

**WAUWATOSA
WATER UTILITY**

2016 BUDGET

WAUWATOSA WATER UTILITY
2016 BUDGET
TABLE OF CONTENTS

	<u>Page</u>
Budget Summary	2
Operating Budget Summary	3
Cash Summary	4
Surplus Fund Analysis	5
Depreciation Expense narrative	6
Depreciation Expense	7
Taxes narrative	8
Taxes	9
Interest Expense narrative	10
Interest Expense	11
Source of Supply Expense narrative	12
Source of Supply Expense	13
Pumping Expense narrative	14
Pumping Expense	15
Water Treatment Expense narrative	16
Water Treatment Expense	17
Transmission & Distribution Expense narrative	18
Transmission & Distribution Expense	19
Transmission & Distribution Expense narrative	20
Transmission & Distribution Expense	21
Customer Accounts Expense narrative	22
Customer Accounts Expense	23
Administrative & General Expense narrative	24
Administrative & General Expense	25
Non-Bonded Capital Expenditures	26
Capital Expenditures	27

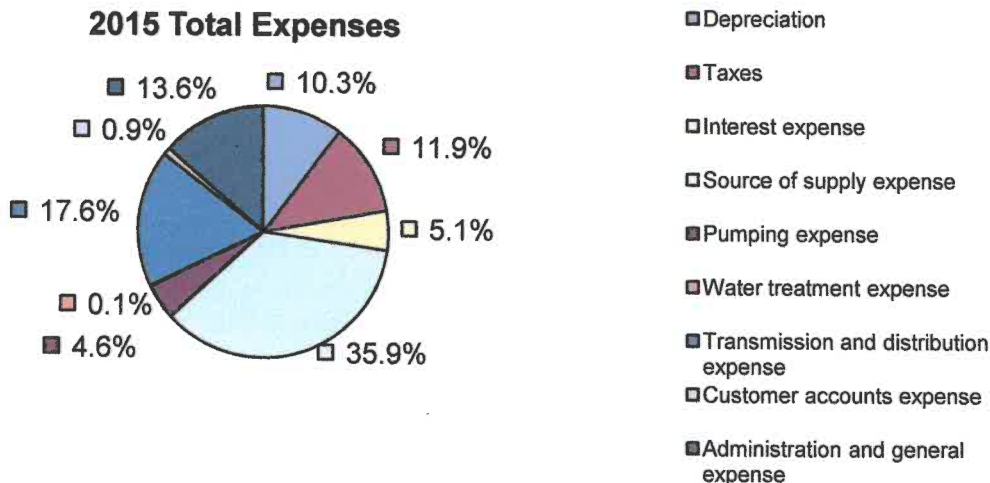
WAUWATOSA WATER UTILITY
BUDGET SUMMARY

	2013 Actual	2014 Actual	2015 Original	2015 Estimated	2016 Executive Review
Residential sales	3,597,099	3,582,751	4,389,000	3,900,000	4,085,000
Residential multi-family sales	0	335,441	460,000	478,000	489,000
Commercial sales	1,794,056	1,507,185	1,600,000	1,502,000	1,494,000
Industrial sales	130,962	187,291	254,000	225,000	269,000
Public authority sales	163,608	181,175	212,000	202,000	202,000
Total Metered Sales	5,685,725	5,793,843	6,915,000	6,307,000	6,539,000
Public fire protection	957,266	987,631	1,075,000	896,000	919,600
Other water revenues	435,377	451,095	451,331	473,078	500,372
Misc amortization	122,200	122,200	122,200	122,200	122,200
Interest income	5,700	6,814	6,200	4,900	6,200
Customer contributions	51,682	291,313	3,000	8,000	3,000
Total revenues	7,257,950	7,652,896	8,572,731	7,811,178	8,090,372
Depreciation	751,346	831,429	893,000	867,600	930,000
Taxes	945,713	917,653	1,025,288	952,388	1,002,523
Interest expense	406,813	457,252	440,736	470,736	498,409
Source of supply expense	2,126,563	2,226,900	3,104,266	2,514,266	2,623,280
Pumping expense	379,228	370,126	399,828	424,828	440,581
Water treatment expense	6,527	2,972	10,515	7,965	9,810
Transmission and distribution expense	1,251,068	1,943,011	1,523,983	1,523,201	1,513,690
Customer accounts expense	72,298	66,751	79,622	81,402	80,051
Administration and general expense	1,107,329	1,129,250	1,169,716	1,139,317	1,082,743
Total expenses	7,046,885	7,945,344	8,646,954	7,981,703	8,181,087
Net income (loss) - Accrual basis	211,065	-292,448	-74,223	-170,525	-90,715
Less -					
Revenue bond principal payments	425,000	425,000	625,000	625,000	650,000
Non-bonded capital expenditures	8,673	1,267,917	0	0	0
	-222,608	-1,985,365	-699,223	-795,525	-740,715
Adjustment for non-cash/non- income statement items	188,964	567,695	818,927	1,076,937	847,667
Change in cash	-33,644	-1,417,670	119,704	281,412	106,952
Rate of return	2.51%	-0.21%	1.71%	1.37%	1.73%
Coverage ratio	2.68	1.57	1.93	1.72	1.85
Average residential water bill	95.66	96.47	107.49	102.06	102.06
Amount change in water bill	16.42	0.81	11.02	5.59	0.00
Percent change in water bill	20.60%	0.85%	11.20%	5.79%	0.00%

