

2016



Legislative Reference Bureau

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# DPW - SEWER MAINTENANCE FUND

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## 2016 Proposed Plan and Executive Budget Review

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Budget Hearing: October 15, 2015

Last Updated: October 12, 2015

Version 8.1



**\$64,140,383**

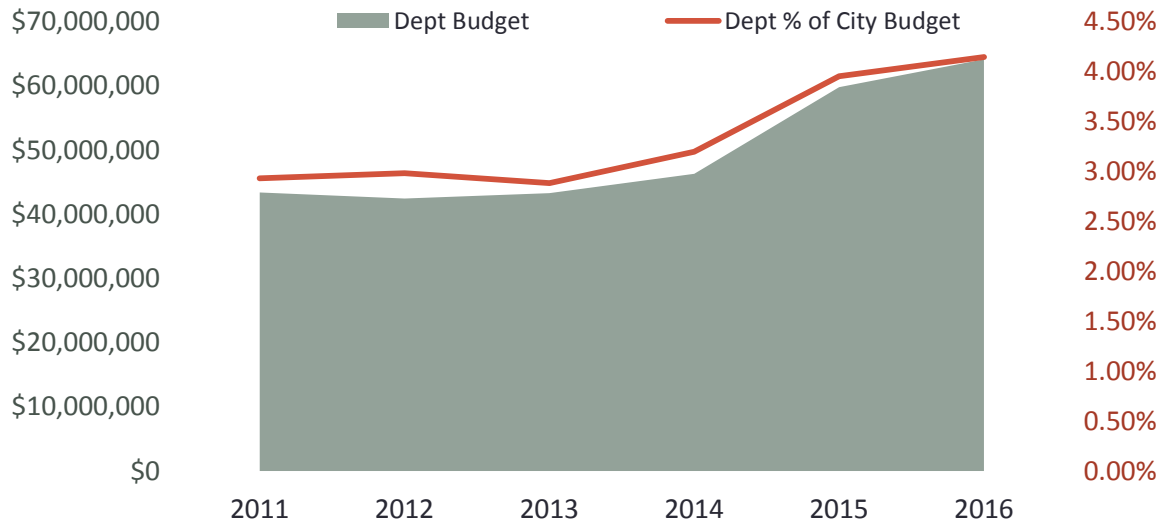
Proposed 2016 Budget

**\$4,334,893**

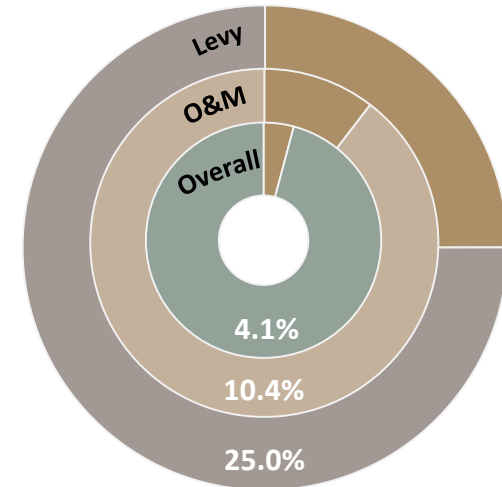
Change in Proposed Budget

**7.2%**

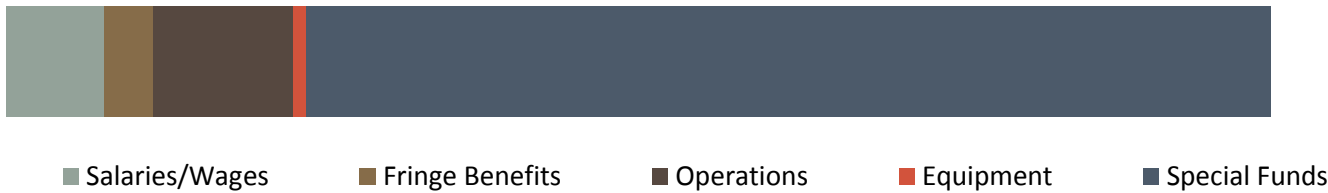
% Change in Proposed Budget



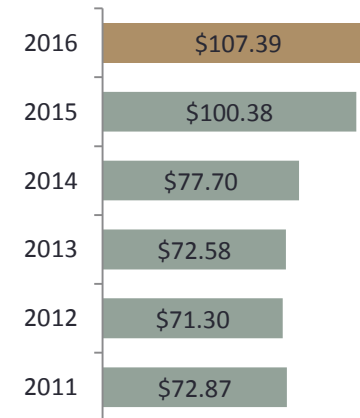
**Departmental Budget Impact**



**Departmental Budget Appropriation Category**



**Budget per Capita**



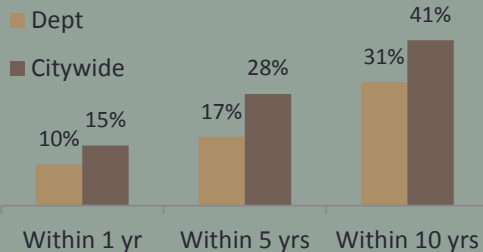
**\$125,626**

Projected 2016 increase in base salary costs over the 2015 Adopted Budget – effective 2.2% across-the-board raise.

