

**WAUWATOSA
WATER UTILITY**

2015 BUDGET

WAUWATOSA WATER UTILITY
2015 BUDGET
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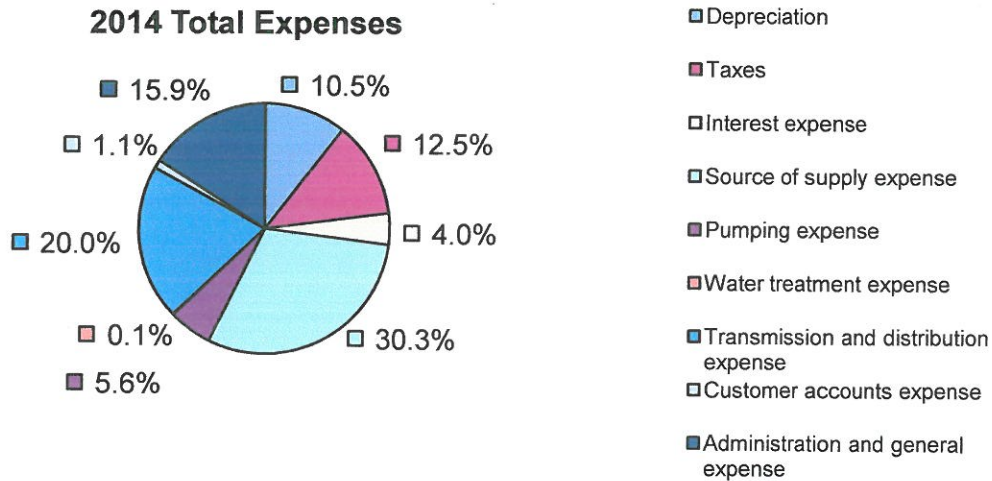
WAUWATOSA WATER UTILITY
BUDGET SUMMARY

	2012	2013	2014	2014	2015
	Actual	Actual	Original	Estimated	Executive Review
Residential sales	3,405,602	3,597,099	3,900,000	3,800,000	4,389,000
Residential multi-family sales	0	0	0	257,000	460,000
Commercial sales	1,667,921	1,794,056	1,815,000	1,581,000	1,600,000
Industrial sales	204,914	130,962	259,000	196,000	254,000
Public authority sales	190,237	163,608	179,000	193,000	212,000
Total Metered Sales	5,468,674	5,685,725	6,153,000	6,027,000	6,915,000
Public fire protection	852,666	957,266	988,000	997,000	1,075,000
Other water revenues	366,756	435,377	416,384	438,855	451,331
Misc amortization	122,200	122,200	122,200	122,200	122,200
Interest income	11,982	5,700	9,700	7,500	6,200
Customer contributions	413,499	51,682	3,000	-12,700	3,000
Total revenues	7,235,777	7,257,950	7,692,284	7,579,855	8,572,731
Depreciation	704,637	751,346	784,000	837,000	893,000
Taxes	874,085	945,713	933,108	967,862	1,025,288
Interest expense	326,235	406,813	298,265	475,801	440,736
Source of supply expense	2,251,289	2,126,563	2,270,256	2,200,256	3,104,266
Pumping expense	370,668	379,228	418,625	410,848	399,828
Water treatment expense	7,614	6,527	8,220	8,220	10,515
Transmission and distribution expense	1,222,732	1,251,068	1,498,811	1,987,347	1,523,983
Customer accounts expense	71,612	72,298	78,984	70,035	79,622
Administration and general expense	1,009,611	1,107,329	1,192,746	1,216,532	1,169,716
Total expenses	6,838,483	7,046,885	7,483,015	8,173,901	8,646,954
Net income (loss) - Accrual basis	397,294	211,065	209,269	-594,046	-74,223
Less -					
Revenue bond principal payments	2,825,000	425,000	425,000	425,000	625,000
Non-bonded capital expenditures	227,524	8,673	1,009,000	1,260,508	0
	-2,655,230	-222,608	-1,224,731	-2,279,554	-699,223
Adjustment for non-cash/non-income statement items	3,059,858	188,964	709,915	1,069,135	818,927
Change in cash	404,628	-33,644	-514,816	-1,210,419	119,704
Rate of return	2.13%	2.51%	2.88%	-0.15%	1.71%
Coverage ratio	2.28	2.68	2.76	1.64	1.93
Average residential water bill	79.24	95.66		96.47	107.49
Amount change in water bill	-1.45	16.42		0.81	11.02
Percent change in water bill	-1.80%	20.60%		0.85%	11.20%