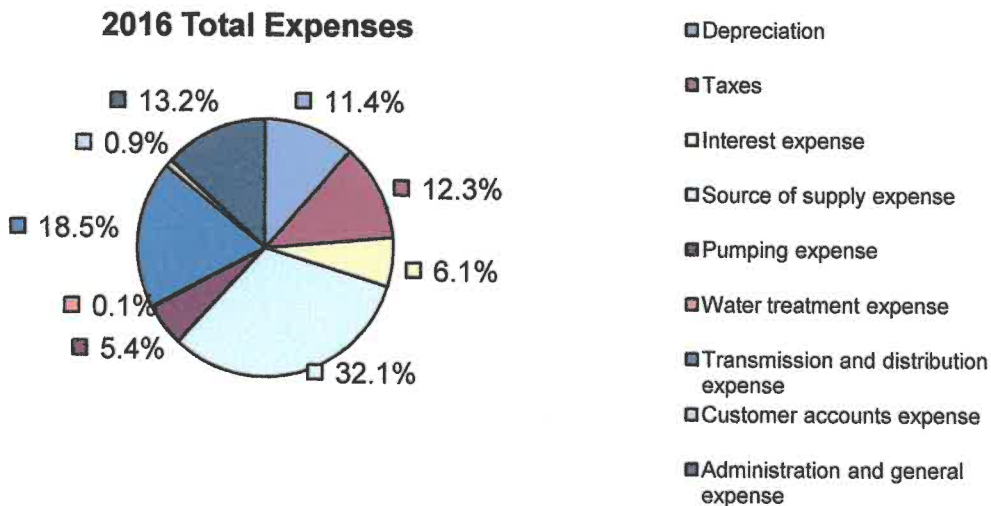
**WAUWATOSA WATER UTILITY
OPERATING BUDGET SUMMARY**

	Adopted 2015	2016	Percentage Change
Total revenues	<u>8,572,731</u>	<u>8,090,372</u>	
Depreciation	893,000	930,000	4.1%
Taxes	1,025,288	1,002,523	-2.2%
Interest expense	440,736	498,409	13.1%
Source of supply expense	3,104,266	2,623,280	-15.5%
Pumping expense	399,828	440,581	10.2%
Water treatment expense	10,515	9,810	-6.7%
Transmission and distribution expense	1,523,983	1,513,690	-0.7%
Customer accounts expense	79,622	80,051	0.5%
Administration and general expense	<u>1,169,716</u>	<u>1,082,743</u>	-7.4%
Total expenses	<u>8,646,954</u>	<u>8,181,087</u>	-5.4%
Net income (loss)	<u><u>-74,223</u></u>	<u><u>-90,715</u></u>	

