

**WAUWATOSA
WATER UTILITY**

2017 BUDGET

WAUWATOSA WATER UTILITY
2017 BUDGET
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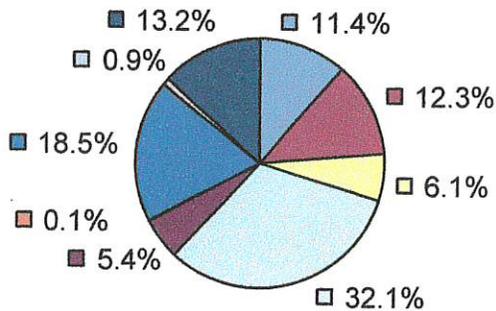
WAUWATOSA WATER UTILITY
BUDGET SUMMARY

	2014 Actual	2015 Actual	2016 Original	2016 Estimated	2017 Executive Review
Residential sales	3,582,751	3,756,578	4,085,000	3,877,000	4,629,000
Residential multi-family sales	335,441	501,441	489,000	520,000	599,000
Commercial sales	1,507,185	1,520,066	1,494,000	1,430,000	1,726,000
Industrial sales	187,291	270,368	269,000	320,000	321,000
Public authority sales	181,175	205,505	202,000	193,000	230,000
Total Metered Sales	<u>5,793,843</u>	<u>6,253,958</u>	<u>6,539,000</u>	<u>6,340,000</u>	<u>7,505,000</u>
Public fire protection	987,631	903,631	919,600	918,000	1,106,000
Other water revenues	451,095	472,051	500,372	493,286	488,114
Misc amortization	122,200	122,200	122,200	122,200	122,200
Interest income	6,814	4,309	6,200	7,200	8,000
Customer contributions	291,313	1,248,977	3,000	683,000	3,000
Total revenues	<u>7,652,896</u>	<u>9,005,126</u>	<u>8,090,372</u>	<u>8,563,686</u>	<u>9,232,314</u>
Depreciation	831,429	870,353	930,000	962,000	979,000
Taxes	917,653	914,415	1,002,523	1,060,423	1,081,876
Interest expense	457,252	440,736	498,409	559,726	502,463
Source of supply expense	2,226,900	2,525,796	2,623,280	2,587,336	2,692,360
Pumping expense	370,126	392,597	440,581	446,416	479,085
Water treatment expense	2,972	5,419	9,810	9,929	13,093
Transmission and distribution expense	1,943,011	1,355,971	1,513,690	1,493,353	1,561,481
Customer accounts expense	66,751	76,929	80,051	70,590	66,643
Administration and general expense	1,129,250	1,025,030	1,082,743	1,135,080	1,056,099
Total expenses	<u>7,945,344</u>	<u>7,607,246</u>	<u>8,181,087</u>	<u>8,324,853</u>	<u>8,432,100</u>
Net income (loss) - Accrual basis	-292,448	1,397,880	-90,715	238,833	800,214
Less -					
Revenue bond principal payments	425,000	625,000	650,000	650,000	900,000
Non-bonded capital expenditures	1,267,917	0	0	0	92,500
	<u>-1,985,365</u>	<u>772,880</u>	<u>-740,715</u>	<u>-411,167</u>	<u>-192,286</u>
Adjustment for non-cash/non- income statement items	<u>567,695</u>	<u>-3,097,079</u>	<u>847,667</u>	<u>3,561,220</u>	<u>38,018</u>
Change in cash	<u>-1,417,670</u>	<u>-2,324,199</u>	<u>106,952</u>	<u>3,150,053</u>	<u>-154,268</u>
Rate of return	-0.21%	2.20%	1.73%	0.69%	4.53%
Coverage ratio	1.98	1.97	1.93	1.39	2.31
Average quarterly residential water bill	99.15	102.06	102.06	102.06	122.47
Amount change in quarterly water bill	3.49	2.91	0.00	0.00	20.41
Percent change in quarterly water bill	3.65%	2.90%	0.00%	0.00%	20.00%

