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# Milwaukee Water Works

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2015 Budget Overview

Finance & Personnel Committee

October 14, 2014

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# 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
  - Accommodate changing water use patterns

# Goals & Objectives

Measure	2013 Actual	2014 Planned	2015 Planned
Rank of rate /Ccf of water among Class AB utilities in the 7-county metro area	5/23	3/23	11/23
Rate of Return [ <i>PSC Annual Report</i> ]	4.06%	1.964%	5.38%
Percentage of days/year in full compliance with Safe Water Drinking Act	100%	100%	100%
Main breaks	614	1,000	530

# 2015 O&M Budget Summary

	2014 ADOPTED BUDGET	2015 PROPOSED BUDGET	DIFFERENCE (amount, %)
FTEs – O&M	345.07	343.98	-1.09 (-0.3%)
FTEs - Other	10.60	16.44	5.84 (55.1%)
Salaries & Wages	\$18,220,242	\$18,658,500	\$438,258 (2.4%)
Fringe Benefits	9,998,641	9,051,503	-947,138 (-9.5%)
Operating Expenditures	46,448,000	48,256,700	1,808,700 (3.9%)
Equipment	1,967,000	2,517,700	550,700 (28.0%)
Special Funds	7,895,560	7,100,000	-795,560 (-10.1%)
<b>TOTAL</b>	<b>\$84,529,443</b>	<b>\$85,584,403</b>	<b>\$1,054,960 (1.2%)</b>

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# Major O&M Changes & Highlights

- Major O&M increases due to:
  - Energy: +\$651,200
  - Property Services: +\$681,000
  - Professional Services: +\$641,500
  - Infrastructure Services: +424,000
  - Salaries: +\$438,258
    - Elimination of furlough, wage increases
    - 11 positions added for increased main replacement

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# Major O&M Changes & Highlights

- Automated Meter Reader (AMR) Project
  - Over 72,000 meters installed out of approximately 156,000 (46.1%)
  - Real-time work order system activated July 2014
    - Dispatching, data collection, customer service improvements
  - Large inventory of replacement meters allows MWW to reduce 2015 Operating accounts by \$504,000
- Position Consolidation
  - Various position title changes allow for flexibility in job assignments to meet workload demands

# 2015 Capital Budget Summary

	<b>2014 ADOPTED BUDGET</b>	<b>2015 PROPOSED BUDGET</b>	<b>DIFFERENCE (amount, %)</b>
<b>Mains Replacement</b>	\$11,500,000	\$19,500,000	<b>\$8,000,000 (69.6%)</b>
<b>Storage Facilities</b>	-	2,500,000	<b>2,500,000 (-)</b>
<b>Pump Facilities</b>	100,000	50,000	<b>-50,000 (-50.0%)</b>
<b>Treatment Plants</b>	925,000	1,350,000	<b>425,000 (45.9%)</b>
<b>Other Plant &amp; Facilities</b>	1,300,000	1,550,000	<b>250,000 (19.2%)</b>
<b>TOTAL</b>	<b>\$13,825,000</b>	<b>\$24,950,000</b>	<b>\$11,125,000 (80.5%)</b>

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# Major Capital Highlights & Changes – Water Mains

- 2015 revenues increase by \$9.4 million, 11.5% after PSC approves rate increase
- Capital Budget Increases \$11.1 million, to \$24.95 million
- \$19.5 million for Main Replacement
  - +\$8 million from 2014
  - Funds 15 miles of main replacement
  - Scale up to 20 miles per year by 2020



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# Major Capital Highlights & Changes – Plant Improvements

- \$5.45 million for Plant Capital Improvements
  - \$2.5 million for interior/exterior painting of Lincoln Storage Tanks
  - \$700k for Meter Shop HVAC & Structural Repairs
  - \$1.35 million for Linnwood Treatment Plant
  - \$600k for Linnwood Building improvements
  - \$300k for Howard Building/Pumping improvements