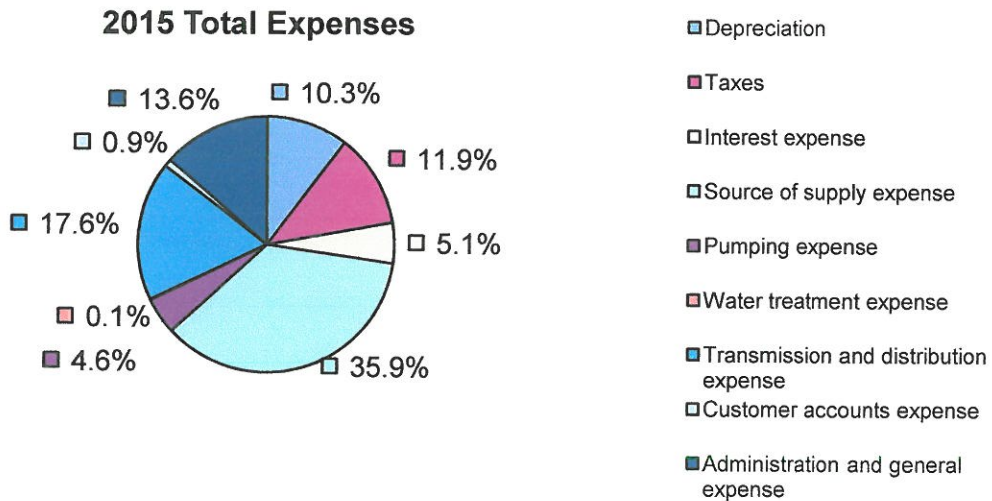
**WAUWATOSA WATER UTILITY
OPERATING BUDGET SUMMARY**

	Adopted 2014	2015	Percentage Change
Total revenues	<u>7,692,284</u>	<u>8,572,731</u>	
Depreciation	784,000	893,000	13.9%
Taxes	933,108	1,025,288	9.9%
Interest expense	298,265	440,736	47.8%
Source of supply expense	2,270,256	3,104,266	36.7%
Pumping expense	418,625	399,828	-4.5%
Water treatment expense	8,220	10,515	27.9%
Transmission and distribution expense	1,498,811	1,523,983	1.7%
Customer accounts expense	78,984	79,622	0.8%
Administration and general expense	<u>1,192,746</u>	<u>1,169,716</u>	-1.9%
Total expenses	<u>7,483,015</u>	<u>8,646,954</u>	15.6%
Net income (loss)	<u>209,269</u>	<u>-74,223</u>	

2014 Total Expenses



2015 Total Expenses



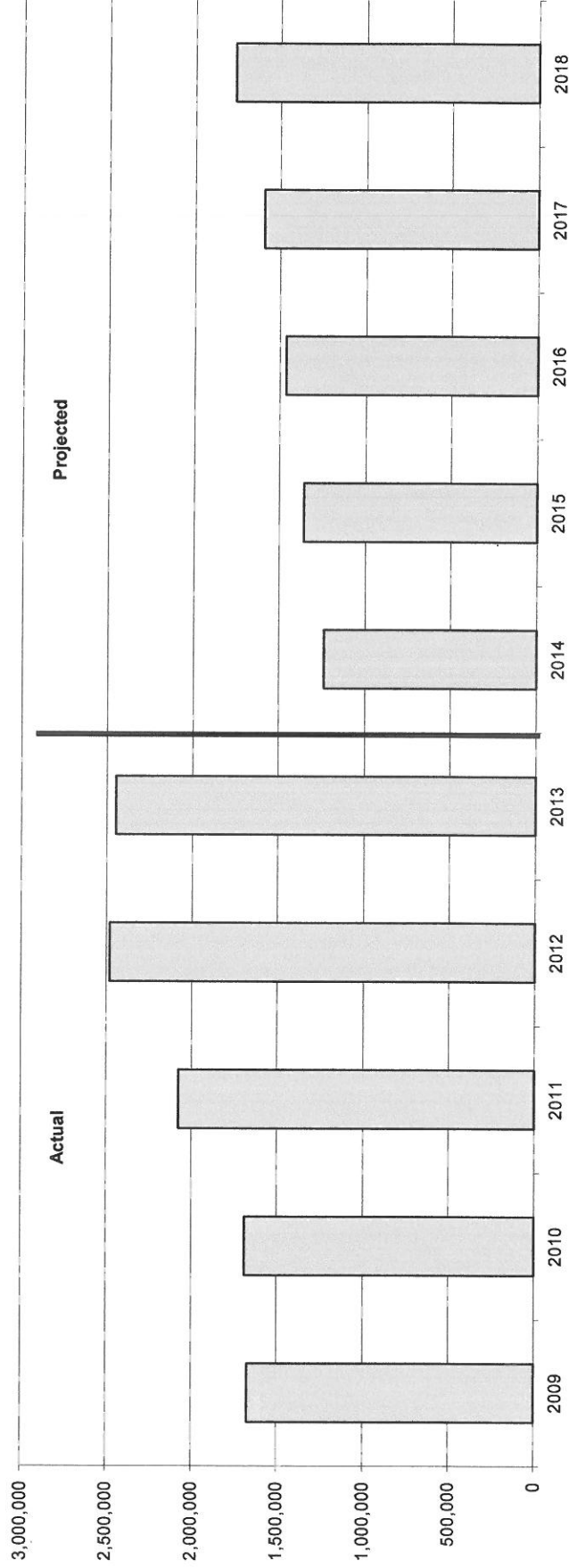
WAUWATOSA WATER UTILITY
CASH SUMMARY

	2012 Actual	2013 Actual	2014 Original	2014 Estimated	2015 Executive Review
General Cash					
Balance - beginning of year	2,556,462	2,961,090	3,201,872	2,927,446	1,717,027
Balance - end of year	2,961,090	2,927,446	2,687,056	1,717,027	1,836,731
Change in cash	<u>404,628</u>	<u>-33,644</u>	<u>-514,816</u>	<u>-1,210,419</u>	<u>119,704</u>
Special Redemption Fund Cash					
Balance - beginning of year	1,162,584	1,383,343	1,377,969	1,711,640	1,953,750
Balance - end of year	1,383,343	1,711,640	1,397,594	1,953,750	1,970,500
Change in cash	<u>220,759</u>	<u>328,297</u>	<u>19,625</u>	<u>242,110</u>	<u>16,750</u>
System Improvement Fund					
Balance - beginning of year	3,375,016	597,704	4,000,000	2,897,328	0
Balance - end of year	597,704	2,897,328	0	0	0
Change in cash	<u>-2,777,312</u>	<u>2,299,624</u>	<u>-4,000,000</u>	<u>-2,897,328</u>	<u>0</u>
Total Cash					
Balance - beginning of year	7,094,062	4,942,137	8,579,841	7,536,414	3,670,777
Balance - end of year	4,942,137	7,536,414	4,084,650	3,670,777	3,807,231
Change in cash	<u>-2,151,925</u>	<u>2,594,277</u>	<u>-4,495,191</u>	<u>-3,865,637</u>	<u>136,454</u>
Capital projects funded by surplus	<u>227,524</u>	<u>8,673</u>	<u>1,009,000</u>	<u>1,260,508</u>	<u>0</u>