**WAUWATOSA WATER UTILITY
OPERATING BUDGET SUMMARY**

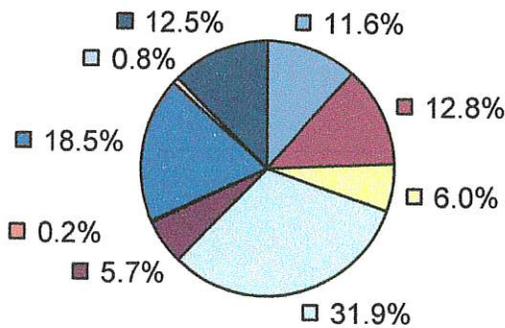
	Adopted 2016	2017	Percentage Change
Total revenues	<u>8,090,372</u>	<u>9,232,314</u>	
Depreciation	930,000	979,000	5.3%
Taxes	1,002,523	1,081,876	7.9%
Interest expense	498,409	502,463	0.8%
Source of supply expense	2,623,280	2,692,360	2.6%
Pumping expense	440,581	479,085	8.7%
Water treatment expense	9,810	13,093	33.5%
Transmission and distribution expense	1,513,690	1,561,481	3.2%
Customer accounts expense	80,051	66,643	-16.7%
Administration and general expense	<u>1,082,743</u>	<u>1,056,099</u>	-2.5%
Total expenses	<u>8,181,087</u>	<u>8,432,100</u>	3.1%
Net income (loss)	<u><u>-90,715</u></u>	<u><u>800,214</u></u>	

2016 Total Expenses



- Depreciation
- Taxes
- Interest expense
- Source of supply expense
- Pumping expense
- Water treatment expense
- Transmission and distribution expense
- Customer accounts expense
- Administration and general expense

2017 Total Expenses



- Depreciation
- Taxes
- Interest expense
- Source of supply expense
- Pumping expense
- Water treatment expense
- Transmission and distribution expense
- Customer accounts expense
- Administration and general expense