2015 Total Expenses



2016 Total Expenses



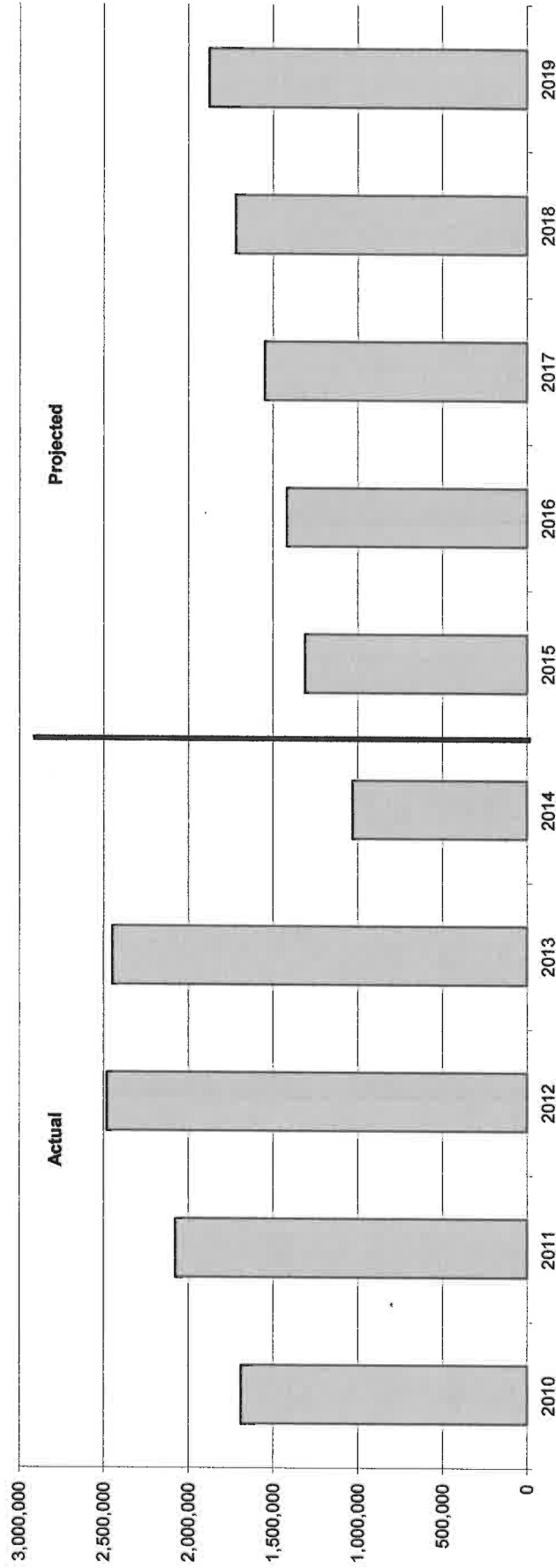
WAUWATOSA WATER UTILITY
CASH SUMMARY

	2013 Actual	2014 Actual	2015 Original	2015 Estimated	2016 Executive Review
General Cash					
Balance - beginning of year	2,961,090	2,927,446	1,717,027	1,509,776	1,791,188
Balance - end of year	<u>2,927,446</u>	<u>1,509,776</u>	<u>1,836,731</u>	<u>1,791,188</u>	<u>1,898,140</u>
Change in cash	<u><u>-33,644</u></u>	<u><u>-1,417,670</u></u>	<u><u>119,704</u></u>	<u><u>281,412</u></u>	<u><u>106,952</u></u>
Special Redemption Fund Cash					
Balance - beginning of year	1,383,343	1,711,640	1,953,750	1,953,750	1,968,200
Balance - end of year	<u>1,711,640</u>	<u>1,953,750</u>	<u>1,970,500</u>	<u>1,968,200</u>	<u>1,984,575</u>
Change in cash	<u><u>328,297</u></u>	<u><u>242,110</u></u>	<u><u>16,750</u></u>	<u><u>14,450</u></u>	<u><u>16,375</u></u>
System Improvement Fund					
Balance - beginning of year	597,704	2,897,328	0	808,837	0
Balance - end of year	<u>2,897,328</u>	<u>808,837</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in cash	<u><u>2,299,624</u></u>	<u><u>-2,088,491</u></u>	<u><u>0</u></u>	<u><u>-808,837</u></u>	<u><u>0</u></u>
Total Cash					
Balance - beginning of year	4,942,137	7,536,414	3,670,777	4,272,363	3,759,388
Balance - end of year	<u>7,536,414</u>	<u>4,272,363</u>	<u>3,807,231</u>	<u>3,759,388</u>	<u>3,882,715</u>
Change in cash	<u><u>2,594,277</u></u>	<u><u>-3,264,051</u></u>	<u><u>136,454</u></u>	<u><u>-512,975</u></u>	<u><u>123,327</u></u>
Capital projects funded by surplus					
	<u><u>8,673</u></u>	<u><u>1,267,917</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