WAUWATOSA WATER UTILITY
Surplus Fund Analysis

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
Balance - beginning of year	1,646,339	1,672,262	1,687,738	2,076,462	2,481,090	2,447,446	1,237,027	1,356,731	1,463,683	1,593,635
Balance - end of year	1,672,262	1,687,738	2,076,462	2,481,090	2,447,446	1,237,027	1,356,731	1,463,683	1,593,635	1,764,459
Change in surplus	25,923	15,476	388,724	404,628	-33,644	-1,210,419	119,704	106,952	129,952	170,824

WAUWATOSA WATER UTILITY - SURPLUS FUND ANALYSIS



2014 includes painting of Glenview water tower - 1,260,508

ACCOUNT: 403, 426 Depreciation Expense

MISSION: To depreciate utility plant over service lives established by the Public Service Commission of Wisconsin.

COMMENTARY: During 2014, the utility plans to replace aged water mains in the following areas:

- Milwaukee Avenue from Wauwatosa Avenue to N. 83rd Street.
- Ridge Court from Milwaukee Avenue and connecting Underwood and Menomonee River Parkway.

The utility also plans to use a pipelining method of water main rehabilitation for the area between W. Wisconsin Avenue and W. Wells Street from N. 72nd Street to N. 76th Street.

Utility plant is depreciated under the straight line method at rates established by the Public Service Commission of Wisconsin.

Service lives are as follows:

Buildings and Improvements	31 Years
Improvements Other Than Buildings	
Utility Distribution System	18 to 77 years
Machinery and Equipment	4 to 23 years

Water Main Improvements

Year	Utility Funded	CDBG Funded	Privately Funded	TIF	Total
2014 est	2,012,000	0	200,000	475,000	2,687,000
2013	1,516,198	0	12,650	2,010,666	3,539,514
2012	2,520,837	140,704	199,672	583,888	3,445,101
2011	1,635,696	123,121	414,510	1,112,286	3,285,613
2010	1,259,294	83,683	101,681	153,930	1,598,588
2009	210,842	103,274	308,534	52,716	675,366
2008	132,444	105,157	0	186,126	423,727
2007	383,845	385,469	41,402	0	810,716
2006	279,526	390,971	698,891	1,631,528	3,000,916
2005	641,151	191,454	228,551	0	1,061,156

WATER DEPARTMENT - DEPRECIATION EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
454,387	555,593	403 Depreciation Depreciation - Utility financed plant	580,000	640,000	695,000	19.8%
250,250	195,753	426 Depreciation Depreciation - contributed plant	204,000	197,000	198,000	-2.9%
<hr/> 704,637	<hr/> 751,346	Total Depreciation	<hr/> 784,000	<hr/> 837,000	<hr/> 893,000	<hr/> 13.9%

ACCOUNT: 408 Taxes

COMMENTARY: Taxes are comprised of the tax equivalent (408-2), remainder assessment (408-3), and social security taxes on employee's wages (408-1).

The tax equivalent is a charge paid to the City which is calculated using the current year assessment ratio and tax rate and applying that to the total value of utility plant, construction work in progress and inventory of materials and supplies as of January 1. Per State of Wisconsin Assembly Bill 150, the tax equivalent shall not be less than the amount calculated in 1994 and paid in 1995. The minimum amount paid to the City is \$491,637. Beginning in 2007 the calculated amount exceeded the minimum. The expense for 2013 was \$869,877. The estimate for 2015 is \$936,000.

The remainder assessment is a charge based on annual revenue, which is levied on all utilities to help fund the Public Service Commission of Wisconsin. The negative amounts in account 408-1 represents reimbursement of social security taxes applicable to wages charged to meter expense accounts. The negative amounts in account 408-2 represents reimbursement of the tax equivalent applicable to meter utility plant.

WATER DEPARTMENT - TAXES

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		408-1 Social security taxes				
98,229	93,145	FICA taxes	102,862	102,862	107,488	4.5%
-9,533	-8,886	Charge to sanitary sewer	-9,000	-9,000	-9,000	0.0%
		408-2 Tax equivalent				
792,975	869,877	Tax equivalent	848,000	883,000	936,000	10.4%
-13,655	-14,641	Charge to sanitary sewer	-16,000	-16,000	-16,500	3.1%
		408-3 Remainder assessment				
<u>6,069</u>	<u>6,218</u>	PSC assessment	<u>7,246</u>	<u>7,000</u>	<u>7,300</u>	<u>0.7%</u>
874,085	945,713	Total Taxes	933,108	967,862	1,025,288	9.9%

ACCOUNT: 427, 428 Interest Expense

COMMENTARY: The Utility has \$13,450,000 in Waterworks System Revenue Bonds outstanding at 12-31-14. Interest expense (427) represents interest accrued on those bonds outstanding. Amortization expense (428) represents amortization of bond expense on the 2010 and 2011 bond issues and was amortized over the life of the debt until 2013 when an accounting change was made with the PSC requiring the Utility to expense all remaining unamortized bond expense. Also any expenses for future issuances of debt are to be expensed in the year the debt is issued. Amortization expense (429) represents amortization of bond premium on the 2010 and 2011 bond issues and is amortized over the life of the debt.

In 2014, interest expense decreases 7.4% or \$35,065.

