

2023



Legislative Reference Bureau

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WATER WORKS

Milwaukee
Water Works

Safe, Abundant Drinking Water.

2023 Proposed Plan and Executive Budget Review

Prepared by: Aaron Cadle, Legislative Fiscal Analyst
Budget Hearing: 10:30 am on Wednesday, October 12, 2022



\$112,746,683

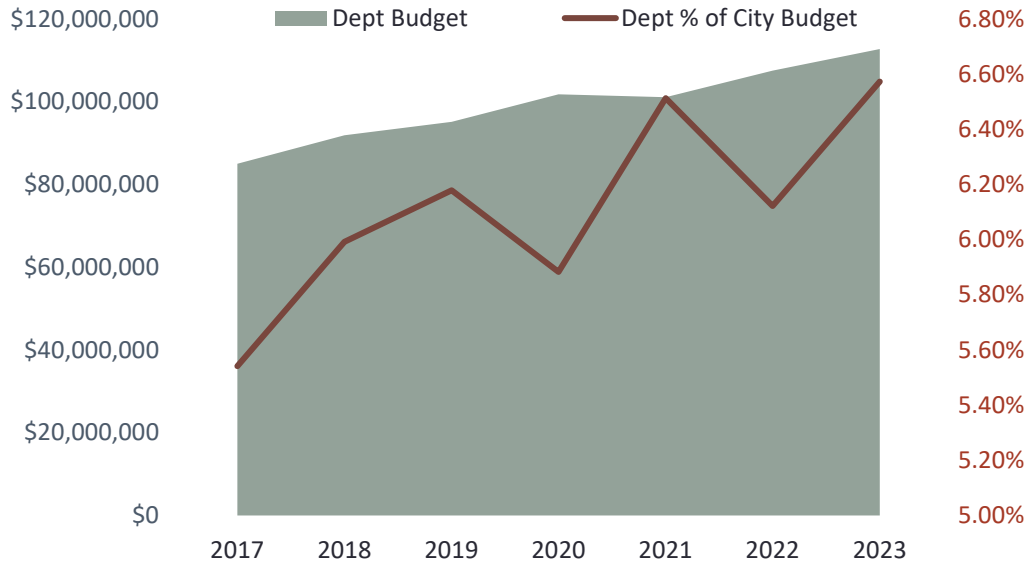
Proposed 2023 Budget

\$5,195,942

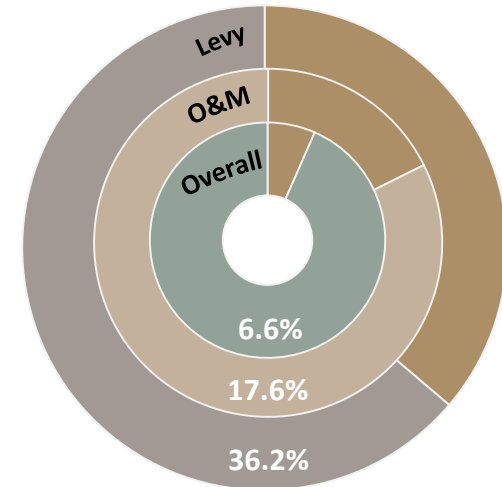
Change in Proposed Budget

4.8%

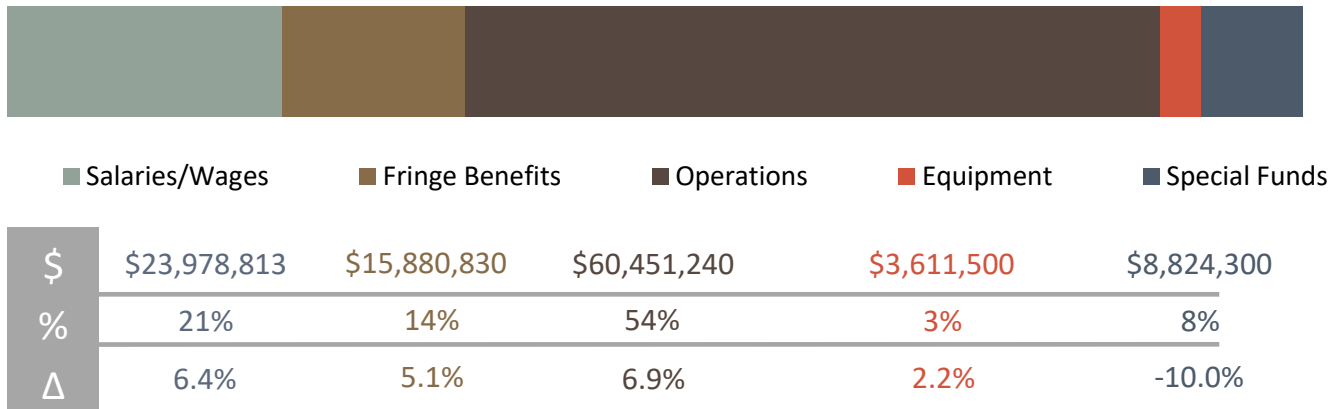
% Change in Proposed Budget



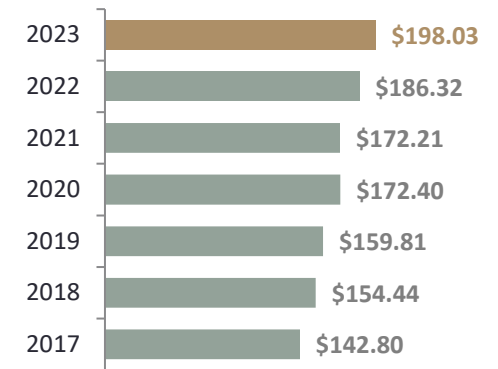
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