WAUWATOSA WATER UTILITY
Surplus Fund Analysis

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Balance - beginning of year	1,672,262	1,687,738	2,076,462	2,481,090	2,447,446	1,029,776	1,311,188	1,418,140	1,548,092	1,718,916
Balance - end of year	1,687,738	2,076,462	2,481,090	2,447,446	1,029,776	1,311,188	1,418,140	1,548,092	1,718,916	1,877,244
Change in surplus	15,476	388,724	404,628	-33,644	-1,417,670	281,412	106,952	129,952	170,824	158,328

WAUWATOSA WATER UTILITY - SURPLUS FUND ANALYSIS



2014 includes painting of Glenview water tower - 1,253,019

ACCOUNT: 403, 426 Depreciation Expense

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

COMMENTARY: During 2016, the utility plans to replace aged water mains associated with the paving of W. State Street and the State Street Station redevelopment area.

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
2015 est	4,019,000	0	0	1,282,000	5,301,000
2014	524,378	0	270,980	21,827	817,185
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

WATER DEPARTMENT - DEPRECIATION EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
555,593	634,529	403 Depreciation Depreciation - Utility financed plant	695,000	652,000	726,000	4.5%
195,753	196,900	426 Depreciation Depreciation - contributed plant	198,000	215,600	204,000	3.0%
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>	<hr/>
751,346	831,429	Total Depreciation	893,000	867,600	930,000	4.1%

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 2014 was \$838,623. The estimate for 2016 is \$928,700.

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

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		408-1 Social security taxes				
93,145	96,844	FICA taxes	107,488	107,488	91,923	-14.5%
-8,886	-10,007	Charge to sanitary sewer	-9,000	-9,000	-9,000	0.0%
		408-2 Tax equivalent				
869,877	838,623	Tax equivalent	936,000	862,400	928,700	-0.8%
-14,641	-14,708	Charge to sanitary sewer	-16,500	-16,000	-17,000	3.0%
		408-3 Remainder assessment				
<u>6,218</u>	<u>6,901</u>	PSC assessment	<u>7,300</u>	<u>7,500</u>	<u>7,900</u>	<u>8.2%</u>
945,713	917,653	Total Taxes	1,025,288	952,388	1,002,523	-2.2%

ACCOUNT: 427, 428 Interest Expense

COMMENTARY: The Utility has \$12,825,000 in Waterworks System Revenue Bonds outstanding at 12-31-15. 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 2016, interest expense increases 5.9% or \$27,673.

<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 12/31/2015</u>
Waterworks System						
Revenue Bonds	10/5/10	3.0-4.0	1/1//11-29	1/1&7/1	7,750,000	6,650,000
	11/29/11	2.0-3.0	1/1//13-22	1/1&7/1	2,400,000	1,775,000
	11/19/13	3.0-4.125	1/1//15-34	1/1&7/1	4,575,000	<u>4,400,000</u>
						12,825,000
Less: Current portion of long-term debt						<u>650,000</u>
						<u>12,175,000</u>

WATER DEPARTMENT - INTEREST EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		427 Interest expense				
327,112	456,800	Interest on outstanding bonds	440,300	440,300	498,050	13.1%
12,509	12,026	Interest on G O refunding debt	11,329	11,329	10,571	-6.7%
		428 Amortization expense				
79,391	0	Amortization of bond discount and expense	0	30,000	0	
		429 Amortization expense				
-12,199	-11,574	Amortization of bond premium	-10,893	-10,893	-10,212	-6.3%
<u>406,813</u>	<u>457,252</u>	Total Interest Expense	<u>440,736</u>	<u>470,736</u>	<u>498,409</u>	<u>13.1%</u>