<u>Type</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance 12/31/2014</u>
Waterworks System Revenue Bonds	10/5/10	3.0-4.0	1/1//11-29	1/1&7/1	7,750,000	6,875,000
	11/29/11	2.0-3.0	1/1//13-22	1/1&7/1	2,400,000	2,000,000
	11/19/13	3.0-4.125	1/1//15-34	1/1&7/1	4,575,000	<u>4,575,000</u>
						13,450,000
Less: Current portion of long-term debt						<u>625,000</u>
						<u>12,825,000</u>

WATER DEPARTMENT - INTEREST EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		427 Interest expense				
319,313	327,112	Interest on outstanding bonds	297,813	475,349	440,300	47.8%
12,902	12,509	Interest on G O refunding debt	12,026	12,026	11,329	-5.8%
		428 Amortization expense				
6,842	79,391	Amortization of bond discount and expense	0	0	0	
		429 Amortization expense				
<u>-12,822</u>	<u>-12,199</u>	Amortization of bond premium	<u>-11,574</u>	<u>-11,574</u>	<u>-10,893</u>	<u>-5.9%</u>
326,235	406,813	Total Interest Expense	298,265	475,801	440,736	47.8%

ACCOUNT: 600 Source of Supply Expense

MISSION: Purchase high quality treated surface water from a dependable supplier that can be distributed to our customers in ample amounts that satisfy residential, industrial, and commercial demands in addition to providing adequate fire protection for the City of Wauwatosa.

PROGRAM NARRATIVE: The primary expenditure is the purchase of water directly from the Milwaukee Water Works (602). The utility also reimburses the County for our residents that are serviced via the County's water main.

COMMENTARY: 2015 estimated purchased water consumption is 1,757,800 thousand gallons. This amount reflects the downward trend in residential and industrial consumption over the last few years.

Year	Gallons Purchased (in thousands)	Cost	Non-Revenue Water
2014 est.	1,631,111	\$2,200,000	10%
2013	1,634,919	2,126,335	11%
2012	1,768,047	2,251,090	8%
2011	1,782,288	2,272,973	10%
2010	1,708,246	2,159,538	12%

June 2014 Pass through Milwaukee simplified rate increase
June 2013 Pass through Milwaukee simplified rate increase
March 2013 Wauwatosa conventional rate increase
March 2011 Pass through Milwaukee conventional rate increase
February 2011 Wauwatosa simplified rate increase

WATER DEPARTMENT - SOURCE OF SUPPLY EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		602 Purchased water				
2,251,090	2,126,335	Purchased water from Milwaukee	2,270,000	2,200,000	3,104,000	36.7%
		603 Misc expense				
<u>199</u>	<u>228</u>	Electricity	<u>256</u>	<u>256</u>	<u>266</u>	<u>3.9%</u>
2,251,289	2,126,563	Total Source of Supply Expense	2,270,256	2,200,256	3,104,266	36.7%

ACCOUNT: 620, 630 Pumping Expense

MISSION: Develop water pumping schemes, maintain surplus capacities and select the most cost efficient ways to distribute water throughout the entire city twenty-four hours a day, seven days a week to meet the demands of our customers. Maintain attractive and structurally sound water facilities and grounds.

PROGRAMS: Supervisory Control and Data Acquisition (SCADA) system operations (624), water pumping stations operational and maintenance issues (626, 631), generator power availability (621, 632).

PROGRAM NARRATIVE: The SCADA system facilitates automatic monitoring and control of the operations of the water system's remote facilities. This cost effective control system allows the utility to reduce our labor expense while automatically operating the system.

PERSONNEL:

<u>Position Title</u>	<u>2014 FTE</u>	<u>2015 FTE</u>
Control Systems Technician	1	1
Operator Technician	2	2

PERFORMANCE INDICATORS:

- Ability to deliver an adequate supply of water to meet the needs of our customers
- Generators are tested monthly and operational for use during electrical outages
- Well maintained grounds

COMMENTARY: In 2014, the Blanchard Pumping Station targeted two of the four Dezurik motors and valve units associated with our pumping cycles (633) which have started to fail after twenty-five years of use. This project was deferred from 2013.

WATER DEPARTMENT - PUMPING EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		621 Fuel				
620	669	Fuel for mobil generators	1,134	1,134	1,020	-10.1%
		623 Power purchased				
123,184	127,835	Electricity	131,442	131,442	136,699	4.0%
		624 Pumping labor & exp				
182,049	184,883	Wages	188,840	185,063	195,512	3.5%
7,065	5,124	Overtime	5,948	5,948	5,948	0.0%
19,690	12,965	Equipment rent	12,267	12,267	11,104	-9.5%
602	640	Telephone	715	715	715	0.0%
7,272	9,181	Heat	13,575	13,575	13,575	0.0%
324	380	Supplies	500	500	500	0.0%
		626 Misc expense				
3,193	2,442	Lawn mowing	4,045	4,045	3,640	-10.0%
1,536	1,938	Storm water charges	2,340	2,340	2,700	15.4%
		631 Maint of pump buildings				
1,856	2,166	Contract labor and materials	4,044	4,044	3,640	-10.0%
7,183	2,878	Supplies	3,795	3,795	3,795	0.0%
1,738	0	Compressor (2)	0	0	0	
1,365	0	Air Dryers (2)	0	0	0	
0	892	Heaters (2) - Feerick Tower	0	0	0	
0	483	Ladders	0	0	0	
0	0	Paint interior piping Blanchard station	4,000	0	0	-100.0%
		632 Maint of power prod eq				
2,421	2,209	Contract labor and materials	6,460	6,460	6,460	0.0%
		633 Maint of pumping equip				
9,636	0	Contract labor and materials	13,200	13,200	13,200	0.0%
0	0	Blanchard - DeZurik valve replacements	25,000	25,000	0	-100.0%
0	23,975	Blanchard - Valve replacements	0	0	0	
934	568	Supplies	1,320	1,320	1,320	0.0%
370,668	379,228	Total Pumping Expense	418,625	410,848	399,828	-4.5%

ACCOUNT: 640 Water Treatment Expense

MISSION: To remain in compliance with the rules and regulations as established by the United States Environmental Protection Agency (EPA) and the Wisconsin Department of Natural Resources (DNR).