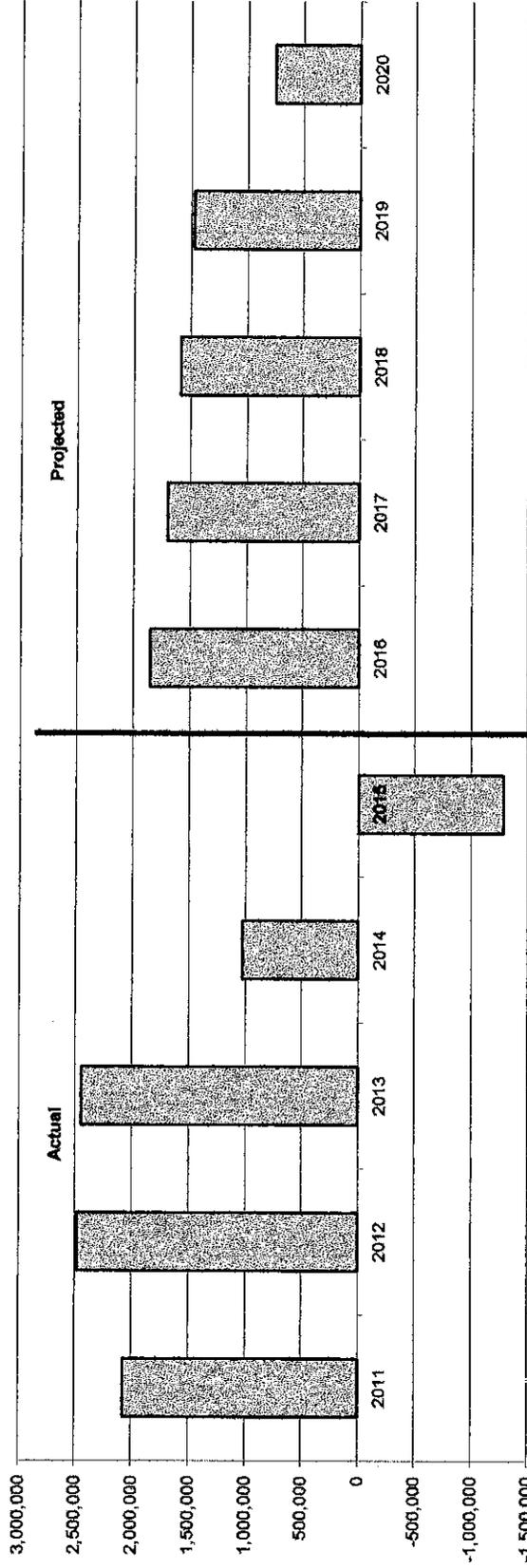
WAUWATOSA WATER UTILITY
CASH SUMMARY

	2014 Actual	2015 Actual	2016 Original	2016 Estimated	2017 Executive Review
General Cash					
Balance - beginning of year	2,927,446	1,509,776	1,791,188	-814,423	2,335,630
Balance - end of year	<u>1,509,776</u>	<u>-814,423</u>	<u>1,898,140</u>	<u>2,335,630</u>	<u>2,181,362</u>
Change in cash	<u><u>-1,417,670</u></u>	<u><u>-2,324,199</u></u>	<u><u>106,952</u></u>	<u><u>3,150,053</u></u>	<u><u>-154,268</u></u>
Special Redemption Fund Cash					
Balance - beginning of year	1,711,640	1,953,750	1,968,200	1,968,200	2,516,964
Balance - end of year	<u>1,953,750</u>	<u>1,968,200</u>	<u>1,984,575</u>	<u>2,516,964</u>	<u>2,434,796</u>
Change in cash	<u><u>242,110</u></u>	<u><u>14,450</u></u>	<u><u>16,375</u></u>	<u><u>548,764</u></u>	<u><u>-82,168</u></u>
System Improvement Fund					
Balance - beginning of year	2,897,328	808,837	0	0	0
Balance - end of year	<u>808,837</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in cash	<u><u>-2,088,491</u></u>	<u><u>-808,837</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Total Cash					
Balance - beginning of year	7,536,414	4,272,363	3,759,388	1,153,777	4,852,594
Balance - end of year	<u>4,272,363</u>	<u>1,153,777</u>	<u>3,882,715</u>	<u>4,852,594</u>	<u>4,616,158</u>
Change in cash	<u><u>-3,264,051</u></u>	<u><u>-3,118,586</u></u>	<u><u>123,327</u></u>	<u><u>3,698,817</u></u>	<u><u>-236,436</u></u>
Non bonded capital projects funded by surplus					
	<u><u>1,267,917</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>92,500</u></u>

WAUWATOSA WATER UTILITY
Surplus Fund Analysis

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Balance - beginning of year	1,687,738	2,076,462	2,481,090	2,447,446	1,029,776	-1,294,423	1,855,630	1,701,362	1,591,470	1,474,326
Balance - end of year	2,076,462	2,481,090	2,447,446	1,029,776	-1,294,423	1,855,630	1,701,362	1,591,470	1,474,326	753,934
Change in surplus	388,724	404,628	-33,644	-1,417,670	-2,324,199	3,150,053	-154,268	-109,892	-117,144	-720,392

WAUWATOSA WATER UTILITY - SURPLUS FUND ANALYSIS



2014 includes painting of Glenview water tower - 1,253,019
 2015 includes contract payments which were reimbursed with 2016 bond funds
 2020 includes painting of Potter Rd tank - 650,000

ACCOUNT: 403, 426 Depreciation Expense

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

COMMENTARY: During 2017, the utility plans to replace aged water mains associated with the Village Redevelopment Phase II along with a water main replacement in N. 92nd Street prior to paving.

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
2016 est	170,000	0	0	328,000	498,000
2015	2,657,160	0	1,853,228	1,648,674	6,159,062
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

WATER DEPARTMENT - DEPRECIATION EXPENSE

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
634,529	654,702	403 Depreciation Depreciation - Utility financed plant	726,000	736,000	751,000	3.4%
196,900	215,651	426 Depreciation Depreciation - contributed plant	204,000	226,000	228,000	11.8%
<hr/> 831,429	<hr/> 870,353	Total Depreciation	<hr/> 930,000	<hr/> 962,000	<hr/> 979,000	<hr/> 5.3%

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 2015 was \$848,899. The estimate for 2017 is \$1,001,700.

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

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
		408-1 Social security taxes				
96,844	89,270	FICA taxes	91,923	91,923	101,376	10.3%
-10,007	-10,538	Charge to sanitary sewer	-9,000	-9,500	-10,000	11.1%
		408-2 Tax equivalent				
838,623	848,899	Tax equivalent	928,700	988,600	1,001,700	7.9%
-14,708	-19,798	Charge to sanitary sewer	-17,000	-18,000	-19,000	11.8%
		408-3 Remainder assessment				
6,901	6,582	PSC assessment	7,900	7,400	7,800	-1.3%
<u>917,653</u>	<u>914,415</u>	Total Taxes	<u>1,002,523</u>	<u>1,060,423</u>	<u>1,081,876</u>	<u>7.9%</u>

ACCOUNT: 427, 428 Interest Expense

COMMENTARY: The Utility has \$16,400,000 in Waterworks System Revenue Bonds outstanding at 12-31-16. Interest expense (427) represents interest accrued on those bonds outstanding. Amortization expense (428) represents current year bond issuance expenses. Amortization expense (429) represents amortization of bond premium on the 2010, 2011, and 2016 bond issues and is amortized over the life of the debt.