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: 2016 estimated purchased water consumption is 1,720,400 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
2015 est.	1,647,955	\$2,514,000	10%
2014	1,632,805	\$2,226,667	16%
2013	1,634,919	2,126,335	11%
2012	1,768,047	2,251,090	8%
2011	1,782,288	2,272,973	10%

- June 2015 Wauwatosa simplified rate increase
- November 2014 Pass through Milwaukee conventional rate increase
- June 2014 Pass through Milwaukee simplified rate increase
- June 2013 Pass through Milwaukee simplified rate increase
- March 2013 Wauwatosa conventional rate increase

WATER DEPARTMENT - SOURCE OF SUPPLY EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		602 Purchased water				
2,126,335	2,226,667	Purchased water from Milwaukee	3,104,000	2,514,000	2,623,000	-15.5%
		603 Misc expense				
<u>228</u>	<u>233</u>	Electricity	<u>266</u>	<u>266</u>	<u>280</u>	<u>5.3%</u>
2,126,563	2,226,900	Total Source of Supply Expense	3,104,266	2,514,266	2,623,280	-15.5%

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>2015 FTE</u>	<u>2016 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: No major system changes or upgrades planned at this time.

WATER DEPARTMENT - PUMPING EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		621 Fuel				
669	532	Fuel for mobil generators	1,020	1,020	970	-4.9%
		623 Power purchased				
127,835	131,526	Electricity	136,699	136,699	143,535	5.0%
		624 Pumping labor & exp				
184,883	183,816	Wages	195,512	195,512	193,956	-0.8%
5,124	10,179	Overtime	5,948	5,948	6,245	5.0%
12,965	13,435	Equipment rent	11,104	11,104	9,235	-16.8%
640	849	Telephone	715	715	820	14.7%
9,181	13,720	Heat	13,575	13,575	14,255	5.0%
380	976	Supplies	500	500	1,000	100.0%
		626 Misc expense				
2,442	2,630	Lawn mowing	3,640	3,640	3,640	0.0%
1,938	1,916	Storm water charges	2,700	2,700	3,025	12.0%
		631 Maint of pump buildings				
2,166	0	Contract labor and materials	3,640	3,640	4,500	23.6%
2,878	3,626	Supplies	3,795	3,795	7,250	91.0%
892	0	Heaters (2) - Feerick Tower	0	0	0	
483	0	Ladders	0	0	0	
0	0	Metal door and frame replacements (4)	0	0	9,600	
		632 Maint of power prod eq				
2,209	3,673	Contract labor and materials	6,460	6,460	7,430	15.0%
		633 Maint of pumping equip				
0	2,742	Contract labor and materials	13,200	13,200	17,800	34.8%
0	0	Blanchard - DeZurik valve replacements	0	25,000	0	
23,975	0	Blanchard - Valve replacements	0	0	0	
0	0	Potter - Valve replacements	0	0	16,000	
568	506	Supplies	1,320	1,320	1,320	0.0%
379,228	370,126	Total Pumping Expense	399,828	424,828	440,581	10.2%

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, 2016.
- 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: No major system changes or upgrades planned at this time.

WATER DEPARTMENT - WATER TREATMENT EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		643 Misc water treatment exp				
740	660	Water sample testing	925	925	830	-10.3%
1,803	2,312	Publish & distribute water quality report	2,410	2,410	1,800	-25.3%
3,984	0	Distribution monitor panels	4,630	4,630	4,630	0.0%
0	0	ph probes (3)	2,550	0	2,550	0.0%
6,527	2,972	Total Water Treatment Expense	10,515	7,965	9,810	-6.7%

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>2015 FTE</u>	<u>2016 FTE</u>
Water Maintenance Worker	7	6
Water Maintenance II	1	3
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