PROGRAMS: Annually publish the Consumer Confidence Report, monthly water samples. Establish a baseline of water quality purchased through the use of on-line monitoring panels at our pumping stations.

PROGRAM NARRATIVE: The EPA requires each water provider publish and distribute a Consumer Confidence Report annually (643).

PERFORMANCE INDICATORS:

- Publish and distribute the Consumer Confidence Report before July 1, 2015.
- Establish baseline water quality data for supply entering the pumping stations through the use of water distribution monitoring panels.
- Lead and Copper testing in compliance with EPA requirements.

COMMENTARY: The water utility conducted our EPA required Lead and Copper testing during 2014. Quarterly calibrations of our in-line water quality monitoring panels by the manufacturer's representative ensure accurate data when measuring chlorine residual, ph, conductivity, and turbidity.

WATER DEPARTMENT - WATER TREATMENT EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		643 Misc water treatment exp				
304	740	Water sample testing	1,180	1,180	925	-21.6%
1,484	1,803	Publish & distribute water quality report	2,410	2,410	2,410	0.0%
3,558	3,984	Distribution monitor panels	4,630	4,630	4,630	0.0%
2,268	0	ph probes (3)	0	0	2,550	
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>	
7,614	6,527	Total Water Treatment Expense	8,220	8,220	10,515	27.9%

ACCOUNT: 660, 670 Transmission & Distribution Expense

MISSION: Supply our customers with an adequate volume of high quality water. Ensure our water quality is safe for consumption. Repair and maintain the utility’s water distribution system and water storage facilities with minimal interruption of services. Accurately meter and document water usage by our customers in accordance with the Public Service Commission guidelines.

PROGRAMS: Preventative maintenance prior to paving, repair broken water mains, gate valve maintenance, repair service laterals and curb stops, Digger’s Hotline marking, meter services, meter testing and repair, distribution system records, water storage facilities maintenance, conduct hydrant inspections, repair or replace defective fire hydrants, hydrant painting, seasonal hydrant flushing, leak survey and other construction related activities. Our Operator Technicians collect over fifty water samples each month as mandated by the DNR for bacteriological testing.

PROGRAM NARRATIVE: The Water Maintenance staff provides valuable services to maintain the integrity of the water distribution system. The staff develops expertise in repairs and maintenance of the water distribution system when responding to broken water mains (673), service lateral failures (675), and fire hydrant maintenance (677).

Our clerical staff schedules appointments for the Meter Service staff to upgrade and exchange water meters with our new Advanced Metering Infrastructure (AMI) technology. Our water meter testing program remains in compliance with the PSC standard guidelines.

The utility preventative maintenance program evolves around the City’s annual street paving and sealing program. Leak surveying (662) identifies existing non-surfacing water leaks so repairs can be made prior to the start of paving. Standard practices include having our Water Maintenance staff locate, mark and make operable all water main valves, hydrant valves, fire hydrants and service line valves to insure they are available for emergency use prior to paving.

PERSONNEL:

<u>Position Title</u>	<u>2014 FTE</u>	<u>2015 FTE</u>
Water Maintenance Worker	7	7
Water Maintenance Lead	1	1
Meter Service Person	2	2
Meter Repair Person	1	1
Seasonal Laborer	.38	.38

PERFORMANCE INDICATORS:

- Repair and maintain water distribution system in a timely manner to ensure system reliability for our customers
- Preventative maintenance completed prior to paving
- Fire hydrant inspections on a two year cycle per DNR regulations
- Gate valve operations once every five years per DNR regulations
- Meter testing program compliance with PSC guidelines
- Dead end hydrant flushing program meeting DNR recommendations
- 100% compliance with the EPA and DNR requirements for water sampling

WATER DEPARTMENT - TRANSMISSION & DISTRIBUTION EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
1,436	903	661 Storage facilities exp				
		Operate aviation lights on Burleigh and Feerick tanks and electric heaters in valve vaults	2,154	2,154	2,154	0.0%
		662 Trans & dist line exp				
90,215	109,186	Wages	76,570	35,931	95,000	24.1%
4,425	3,482	Overtime	3,032	3,032	3,032	0.0%
1,241	4,664	Equipment rent	4,275	4,275	3,848	-10.0%
4,412	1,596	Supplies	2,750	2,750	2,750	0.0%
1,252	1,426	Electricity	1,535	1,535	1,597	4.0%
2,399	5,378	Water sample tests	8,000	8,000	8,000	0.0%
3,120	3,120	Engineering software license	3,432	3,432	3,432	0.0%
2,073	0	GRAEF modeling	5,000	5,000	5,000	0.0%
716	662	GIS field internet access	720	720	720	0.0%
0	2,961	Diggers hotline expense	0	2,961	3,257	
30,600	0	Echologics - Condition Assessment	0	0	0	
14,636	0	Check Valve - (3) replacement pilot kits	0	0	0	
0	25,000	Evaluation of pipe condition assessment	0	0	0	
		663 Meter expense				
45,473	54,037	Wages	56,907	56,907	56,647	-0.5%
16,512	16,684	Equipment rent	16,340	16,340	19,036	16.5%
15,605	17,088	Contract large meter testing	18,500	18,500	18,500	0.0%
106	74	Supplies	400	400	400	0.0%
-38,848	-43,941	Charge to sanitary sewer	-46,074	-46,074	-47,292	2.6%
		664 Customer installation exp				
2,131	2,258	Equipment rent	2,195	2,195	2,373	8.1%
0	0	Supplies	225	225	200	-11.1%
22,610	12,299	Contract services - cross connection	23,115	23,115	23,115	0.0%
		665 Misc expense				
1,649	2,357	Wages	0	0	0	
8,000	12,000	GIS	8,000	8,000	8,000	0.0%
		666 Rent - public works				
16,464	17,324	Rent	17,856	17,100	17,172	-3.8%
		672 Reservoir maintenance				
3,370	2,000	Cathodic protection	5,225	5,225	5,225	0.0%
1,090	212	Reservoir maintenance	1,500	1,500	12,000	700.0%
		Amortization of painting -				
65,229	65,229	Alice St tank	65,229	65,229	0	-100.0%
0	0	Glenview tank	198,400	249,200	249,200	25.6%
7,700	0	Alice tank painting rehab	0	0	0	
		Tank inspections -				
3,095	0	Potter	0	0	0	
0	3,410	Burleigh	0	0	0	
0	0	Feerick	2,975	2,975	0	-100.0%
3,145	0	Potter Rd - power wash exterior	0	0	3,150	
0	0	Alice St - power wash exterior	4,100	3,549	0	-100.0%