In 2017, interest expense decreases 10.2% or \$57,263.

<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 12/31/2016</u>
Waterworks System						
Revenue Bonds	10/5/10	3.0-4.0	1/1//11-29	1/1&7/1	7,750,000	6,425,000
	11/29/11	2.0-3.0	1/1//13-22	1/1&7/1	2,400,000	1,550,000
	11/19/13	3.0-4.125	1/1//15-34	1/1&7/1	4,575,000	4,200,000
	6/21/16	2.0-3.0	1/1//17-36	1/1&7/1	4,225,000	<u>4,225,000</u>
						16,400,000
Less: Current portion of long-term debt						<u>900,000</u>
						<u>15,500,000</u>

WATER DEPARTMENT - INTEREST EXPENSE

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
		427 Interest expense				
456,800	440,300	Interest on outstanding bonds	498,050	483,068	514,269	3.3%
12,026	11,329	Interest on G O refunding debt	10,571	10,571	9,678	-8.4%
		428 Amortization expense				
0	0	Bond discount and expense	0	82,879	0	
		429 Amortization expense				
<u>-11,574</u>	<u>-10,893</u>	Amortization of bond premium	<u>-10,212</u>	<u>-16,792</u>	<u>-21,484</u>	110.4%
457,252	440,736	Total Interest Expense	498,409	559,726	502,463	0.8%

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: 2017 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
2016 est.	1,682,206	\$2,587,000	10%
2015	1,670,858	2,525,487	16%
2014	1,632,805	2,226,667	16%
2013	1,634,919	2,126,335	11%
2012	1,768,047	2,251,090	8%

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

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
2,226,667	2,525,487	602 Purchased water Purchased water from Milwaukee	2,623,000	2,587,000	2,692,000	2.6%
<u>233</u>	<u>309</u>	603 Misc expense Electricity	<u>280</u>	<u>336</u>	<u>360</u>	<u>28.6%</u>
2,226,900	2,525,796	Total Source of Supply Expense	2,623,280	2,587,336	2,692,360	2.6%

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>2016 FTE</u>	<u>2017 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: This year's budget includes replacing an automatic transfer switch for the N. 64th Street Pumping Station generator and updating two aged control valves at the Potter Road Pumping Station.

WATER DEPARTMENT - PUMPING EXPENSE

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
		621 Fuel				
532	392	Fuel for mobil generators	970	970	900	-7.2%
		623 Power purchased				
131,526	130,527	Electricity	143,535	143,535	145,688	1.5%
		624 Pumping labor & exp				
183,816	180,145	Wages	193,956	193,956	195,896	1.0%
10,179	6,398	Overtime	6,245	12,000	7,300	16.9%
13,435	11,217	Equipment rent	9,235	9,235	10,941	18.5%
849	463	Telephone	820	820	940	14.6%
13,720	7,873	Heat	14,255	14,255	14,255	0.0%
976	176	Supplies	1,000	1,000	1,100	10.0%
		626 Misc expense				
2,630	3,194	Lawn mowing	3,640	3,640	3,095	-15.0%
1,916	2,630	Storm water charges	3,025	3,025	3,320	9.8%
		631 Maint of pump buildings				
0	3,390	Contract labor and materials	4,500	4,500	4,500	0.0%
3,626	5,850	Supplies	7,250	7,250	8,700	20.0%
0	0	Metal door and frame replacements (4)	9,600	9,680	0	-100.0%
		632 Maint of power prod eq				
3,673	6,052	Contract labor and materials	7,430	7,430	8,150	9.7%
0	0	N 64th St Transfer Switch	0	0	22,000	
		633 Maint of pumping equip				
2,742	4,815	Contract labor and materials	17,800	17,800	17,800	0.0%
0	24,980	Blanchard - DeZurik valve replacements	0	0	0	
0	0	Potter - Valve replacements	16,000	16,000	0	-100.0%
0	0	Valve replacements	0	0	32,000	
506	4,695	Supplies	1,320	1,320	2,500	89.4%
370,126	392,597	Total Pumping Expense	440,581	446,416	479,085	8.7%

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, 2017.
- 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: During 2017, the water utility is required to conduct EPA required testing for lead and copper. These tests are mandated every three years.