**\$16,607**

Projected 2016 increase in base salary costs, after adjustments, over the 2015 Adopted Budget.

#### Retirement Eligible



**0**

Change in Positions

**0.0%**

% Change in Positions

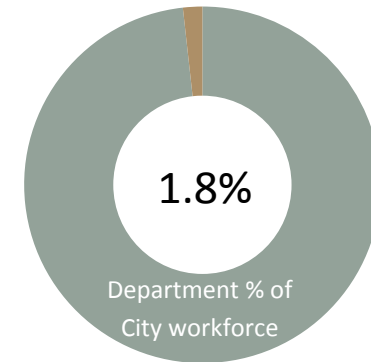
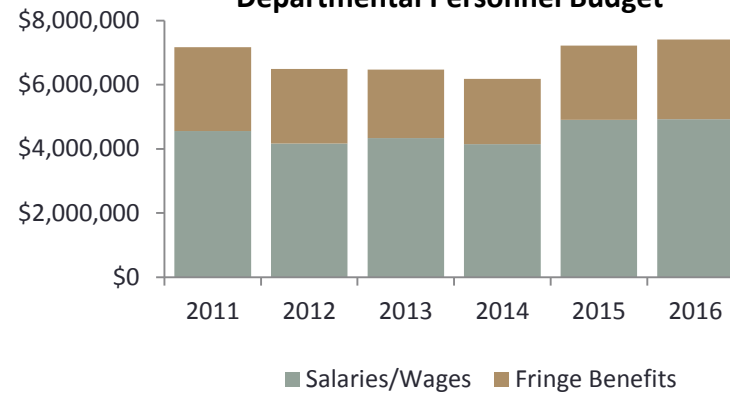
**18**

Current Vacancies

**3**

Voluntary Separations

#### Departmental Personnel Budget



#### \$194,319 Personnel Cost Increase

Although base salary costs after adjustments projected for 2016 are up only \$16,607, an increase in the fringe benefit allocation rate from 47% to 50% results in a \$177,712 increase in fringe benefit costs, which translates into higher overall personnel costs.

#### Payroll Adjustments

87% of the \$125,626 base salary cost increase projected for 2016 is offset by \$109,019 in payroll adjustment reductions for personnel turnover and services provided for capital projects.

**164**

**164**

**146**

**146**

**146**

**146**

**Department Positions  
2011-2016**

# 35%

Increase in stormwater fee since 2011.

# 19%

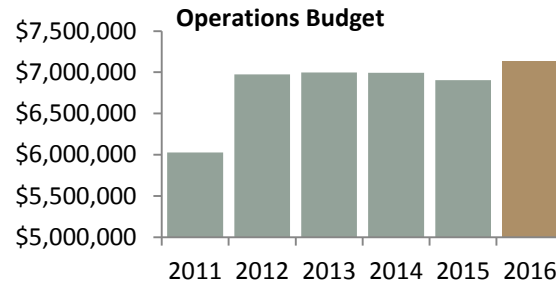
Increase in local sewer fee since 2011.

# \$3.2 million

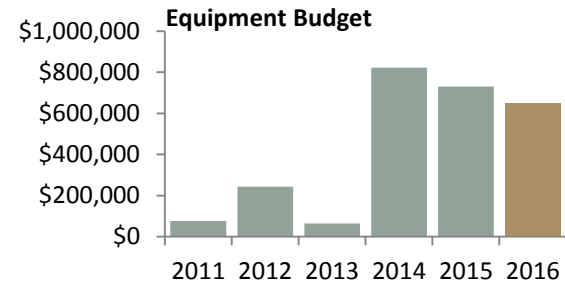
Increase of stormwater fee revenues from actual 2014 to projected 2016.

# \$3.1 million

Increase of total Sewer Maintenance Fund revenues from actual 2014 to projected 2016.



14% | 16% | 16% | 15% | 12% | 11%  
Operations percent of department budget



0% | 1% | 0% | 2% | 1% | 1%  
Equipment percent of department budget

## Fee Changes

- Stormwater fee – up 7.02%.
- Local sewer fee – unchanged for 2016.

## Capital Improvements up 29%

Projected capital improvements for 2016 of \$44.4 million are up 29% from actual 2014 expenditures of \$34.3 million. The average capital spending for 2010-2014 was \$34.2 million.