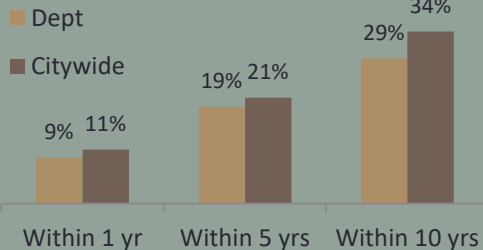
\$109,976,885

2023 Requested Budget
\$2,769,798 (2.5%) less than
Proposed Budget.

\$451,632

Increase in projected 2023 wage
and salary costs resulting from
changes in base salaries.

Retirement Eligible



-2

Change in Positions

-0.5%

% Change in Positions

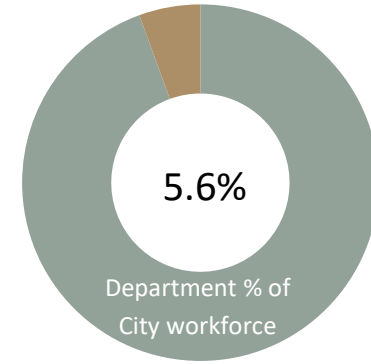
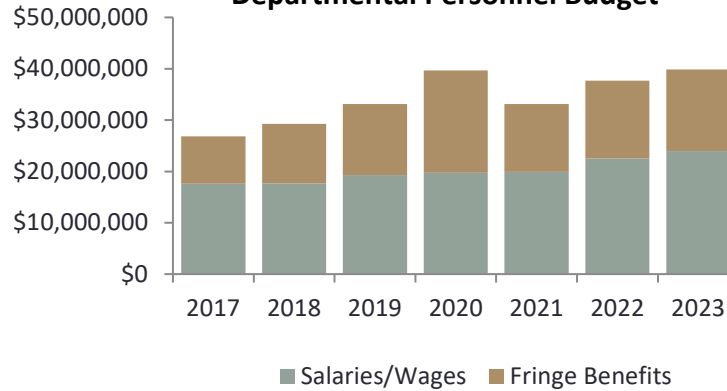
80

Current Vacancies

35

Voluntary Separations

Departmental Personnel Budget

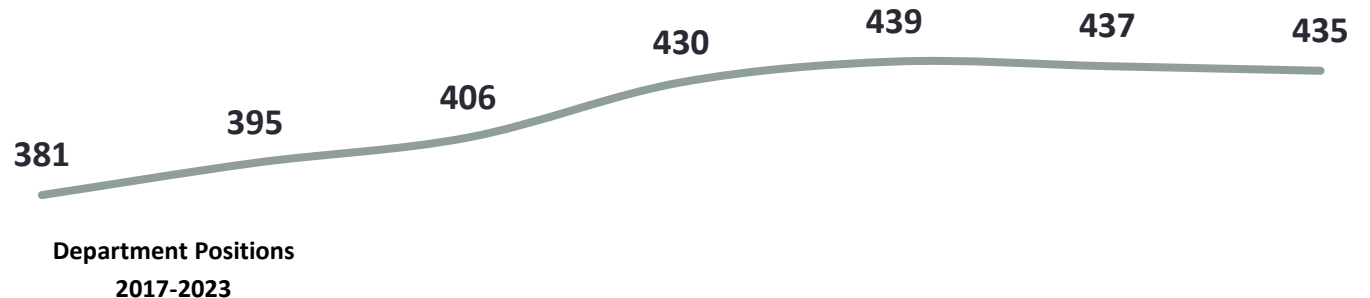


Staffing - Vacancies.

Civil Engineer	3
Customer Service Representative	4
Engineering Drafting Technician	3
Engineering Technician	5
Program Assistant	4
Senior Treatment Plant Operator	8
Water Plant Laborer	3
Plant Machine Repairperson	8
Water Repair Worker	16
Other	26
Total	80

Staffing – Proposed Changes in 2023 Positions and Salaries.

Position	#	Amount
Human Resources Assistant	1	\$53,064
Management Engineer	1	\$119,583
Engineering Technician	4	\$192,139
Program Assistant III	2	\$115,572
Other Positions Added	5	\$229,301
Total Added	13	\$709,659
Positions Eliminated	-15	(\$473,051)
Positions Reclassified	2	\$57,272
Net Position Change	-2	\$293,880



5,121

Lead service line replacements from 2017 through 2021.