WATER DEPARTMENT - WATER TREATMENT EXPENSE

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
		643 Misc water treatment exp				
660	0	Water sample testing	830	830	6,500	683.1%
2,312	943	Publish & distribute water quality report	1,800	1,800	1,500	-16.7%
0	4,476	Distribution monitor panels	4,630	4,749	5,093	10.0%
0	0	ph probes (3)	2,550	2,550	0	-100.0%
<u>2,972</u>	<u>5,419</u>	Total Water Treatment Expense	<u>9,810</u>	<u>9,929</u>	<u>13,093</u>	<u>33.5%</u>

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>2016 FTE</u>	<u>2017 FTE</u>
Water Maintenance Worker	6	7
Water Maintenance II	3	2
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

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
3,847	3,600	661 Storage facilities exp				
		Operate aviation lights on Burleigh and Feerick tanks and electric heaters in valve vaults	3,120	4,140	4,424	41.8%
		662 Trans & dist line exp				
50,743	50,125	Wages	95,000	95,000	95,950	1.0%
451	531	Overtime	3,335	3,335	3,369	1.0%
5,012	2,964	Equipment rent	3,638	3,638	3,530	-3.0%
1,879	7,964	Supplies	3,020	3,020	5,675	87.9%
1,610	4,490	Electricity	1,677	1,677	1,760	4.9%
9,421	1,537	Water sample tests	9,500	9,500	9,500	0.0%
3,120	0	Engineering software license	0	0	0	
0	16,786	GRAEF modeling	5,000	5,000	5,000	0.0%
2,192	2,003	GIS field internet access/phone	1,440	1,440	2,250	56.3%
3,522	2,057	Diggers hotline expense	4,520	9,040	9,040	100.0%
		663 Meter expense				
58,817	60,372	Wages	58,289	58,289	58,880	1.0%
16,932	13,690	Equipment rent	17,866	17,866	13,959	-21.9%
15,170	13,062	Contract large meter testing	18,500	18,500	17,000	-8.1%
19,876	5,902	Supplies	5,000	5,000	5,000	0.0%
-55,398	-46,513	Charge to sanitary sewer	-49,828	-49,828	-47,420	-4.8%
		664 Customer installation exp				
2,311	1,823	Equipment rent	1,995	1,995	1,726	-13.5%
0	0	Supplies	160	160	160	0.0%
6,205	10,405	Contract services - cross connection	19,650	19,650	14,500	-26.2%
		665 Misc expense				
0	0	Wages	0	1,000	4,000	
8,000	3,000	GIS	8,000	7,000	3,000	-62.5%
		666 Rent - public works				
18,316	17,172	Rent	14,534	14,534	14,935	2.8%
		672 Reservoir maintenance				
2,100	2,200	Cathodic protection	5,225	5,225	5,225	0.0%
4,928	8,659	Reservoir maintenance	19,000	19,000	19,000	0.0%
		Amortization of painting -				
65,229	0	Alice St tank	0	0	0	
261,488	251,418	Glenview tank	252,000	252,000	252,000	0.0%
		Tank inspections -				
2,975	0	Feerick	0	0	9,000	
0	2,800	N 64th Street	0	0	0	
0	0	Alice Street	3,125	3,000	0	-100.0%
0	0	Potter Rd	0	0	3,000	
0	0	Potter Rd - power wash exterior	3,150	4,500	0	-100.0%
3,549	0	Alice St - power wash exterior	0	0	0	

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

Account	Description	Unit	2012	2013	2014	2015
	Water main - total system	Feet	1,059,547	1,069,258	1,070,228	1,073,811
	Water main - replaced	Feet	9,489	7,450	1,669	5,406
	Water main - new	Feet	3,029	9,711	1,325	3,259
673	Water main breaks*	Each	91	77	147	63
673	Valves repaired	Each	20	19	15	10
673	Valves replaced	Each	4	6	9	9
675	Water service repairs	Each	30	24	27	30
677	Fire hydrants - total	Each	2,130	2,232	2,234	2,235
677	Fire hydrants - replaced	Each	3	7	6	9
677	Fire hydrants - repaired	Each	56	38	24	14
677	Fire hydrants - flushed	Each	283	294	264	264
	Water service laterals	Each	15,507	15,513	15,515	15,514
	Read-o-Matic registers	Each	12,760	11,322	8,387	4,726
	Orion radio read registers	Each	2,442	4,112	6,848	10,694
663/676	Service calls	Each	3,677	3,298	4,897	5,491

* Ten year average annual water main breaks - 86

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 September 30th, the utility has installed 12,909 Badger Meter Orion SE endpoints as part of our upgrade program.