ACCOUNT: 660, 670 Transmission & Distribution Expense (continued)

Account	Description	Unit	2010	2011	2012	2013
	Water main - total system	Feet	1,050,069	1,056,606	1,059,547	1,069,258
	Water main - replaced	Feet	5,179	14,013	9,489	7,450
	Water main - new	Feet	2,674	2,272	3,029	9,711
673	Water main breaks*	Each	75	79	91	77
673	Valves repaired	Each	14	15	20	19
673	Valves replaced	Each	3	4	4	6
675	Water service repairs	Each	22	27	30	24
677	Fire hydrants - total	Each	2,104	2,124	2,130	2,232
677	Fire hydrants - replaced	Each	7	14	3	7
677	Fire hydrants - repaired	Each	16	44	56	38
677	Fire hydrants - flushed	Each	275	275	283	294
	Water service laterals	Each	15,505	15,502	15,507	15,513
	Read-o-Matic registers	Each	14,872	14,708	12,760	11,322
	Orion radio read registers	Each	435	542	2,442	4,112
663/676	Service calls	Each	3,164	2,379	3,677	3,298

* Ten year average annual water main breaks - 80

COMMENTARY: The Utility's preventative maintenance program continues to focus on compliance with the DNR's "Requirements for the Operation and Design of Community Water Systems" related to fire hydrant inspections once every two years and the operations of distribution valves once every five years. The Utility remains committed to performing leak surveys where the utility reduces the amount of unaccounted for water lost through broken water mains, defective service laterals, leaking valves and fire hydrants that may be leaking prior to street restorations. Dead end hydrant flushing is performed in spring and fall each year.

The utility's use of the Read-o-Matic registers improved the meter reading efficiency but as these units age, labor expenses increase and utility revenue declines may be attributed to inaccurate readings. Badger Meter has discontinued production of our existing ROM's thereby forcing water utilities to commit to automated meter infrastructure (AMI). Through July 31st, the utility has installed 5,008 Badger Meter Orion SE endpoints as part of our upgrade program.

The second year amortization of the Glenview Ave tank painting is included in next year's expenses.

WATER DEPARTMENT - TRANSMISSION & DISTRIBUTION EXPENSE (continued)

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
673 Main maintenance						
236,225	258,621	Wages	184,975	331,927	221,289	19.6%
60,963	52,179	Overtime	67,083	96,583	68,416	2.0%
47,659	55,553	Labor - other departments	83,569	88,500	80,409	-3.8%
91,461	132,883	Equipment rent	124,861	143,195	111,713	-10.5%
39,525	62,551	Materials	56,835	71,043	65,360	15.0%
2,446	1,410	Lawn repairs	2,500	2,500	2,500	0.0%
22,315	33,821	Gravel & stone	37,800	56,700	47,250	25.0%
63,493	46,600	Contract labor and materials	30,717	215,400	38,658	25.9%
43,397	34,957	Pavement materials	50,281	80,450	57,823	15.0%
16,999	8,800	Paving contractors	37,000	173,760	55,500	50.0%
Equipment and tools (see detail)						
0	29,600	Leak Correlator	0	0	0	
0	0	STIHL Cutquik cut-off machine	1,000	900	0	-100.0%
0	0	Supplemental tools	500	0	0	-100.0%
675 Services maintenance						
57,293	25,360	Wages	62,055	21,680	40,000	-35.5%
3,985	2,802	Overtime	6,345	6,345	6,345	0.0%
14,897	14,327	Equipment rent	13,789	13,789	12,406	-10.0%
38,363	29,459	Contract labor and materials	38,175	38,175	36,266	-5.0%
17,289	16,770	Materials	17,500	17,500	17,500	0.0%
10,983	1,979	Paving contractors	10,000	10,000	10,000	0.0%
Equipment and tools						
3,100	0	Metrotech	0	0	0	
1,358	0	Magnetic locating wand (2)	0	0	0	
2,240	0	Simtap	0	0	0	
500	0	Flaring Tools	0	0	0	
0	0	Alturna MATS	1,000	995	0	-100.0%
676 Meter maintenance						
94,798	83,412	Wages	123,022	93,833	99,575	-19.1%
3,092	2,179	Overtime	908	908	908	0.0%
100	200	Clothing allowance	500	500	200	-60.0%
3,113	11,793	Equipment rent	6,435	6,435	6,380	-0.9%
19,774	20,229	Supplies	10,000	10,000	10,000	0.0%
-60,589	-58,906	Charge to sanitary sewer	-57,790	-56,088	-58,782	1.7%
Equipment and tools						
0	0	Supplemental tools	500	500	500	0.0%
677 Hydrant maintenance						
31,834	32,196	Wages	73,499	36,750	63,536	-13.6%
14,169	15,178	Equipment rent	13,971	13,971	14,295	2.3%
10,692	17,706	Repair parts & supplies	16,920	16,920	16,920	0.0%
Equipment and tools						
1,402	0	Hydrant steam thawer	0	0	0	
0	0	Hydrant diffusers	2,500	0	2,500	0.0%
1,222,732	1,251,068	Total Transmission & Distrib Exp	1,498,811	1,987,347	1,523,983	1.7%