\$4,848,167

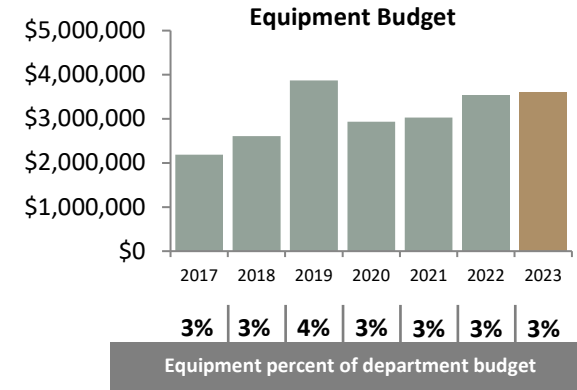
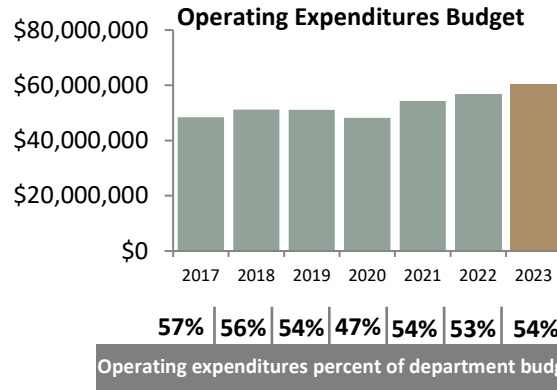
Increase in total revenues projected for 2023 from the actual 2021 revenues, 4.8% increase.

\$11,644,610

Projected 2023 increase in operating budget (8.1%) over actual 2021 expenditures.

\$36,865,954

Total actual spending for replacement of lead service lines from 2017 through 2021.



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 worked with Trilogy Consulting, LLC, to prepare its application to the Public Service Commission for the more comprehensive, convention rate case, and submitted the application in December, 2021. Trilogy’s fee has been \$26,375 to date.
- Water Works requested a 13.5% overall water rate increase. The PSC has recommended 14.2%. The PSC is expected to authorize new rates by the end of 2022, with new rates implemented in early 2023.

Lead Corrosion Control Treatment Study.

Milwaukee Water Works has been adding orthophosphates during water treatment to mitigate lead corrosion since 1996. MWW engaged Jacobs Engineering to conduct a study of this treatment program to evaluate its effectiveness at the request of the state Department of Natural Resources. The evaluation testing was conducted over a period of approximately 16 months. Study conclusions were:

- Orthophosphate treatment has caused protective scales to form on lead pipes that minimize lead levels at customers taps.
- MWW water quality monitoring practices far exceed federal and state requirements.
- MWW’s current lead corrosion control practice of adding 1.9 mg/L orthophosphate and maintaining treated water pH of 7.2 to 7.8 results in low lead levels.

\$32,560,000

2023 proposed main replacement budget – up \$16.6 million (104%) from the 2021 actual spending.

\$14,450,000

\$3,970,000 (38%) increase in funding proposed for capital improvements to treatment plants and pumping stations over 2022 Adopted Budget.

\$96,068,000

Actual long-term debt for year-end 2021 – up \$14 million (17%) from actual 2020.

\$71,910,000

2021 actual cash reserves – up \$26.4 million (58%) over 2020.

Average Lead Water Service Line Replacement Costs.

As of June 30, 2022, the average cost of replacing the utility’s portion of a lead water service line was \$4.915, including pavement restoration, while the average cost to replace the property owner’s portion was \$5,262. An eligible property owner is assessed the lower of one-third of the average cost of replacing the owner’s portion of the line or \$1,723 if the replacement is made after March 1, 2022.

Lead Service Line Replacements through 09/15/22.

Replacements by Type	2017	2018	2019	2020	2021	2022	Total
Leaks and Failures	437	547	670	629	506	356	3,145
Included with Main Relays	18	143	177	162	198	117	815
Street Paving & Other	6	0	1	25	186	172	390
Child Cares & Schools	150	204	129	48	67	35	633
Owner-initiated	11	39	23	24	27	14	138
Total	622	933	1,000	888	984	694	5,121

Budgeted Capital Improvements – Facilities.

Improvements	2022	2023
Buildings		
Linwood Plant	\$2,890,000	\$100,000
Howard Plant	\$690,000	\$1,050,000
Buildings Total	\$3,580,000	\$1,150,000
Treatment Facilities		
Linwood Plant	\$795,000	\$5,550,000
Howard Plant	\$3,900,000	\$5,300,000
Treat. Facilities Total	\$4,695,000	\$10,850,000
Meter Shop Roadway	\$940,000	\$400,000
Storage Facilities	\$50,000	\$800,000
Work Order Software	\$0	\$200,000
Grand Total	\$9,265,000	\$13,400,000

Lead Water 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 Actual	\$5,660,230
2022 Budget	\$8,070,000
2023 Budget	\$8,040,000
Total	\$52,975,954