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

Beginning in spring of 2016, water utility staff started marking the City's sewer mains as part of the Digger's Hotline program.

WATER DEPARTMENT - TRANSMISSION & DISTRIBUTION EXPENSE (continued)

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
673 Main maintenance						
284,207	262,786	Wages	154,680	181,169	219,865	42.1%
98,780	40,868	Overtime	69,784	59,300	71,616	2.6%
92,022	63,039	Labor - other departments	81,811	69,539	83,274	1.8%
151,533	107,390	Equipment rent	116,962	116,962	122,091	4.4%
90,368	82,947	Materials	71,898	71,898	82,682	15.0%
1,376	1,038	Lawn repairs	2,500	2,000	2,000	-20.0%
37,641	22,156	Gravel & stone	47,250	39,000	39,000	-17.5%
242,767	106,870	Contract labor and materials	48,325	48,325	60,400	25.0%
78,025	30,479	Pavement materials	57,823	52,000	52,000	-10.1%
156,704	5,832	Paving contractors	51,060	40,848	40,848	-20.0%
Equipment and tools (see detail)						
900	0	STIHL Cutquik cut-off machine	0	0	1,050	
675 Services maintenance						
17,594	20,743	Wages	48,000	42,000	48,480	1.0%
1,197	3,696	Overtime	4,894	4,894	2,915	-40.4%
15,798	13,122	Equipment rent	12,191	12,191	12,519	2.7%
16,014	26,074	Contract labor and materials	30,826	30,826	30,826	0.0%
18,110	18,061	Materials	17,500	17,500	19,600	12.0%
9,373	588	Paving contractors	12,000	12,000	9,500	-20.8%
Equipment and tools						
995	0	Aiturna MATS	0	0	0	
0	0	Metrotech line locator	0	0	3,490	
676 Meter maintenance						
104,211	113,111	Wages	149,481	149,481	97,162	-35.0%
7,649	4,259	Overtime	1,237	1,237	1,150	-7.0%
200	200	Clothing allowance	200	100	100	-50.0%
10,854	4,955	Equipment rent	5,805	5,805	5,470	-5.8%
10,575	9,958	Supplies	10,000	10,000	7,900	-21.0%
Equipment and tools						
0	0	Supplemental tools	500	500	500	0.0%
-66,745	-66,242	Charge to sanitary sewer	-83,612	-83,562	-56,141	-32.9%
677 Hydrant maintenance						
16,744	13,198	Wages	63,621	63,621	54,077	-15.0%
16,222	12,686	Equipment rent	15,118	15,118	13,144	-13.1%
17,702	20,033	Repair parts & supplies	16,920	16,920	19,000	12.3%
Equipment and tools						
0	2,077	Hydrant diffusers	0	0	2,500	
1,943,011	1,355,971	Total Transmission & Distrib Exp	1,513,690	1,493,353	1,561,481	3.2%

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>2016 FTE</u>	<u>2017 FTE</u>
Meter Reader	1	1
Administrative Support Specialist	.65	.65
Office Assistant	.65	.65

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. We have experienced resistance from the Wauwatosa School District to locate our data collectors at three of their school sites. This means staff will have to drive the neighborhoods to collect the quarterly reading in parts of the city.

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

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
902 Meter reading expense						
54,735	44,752	Wages	41,489	20,000	18,000	-56.6%
100	100	Clothing allowance	100	100	100	0.0%
3,697	2,917	Equipment rent	3,192	3,192	2,762	-13.5%
1,182	986	Auto allowance	1,258	1,258	690	-45.2%
330	77	Postage	1,000	1,000	450	-55.0%
287	584	Electricity	280	612	648	131.4%
0	0	Air Monitors	1,500	1,500	0	-100.0%
2,050	7,899	Hand held maint and support	7,900	7,900	8,700	10.1%
-31,190	-28,658	Charge to sanitary sewer	-28,360	-17,781	-15,675	-44.7%
903 Customer records exp						
33,011	54,030	Wages	56,211	56,211	56,773	1.0%
13,358	10,655	Treasurer's department labor	11,175	11,175	9,821	-12.1%
39,609	40,675	Mailing service	43,800	43,800	44,675	2.0%
2,000	7,560	Deposit charges	7,560	7,560	7,560	0.0%
1,186	2,527	Supplies	948	948	1,170	23.4%
146	702	Scanner repair/replacement	0	0	0	
0	0	Copy machine	3,640	3,378	0	-100.0%
-18,190	-19,605	Charge to storm sewer	-19,949	-17,453	-18,062	-9.5%
-35,560	-48,272	Charge to sanitary sewer	-51,693	-52,810	-50,969	-1.4%
66,751	76,929	Total Customer Accounts Expense	80,051	70,590	66,643	-16.7%