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		661 Storage facilities exp				
903	3,847	Operate aviation lights on Burleigh and Feerick tanks and electric heaters in valve vaults	2,154	2,154	3,120	44.8%
		662 Trans & dist line exp				
109,186	50,743	Wages	95,000	95,000	95,000	0.0%
3,482	451	Overtime	3,032	3,032	3,335	10.0%
4,664	5,012	Equipment rent	3,848	3,848	3,638	-5.5%
1,596	1,879	Supplies	2,750	2,750	3,020	9.8%
1,426	1,510	Electricity	1,597	1,597	1,677	5.0%
5,378	9,421	Water sample tests	8,000	8,000	9,500	18.8%
3,120	3,120	Engineering software license	3,432	0	0	-100.0%
0	0	GRAEF modeling	5,000	5,000	5,000	0.0%
662	2,192	GIS field internet access/phone	720	720	1,440	100.0%
2,961	3,522	Diggers hotline expense	3,257	3,257	4,520	38.8%
25,000	0	Evaluation of pipe condition assessment	0	0	0	
		663 Meter expense				
54,037	58,817	Wages	56,647	56,647	58,289	2.9%
16,684	16,932	Equipment rent	19,036	19,036	17,866	-6.1%
17,088	15,170	Contract large meter testing	18,500	18,500	18,500	0.0%
74	19,876	Supplies	400	400	5,000	1150.0%
-43,941	-55,398	Charge to sanitary sewer	-47,292	-47,292	-49,828	5.4%
		664 Customer installation exp				
2,258	2,311	Equipment rent	2,373	2,373	1,995	-15.9%
0	0	Supplies	200	200	160	-20.0%
12,299	6,205	Contract services - cross connection	23,115	23,115	19,650	-15.0%
		665 Misc expense				
2,357	0	Wages	0	0	0	
12,000	8,000	GIS	8,000	8,000	8,000	0.0%
		666 Rent - public works				
17,324	18,316	Rent	17,172	17,172	14,534	-15.4%
		672 Reservoir maintenance				
2,000	2,100	Cathodic protection	5,225	5,225	5,225	0.0%
212	4,928	Reservoir maintenance	12,000	12,000	19,000	58.3%
		Amortization of painting -				
65,229	65,229	Alice St tank	0	0	0	
0	261,488	Glenview tank	249,200	252,000	252,000	1.1%
		Tank inspections -				
3,410	0	Burleigh	0	0	0	
0	2,975	Feerick	0	0	0	
0	0	N 64th Street	0	3,000	0	
0	0	Alice Street	0	0	3,125	
0	0	Potter Rd - power wash exterior	3,150	0	3,150	0.0%
0	3,549	Alice St - power wash exterior	0	0	0	

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

Account	Description	Unit	2011	2012	2013	2014
	Water main - total system	Feet	1,056,606	1,059,547	1,069,258	1,070,228
	Water main - replaced	Feet	14,013	9,489	7,450	0
	Water main - new	Feet	2,272	3,029	9,711	970
673	Water main breaks*	Each	79	91	77	147
673	Valves repaired	Each	15	20	19	15
673	Valves replaced	Each	4	4	6	9
675	Water service repairs	Each	27	30	24	27
677	Fire hydrants - total	Each	2,124	2,130	2,232	2,234
677	Fire hydrants - replaced	Each	14	3	7	6
677	Fire hydrants - repaired	Each	44	56	38	24
677	Fire hydrants - flushed	Each	275	283	294	264
	Water service laterals	Each	15,502	15,507	15,513	15,515
	Read-o-Matic registers	Each	14,708	12,760	11,322	8,387
	Orion radio read registers	Each	542	2,442	4,112	6,848
663/676	Service calls	Each	2,379	3,677	3,298	4,897

* Ten year average annual water main breaks - 87

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 August 31st, the utility has installed 9,400 Badger Meter Orion SE endpoints as part of our upgrade program.

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

WATER DEPARTMENT - TRANSMISSION & DISTRIBUTION EXPENSE (continued)