ACCOUNT: 900 Customer Accounts Expense

MISSION: Accurately read all water meters and complete reading to enable timely billing to customers. Submit accurate records for mail of water billing statements to our customers in a timely manner.

PROGRAMS: Meter reading (902), audit and review of customer readings, investigation of out of range readings, generating the billing for water, sewer, and storm water utilities, processing customer payments, and answer customer inquiries (903).

PROGRAM NARRATIVE: Our Water Meter Reader (902) provides the data for the amount of water used at a property. This information along with sewer user and storm water charges make up the data required on the water billing system. The remainder of the expenses (903) includes clerical staff payroll, mailing services, Treasurers Office labor, deposit charges, and supplies.

PERSONNEL:

<u>Position Title</u>	<u>2014 FTE</u>	<u>2015 FTE</u>
Meter Reader	1	1
Administrative Support Specialist	.250	.250
Office Assistant	.625	.625

PERFORMANCE INDICATORS:

- All meters are read accurately and timely to facilitate bill processing
- Water, sewer and storm water bills are generated and mailed according to Public Service Commission rules and regulations

COMMENTARY: Our Advanced Metering Infrastructure upgrade program is designed to reduce labor costs, improve meter reading efficiency, and provide exceptional customer service when helping customers with billing questions. The goal of the AMI program is to ensure our customer's meter usage information is delivered in a timely manner back to City Hall.

Effective August 13, 2014, The Public Service Commission of Wisconsin authorized the utility's "Opt-Out" program for customers who elect not to have a Badger Meter Orion SE radio transmitter installed at their property. The customer will be charged costs associated with a Non-Standard Meter Service reading as approved by the PSC. By selecting the "Opt-Out" option, water utility staff will continue to read the water meter at our customer's property, and a special quarterly meter reading charge of \$47.84 will be assessed, in addition to the quarterly bill.

The negative amounts in accounts 902 and 903 represent reimbursement of meter reading and billing costs by the sanitary and storm sewer departments.

WATER DEPARTMENT - CUSTOMER ACCOUNTS EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
902 Meter reading expense						
56,939	56,003	Wages	52,134	52,134	51,887	-0.5%
100	100	Clothing allowance	100	100	100	0.0%
3,409	3,596	Equipment rent	3,513	3,513	3,796	8.1%
1,321	1,236	Auto allowance	1,440	1,440	1,368	-5.0%
299	296	Postage	1,000	1,000	1,000	0.0%
0	166	Electricity	100	100	100	0.0%
0	5,675	Hand held maint and support	5,000	6,000	6,000	20.0%
-31,034	-33,536	Charge to sanitary sewer	-31,644	-32,144	-32,126	1.5%
903 Customer records exp						
39,787	38,762	Wages	55,648	36,750	54,150	-2.7%
11,635	11,572	Treasurer's department labor	9,321	9,321	10,287	10.4%
40,915	37,717	Mailing service	40,500	40,500	41,715	3.0%
6,000	6,000	Deposit charges	6,000	6,000	6,000	0.0%
591	605	Supplies	903	903	948	5.0%
0	0	Scanner repair/replacement	500	500	500	0.0%
-17,772	-17,133	Charge to storm sewer	-18,190	-18,190	-18,605	2.3%
-40,578	-38,761	Charge to sanitary sewer	-47,341	-37,892	-47,498	0.3%
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
71,612	72,298	Total Customer Accounts Expense	78,984	70,035	79,622	0.8%

ACCOUNT: 920, 930 Administrative and General Expenses

MISSION: Properly account for all administrative functions of the Utility and efficiently manage the resources of the Utility.

PERSONNEL:

<u>Position Title</u>	<u>2014 FTE</u>	<u>2015 FTE</u>
Water Superintendent	1	1
Accountant / Business Manager	1	1
Water Operations Manager	1	1
Administrative Support Specialist	.750	.750
Office Assistant	.375	.375

COMMENTARY: These expenses include management salaries (920), office expenses (921), municipal charges (923), property insurance (924), workmen's compensation and liability insurance (925), employee insurance benefits (926-1), employee pensions (926-2), training (930), and office rent for City Hall office areas (931).

Insurance Account (926-1) and Pension Account (926-2) reflect employee contributions towards expenses for 2014 and 2015.

