	670	629	207	2,490
Main Relays	18	143	177	161	138	637
Other Utility Work	6	0	1	25	55	87
Child Cares & Schools	150	204	129	48	3	562
Owner-initiated	11	39	23	24	8	105
Total	622	933	1,000	887	439	3,881

\$82,022,996

Actual long-term debt for year-end 2020, up \$10.9 million (15%) from actual 2019.

\$45,476,988

2020 actual cash reserves, up \$17 million (60%) over 2019.

\$6,040,000

136% increase in funding proposed for capital improvements to treatment plants and pumping stations over the 2021 Adopted Budget.

\$32,580,000

2022 proposed main replacement budget, down \$3,280,000 (9%) from the 2021 Adopted Budget.

Water Rate Increases.

- An automatic 3% simplified rate increase was implemented in September, 2019. This type of 3% rate increase was previously implemented in the final quarter of 2017.
- The department was eligible to apply for a more comprehensive, possibly larger, rate increase in 2020, but elected not to apply to avoid implementing a rate increase during COVID.
- The department is currently working with Trilogy Consulting, LLC, to apply to the Public Service Commission for the more comprehensive, convention rate case. The department expects to complete its application by year-end.
- 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.

Liquidity.

Year	Net Fund Change	Cash Reserves Year-end	Current Ratio
2017	\$37,417,891	\$27,975,659	2.7
2018	\$5,060,619	\$27,728,815	2.4
2019	(\$24,591,624)	\$28,427,604	3.1
2020	(\$46,191,970)	\$45,476,988	3.7

2022 Capital Improvements – Facilities.

Buildings	
Linwood Plant	\$2,890,000
Howard Plant	\$690,000
Buildings Total	\$3,580,000
Treatment Facilities	
Linwood Plant	\$795,000
Howard Plant	\$3,900,000
Treatment Facilities Total	\$4,695,000
Meter Shop Roadway	\$900,000
Grand Total	\$9,175,000

Waukesha Water Service.

Construction of the City-portion of the pipeline and pumping station to serve Waukesha had not begun as of September 10, 2021.

PILOT’s – Payments in Lieu of Taxes.

2022 est.	\$13,647,000
2021 est.	\$13,459,000
2020	\$13,500,000
2019	\$13,300,000
2018	\$13,090,014
2017	\$13,301,628
2016	\$12,767,171