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
673 Main maintenance						
258,621	284,207	Wages	221,289	221,289	154,680	-30.1%
52,179	98,780	Overtime	68,416	68,416	69,784	2.0%
55,553	92,022	Labor - other departments	80,409	80,409	81,811	1.7%
132,883	151,533	Equipment rent	111,713	111,713	116,962	4.7%
62,551	90,368	Materials	65,360	65,360	71,898	10.0%
1,410	1,376	Lawn repairs	2,500	2,500	2,500	0.0%
33,821	37,641	Gravel & stone	47,250	47,250	47,250	0.0%
46,600	242,767	Contract labor and materials	38,658	38,658	48,325	25.0%
34,957	78,025	Pavement materials	57,823	57,823	57,823	0.0%
8,800	156,704	Paving contractors	55,500	55,500	51,060	-8.0%
Equipment and tools (see detail)						
29,600	0	Leak Correlator	0	0	0	
0	900	STIHL Cutquik cut-off machine	0	0	0	
675 Services maintenance						
25,360	17,594	Wages	40,000	40,000	48,000	20.0%
2,802	1,197	Overtime	6,345	6,345	4,894	-22.9%
14,327	15,798	Equipment rent	12,406	12,406	12,191	-1.7%
29,459	16,014	Contract labor and materials	36,266	36,266	30,826	-15.0%
16,770	18,110	Materials	17,500	17,500	17,500	0.0%
1,979	9,373	Paving contractors	10,000	10,000	12,000	20.0%
Equipment and tools						
0	995	Alturna MATS	0	0	0	
676 Meter maintenance						
83,412	104,211	Wages	99,575	99,575	149,481	50.1%
2,179	7,649	Overtime	908	908	1,237	36.2%
200	200	Clothing allowance	200	200	200	0.0%
11,793	10,854	Equipment rent	6,380	6,380	5,805	-9.0%
20,229	10,575	Supplies	10,000	10,000	10,000	0.0%
-58,906	-66,745	Charge to sanitary sewer	-58,782	-58,782	-83,612	42.2%
Equipment and tools						
0	0	Supplemental tools	500	500	500	0.0%
677 Hydrant maintenance						
32,196	16,744	Wages	63,536	63,536	63,621	0.1%
15,178	16,222	Equipment rent	14,295	14,295	15,118	5.8%
17,706	17,702	Repair parts & supplies	16,920	16,920	16,920	0.0%
Equipment and tools						
0		Hydrant diffusers	2,500	2,500	0	-100.0%
1,251,068	1,943,011	Total Transmission & Distrib Exp	1,523,983	1,523,201	1,513,690	-0.7%

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>2015 FTE</u>	<u>2016 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.

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

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
902 Meter reading expense						
56,003	54,735	Wages	51,887	51,887	41,489	-20.0%
100	100	Clothing allowance	100	100	100	0.0%
3,596	3,697	Equipment rent	3,796	3,796	3,192	-15.9%
1,236	1,182	Auto allowance	1,368	1,368	1,258	-8.0%
296	330	Postage	1,000	1,000	1,000	0.0%
166	287	Electricity	100	200	280	180.0%
0	0	Air Monitors	0	0	1,500	
5,675	2,050	Hand held maint and support	6,000	7,900	7,900	31.7%
-33,536	-31,190	Charge to sanitary sewer	-32,126	-33,126	-28,360	-11.7%
903 Customer records exp						
38,762	33,011	Wages	54,150	54,150	56,211	3.8%
11,572	13,358	Treasurer's department labor	10,287	10,287	11,175	8.6%
37,717	39,609	Mailing service	41,715	41,715	43,800	5.0%
6,000	2,000	Deposit charges	6,000	7,560	7,560	26.0%
605	1,186	Supplies	948	948	948	0.0%
0	146	Scanner repair/replacement	500	500	0	-100.0%
0	0	Copy machine	0	0	3,640	
-17,133	-18,190	Charge to storm sewer	-18,605	-18,605	-19,949	7.2%
-38,761	-35,560	Charge to sanitary sewer	-47,498	-48,278	-51,693	8.8%
72,298	66,751	Total Customer Accounts Expense	79,622	81,402	80,051	0.5%

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>2015 FTE</u>	<u>2016 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 2015 and 2016.