WATER DEPARTMENT - ADMINISTRATIVE & GENERAL EXPENSE

2012 Actual	2013 Actual	Account / Function	2014 Original	2014 Estimated	2015 Executive Review	% Change
		920 Admin & general salaries				
271,765	289,142	Wages	278,083	278,083	287,860	3.5%
0	0	Pay for performance	11,396	11,396	17,158	50.6%
		921 Office expense				
6,250	7,404	Equipment rent	5,649	5,649	6,911	22.3%
765	735	Telephone	2,500	2,500	2,500	0.0%
10,736	10,333	Supplies and postage	12,024	12,024	12,024	0.0%
3,249	3,669	Dues & periodicals	4,955	4,955	5,450	10.0%
3,543	0	3 computers with monitors - City Hall	0	0	0	
		923 Outside services				
100,417	124,710	Municipal charges	144,648	143,648	102,913	-28.9%
950	5,088	Outside services	10,000	47,657	10,000	0.0%
6,250	5,400	Audit of utility accounts	5,562	5,562	5,600	0.7%
27,989	32,708	Information Technology charges	27,835	27,835	27,667	-0.6%
		924 Property insurance				
7,542	9,251	Insurance on Utility property	9,955	10,700	11,200	12.5%
		925 Injuries and damages				
59,411	73,478	Workers comp insurance	77,136	77,136	64,512	-16.4%
-2,535	4,721	Liability insurance	6,288	6,288	5,039	-19.9%
		926-1 Insurance				
456,484	468,851	Employee health & life insurance	517,700	500,412	543,523	5.0%
-35,682	-38,276	Employee contribution	-59,300	-58,003	-62,888	6.1%
-43,182	-41,217	Charge to sanitary sewer	-45,000	-43,000	-47,000	4.4%
		926-2 Pensions				
137,639	170,808	Employee pensions	185,748	185,748	184,516	-0.7%
42,646	42,646	Amortization of pension related past service cost	42,646	42,646	42,646	0.0%
-68,775	-87,196	Employee contribution	-92,874	-92,874	-92,258	-0.7%
-7,352	-7,724	Charge to sanitary sewer	-7,500	-7,500	-7,500	0.0%
		928 Regulatory expense				
4,359	7,001	PSC expenses related to rate increase application or other PSC related issues	1,000	1,000	3,000	200.0%
		930-1 Misc expense				
182	0	Bond redemption expense	0	1,000	1,000	
257	0	Miscellaneous	1,000	1,000	1,000	0.0%
		930-2 Training				
3,668	4,554	Continuing education and training	14,338	13,621	12,187	-15.0%
		931 Rent - office				
20,208	19,169	Rent	18,957	18,849	18,356	-3.2%
		932-3 Maint of telemetering eq				
2,827	484	Repairs to telemetering equipment and control system software maint	5,000	5,000	8,000	60.0%
0	1,590	UPS back up supply power	0	0	1,800	
0	0	SCADA upgrades for new acquisitions	15,000	15,200	4,500	-70.0%
<hr/>	<hr/>	Total Administrative & General Exp	<hr/>	<hr/>	<hr/>	<hr/>
1,009,611	1,107,329		1,192,746	1,216,532	1,169,716	-1.9%

WAUWATOSA WATER UTILITY
2015 CAPITAL BUDGET SUMMARY
NON-BONDED CAPITAL EXPENDITURES

ACCOUNT
NUMBER

ITEM

AMOUNT

JUSTIFICATION

No Non-Bonded Capital Expenditures are budgeted

WAUWATOSA WATER UTILITY
2015 CAPITAL BUDGET SUMMARY
CAPITAL EXPENDITURES

ACCOUNT NUMBER	ITEM	AMOUNT	JUSTIFICATION
PROJECTS PAID OUT OF BONDED FUNDS			
WATER MAIN REPLACEMENT PRIOR TO ZOO FREEWAY PROJECT			
50-101-3431-900	Center St bridge east of Hwy 45 to west of Hwy 45	50,000	Water main installed in 1964. Relocation of freeway crossing. Pending 90/10 cost share agreement with DOT.
50-101-3431-900	Wisconsin Ave bridge at Hwy 45	94,428	Water main installed in 1964. Supply main alteration. DOT 90/10 cost share according to MOU.
		<u>144,428</u>	
OTHER WATER MAIN REPLACEMENT			
50-101-3431-900	Replace water main 104th St from North Ave to Fischer Parkway	421,050	Various water main alterations related to Mayfair Mall sewer project.
50-101-3431-900	Replace water main 100th St from Glendale to south of Hampton Ave	308,000	Water main installed in 1964. 15 total main breaks, 9 failures since 2000
50-101-3431-900	Replace water main 118th St from Glendale to Derby Ave	364,000	Water main installed in 1964. 26 total main breaks, 18 failures since 2000
50-101-3431-900	Replace water main Derby Ave from 117th St to 118th St	84,000	Water main installed in 1964. 2 failures since 2004, relocate away from home and WE Energies power pole.
50-101-3431-900	Replace water main Parkside from Glendale to Courtland Ave	224,000	Water main installed in 1955. 17 total main breaks, 10 failures since 2000
50-101-3431-900	Replace water main Parkside Ct from Parkside to dead end west of Parkside	98,000	Water main installed in 1955. 5 total main breaks, 3 failures since 2000
50-101-3431-900	Water main pipe lining Mary Ellen/Wisconsin Ave from 77th St to Honey Creek Parkway	825,000	Pipelining of water mains located in residential property easements
		<u>2,324,050</u>	
OTHER PROJECTS			
50-101-3461-900	Advanced Metering Infrastructure (AMI) program	1,000,000	Replacement of meters where parts are no longer available along with installation of AMI equipment in a fixed based network with two way communication capabilities.
50-101-3250-300	Sump pump replacement at 64th St pumping station	150,000	Replacement of sump pump that has exceeded it's useful life.
50-101-3431-900	Repair, renovate, or replace water main as needed	150,000	Water main alterations related to construction activities and/or unanticipated water main replacement.
50-101-3431-900	Engineering design services	142,700	Water main engineering design.
50-101-3431-900	Construction inspection services	75,000	Inspection services provided by outside engineering firm on an as needed basis.
		<u>1,517,700</u>	
	Total projects paid out of future bonded funds	<u><u>3,986,178</u></u>	