## Pension Contribution Down

The projected pension contribution for 2016 of \$495,000 is down 46% from the actual 2014 contribution of \$924,605.

## Days in Receivables

The utility's "days in receivables," the number of days a receivable remains unpaid after invoicing, for 2014 was 100 days, the shortest for the 5-year, 2010-2014, period. The average was 108 days.

# 93%

Increase in total debt service costs from actual 2014 (\$15 million) to \$29 million projected for 2016.

# \$214 million

LRB projected year-end 2016 total debt – up 16% from actual 2014.

# \$18.4 million

LRB projected year-end 2016 cash reserves – down 7% from actual 2010.

# \$290,000

Cost of upgrade of “off-the-shelf” Esri software for GIS mapping.

## Debt Coverage Ratio

LRB projects the utility’s debt coverage ratio, a measure of the utility’s ability to meet debt service obligations, at year-end 2016 will be 1.52, meaning for each \$1 of debt service owed, the Sewer Fund will generate \$1.52 in “earnings” to pay the debt. The year-end 2014 ratio was 1.82.

## Current Ratio

LRB projects the utility’s current ratio, a measure of the utility’s ability to meet current obligations, is 3.2, meaning for each \$1 of current liabilities the Sewer Fund will have \$3.20 of current assets to pay its obligations. The year-end 2014 ratio was 3.1.

## 2015 & 2016 Projected Losses

Despite projected “losses” of \$7 during 2015 and 2016 after transfers to the General Fund, the Sewer Fund’s financial position remains sound. Actual “earnings” in 2014 were \$13.1 million.

## Street Sweeping, Leaf & Brush Collection and Tree Pruning

Transfers by the Sewer Fund to the General Fund pay for the City’s street sweeping, leaf and brush collection and tree pruning. Transfers are projected to increase \$3.1 million, from \$15 million in 2014 (actual) to \$18.1 million in 2016 (projected).

## Capital Improvements Borrowing

The utility plans to borrow \$35.8 million to finance \$44.4 million in capital improvements, or 81%. For the period 2010-2015, the Sewer Fund borrowed an average of 97% of average capital improvement spending.

## Private Laterals

The utility will continue to replace or reline private sewer laterals with \$1.65 million in MMSD grant funding to correct “infiltration and inflow” that can direct significant amounts of rainwater into the sanitary sewer, overwhelming that system at times.

Income Statement Summary	2011	2012	2013	2014	'15 Adopted	2016 Proposed
<b>Total Revenues</b>	\$ 54,678,711	\$ 54,896,875	\$ 58,789,908	\$ 59,136,679	\$ 60,371,926	\$ 62,204,227
<b>Total Dept. Expenses</b>	\$ 14,546,091	\$ 14,980,526	\$ 14,548,561	\$ 15,333,234	\$ 16,162,080	\$ 16,512,899
<b>Debt Service</b>	\$ 16,115,949	\$ 15,335,239	\$ 14,282,819	\$ 14,990,634	\$ 27,087,455	\$ 29,005,529
<b>Operating Fund Increase</b>	\$ 24,016,671	\$ 24,581,110	\$ 29,958,528	\$ 28,812,811	\$ 17,122,391	\$ 16,685,799
<b>Capital Improvements</b>						
<b>Total Budgeted</b>	\$ 31,433,967	\$ 28,667,909	\$ 35,597,805	\$ 34,258,728	\$ 44,200,000	\$ 44,404,000
<b>Borrowing</b>	\$ 29,019,650	\$ 28,667,909	\$ 35,597,805	\$ 34,258,728	\$ 39,650,000	\$ 39,380,000
<b>Grant &amp; Aid</b>	\$ 1,946,482	\$ 3,533,447	\$ -	\$ 263,057	\$ 1,650,000	\$ 2,324,000
<b>Assessable &amp; Dev. Financed</b>	\$ 44,252	\$ -	\$ 3,012	\$ 4,675	\$ -	\$ -
<b>Cash Financed</b>	\$ 423,583	\$ (3,533,447)	\$ (3,012)	\$ (267,732)	\$ 2,900,000	\$ 2,700,000
<b>Net after Capital Improvements</b>	\$ 23,593,088	\$ 28,114,557	\$ 29,961,540	\$ 29,080,543	\$ 14,222,391	\$ 13,985,799
<b>Transfer to General Fund</b>	\$ 12,734,075	\$ 12,140,000	\$ 14,437,000	\$ 15,059,000	\$ 16,060,000	\$ 18,126,000
<b>Payment to Pension Fund</b>	\$ -	\$ -	\$ -	\$ 924,605	\$ 495,955	\$ 495,955
<b>Net Fund Change</b>	\$ 10,859,013	\$ 15,974,557	\$ 15,524,540	\$ 13,096,938	\$ (2,333,564)	\$ (4,636,156)