WATER DEPARTMENT - ADMINISTRATIVE & GENERAL EXPENSE

2013 Actual	2014 Actual	Account / Function	2015 Original	2015 Estimated	2016 Executive Review	% Change
		920 Admin & general salaries				
289,142	284,890	Wages	287,860	287,860	289,567	0.6%
0	0	Pay for performance	17,158	17,158	16,852	-1.8%
		921 Office expense				
7,404	6,721	Equipment rent	6,911	6,911	8,791	27.2%
735	689	Telephone	2,500	2,500	2,250	-10.0%
10,333	11,602	Supplies and postage	12,024	12,024	12,625	5.0%
3,669	4,288	Dues & periodicals	5,450	5,450	6,267	15.0%
0	0	Copy machine	0	0	1,560	
		923 Outside services				
124,710	143,648	Municipal charges	102,913	102,913	90,300	-12.3%
5,088	54,275	Outside services	10,000	10,000	15,000	50.0%
5,400	5,387	Audit of utility accounts	5,600	5,600	5,720	2.1%
32,708	27,835	Information Technology charges	27,667	31,621	40,702	47.1%
0	0	Milw County MOA fee	0	26,000	26,000	
		924 Property insurance				
9,251	10,672	Insurance on Utility property	11,200	10,883	12,511	11.7%
		925 Injuries and damages				
73,478	32,407	Workers comp insurance	64,512	64,512	37,815	-41.4%
4,721	6,186	Liability insurance	5,039	5,039	11,211	122.5%
		926-1 Insurance				
468,851	472,501	Employee health & life insurance	543,523	466,430	482,009	-11.3%
-38,276	-55,898	Employee contribution	-62,888	-50,612	-55,611	-11.6%
-41,217	-43,876	Charge to sanitary sewer	-47,000	-41,000	-41,000	-12.8%
		926-2 Pensions				
170,808	181,394	Employee pensions	184,516	184,516	158,638	-14.0%
42,646	42,646	Amortization of pension related past service cost	42,646	42,646	0	-100.0%
-87,196	-90,158	Employee contribution	-92,258	-92,258	-79,319	-14.0%
-7,724	-9,157	Charge to sanitary sewer	-7,500	-7,500	-7,700	2.7%
		928 Regulatory expense				
7,001	283	PSC expenses related to rate increase application or other PSC related issues	3,000	3,000	7,000	133.3%
		930-1 Misc expense				
0	1,000	Bond redemption expense	1,000	1,000	1,000	0.0%
0	963	Miscellaneous	1,000	1,000	1,000	0.0%
		930-2 Training				
4,554	4,145	Continuing education and training	12,187	10,968	10,968	-10.0%
		931 Rent - office				
19,169	19,014	Rent	18,356	18,356	15,287	-16.7%
		932-3 Maint of telemetering eq				
484	2,242	Repairs to telemetering equipment and control system software maint	8,000	8,000	11,500	43.8%
1,590	0	UPS back up supply power	1,800	1,800	1,800	0.0%
0	15,551	SCADA upgrades for new acquisitions	4,500	4,500	0	-100.0%
1,107,329	1,129,250	Total Administrative & General Exp	1,169,716	1,139,317	1,082,743	-7.4%

WAUWATOSA WATER UTILITY
2016 CAPITAL BUDGET SUMMARY
NON-BONDED CAPITAL EXPENDITURES

ACCOUNT
NUMBER

ITEM

AMOUNT

JUSTIFICATION

No Non-Bonded Capital Expenditures are budgeted

WAUWATOSA WATER UTILITY
2016 CAPITAL BUDGET SUMMARY
CAPITAL EXPENDITURES

ACCOUNT NUMBER	ITEM	AMOUNT	JUSTIFICATION
PROJECTS PAID OUT OF FUTURE BONDED FUNDS			
WATER MAIN REPLACEMENT PRIOR TO STREET REPAVING			
50-101-3431-900	Replace water main Menomonee River Pkwy from Harwood to Church St	168,000	Water main installed 1897
50-101-3431-900	Replace water main State St from Wauwatosa Ave to Harwood	160,000	Water main installed 1930
		<u>328,000</u>	
OTHER WATER MAIN REPLACEMENT			
50-101-3431-900	Replace water main Mayfair Road under Hwy 45	<u>15,000</u>	Zoo freeway sewer alteration. Water main installed 2012.
OTHER PROJECTS			
50-101-3431-900	Repair, renovate, or replace water main as needed	100,000	Water main alterations related to construction activities and/or unanticipated water main replacement.
50-101-3431-900	Engineering design services	50,000	Water main engineering design.
50-101-3431-900	Construction inspection services	25,000	Inspection services provided by outside engineering firm on an as needed basis.
		<u>175,000</u>	
	Total projects paid out of future bonded funds	<u><u>518,000</u></u>	