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>2016 FTE</u>	<u>2017 FTE</u>
Water Superintendent	1	1
Accountant / Business Manager	1	1
Water Operations Manager	1	1
Administrative Support Specialist	.35	.35
Office Assistant	.35	.35

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 2016 and 2017.

WATER DEPARTMENT - ADMINISTRATIVE & GENERAL EXPENSE

2014 Actual	2015 Actual	Account / Function	2016 Original	2016 Estimated	2017 Executive Review	% Change
		920 Admin & general salaries				
284,890	284,707	Wages	289,567	289,567	290,767	0.4%
0	0	Pay for performance	16,852	16,852	17,323	2.8%
		921 Office expense				
6,721	5,431	Equipment rent	8,791	8,791	9,025	2.7%
689	653	Telephone	2,250	1,800	1,800	-20.0%
11,602	10,505	Supplies and postage	12,625	12,625	13,350	5.7%
4,288	6,467	Dues & periodicals	6,267	6,267	6,267	0.0%
0	0	Copy machine	1,560	1,448	0	-100.0%
		923 Outside services				
143,648	102,745	Municipal charges	90,300	90,300	68,820	-23.8%
54,275	11,850	Outside services	15,000	57,300	22,500	50.0%
5,387	6,136	Audit of utility accounts	5,720	3,911	5,830	1.9%
27,835	28,879	Information Technology charges	40,702	39,793	43,389	6.6%
0	26,000	Milw County MOA fee	26,000	26,000	26,000	0.0%
		924 Property insurance				
10,672	10,883	Insurance on Utility property	12,511	8,982	11,000	-12.1%
		925 Injuries and damages				
32,407	27,198	Workers comp insurance	37,815	37,815	15,814	-58.2%
6,186	4,852	Liability insurance	11,211	11,089	5,254	-53.1%
		926-1 Insurance				
472,501	453,327	Employee health & life insurance	482,009	498,181	488,418	1.3%
-55,898	-50,612	Employee contribution	-55,611	-51,908	-49,477	-11.0%
-43,876	-46,388	Charge to sanitary sewer	-41,000	-44,000	-43,000	4.9%
		926-2 Pensions				
181,394	167,755	Employee pensions	158,638	158,638	180,254	13.6%
42,646	42,646	Amortization of pension related past service cost	0	0	0	
-90,158	-85,388	Employee contribution	-79,319	-79,319	-90,127	13.6%
-9,157	-9,367	Charge to sanitary sewer	-7,700	-7,700	-9,000	16.9%
		928 Regulatory expense				
283	375	PSC expenses related to rate increase application or other PSC related issues	7,000	7,000	3,000	-57.1%
		930-1 Misc expense				
1,000	0	Bond redemption expense	1,000	1,000	1,000	0.0%
963	775	Miscellaneous	1,000	1,000	1,000	0.0%
		930-2 Training				
4,145	5,083	Continuing education and training	10,968	10,968	9,322	-15.0%
		931 Rent - office				
16,533	16,028	Rent - Municipal complex	13,317	13,430	14,046	5.5%
2,481	2,328	Rent - Public Works	1,970	1,970	2,024	
		932-3 Maint of telemetering eq				
2,242	2,162	Repairs to telemetering equipment and control system software maint	11,500	11,500	11,500	0.0%
0	0	UPS back up supply power	1,800	1,800	0	-100.0%
15,551	0	SCADA upgrades for new acquisitions	0	0	0	
1,129,250	1,025,030	Total Administrative & General Exp	1,082,743	1,135,080	1,056,099	-2.5%

WAUWATOSA WATER UTILITY
2017 CAPITAL BUDGET SUMMARY
NON-BONDED CAPITAL EXPENDITURES

<u>ACCOUNT NUMBER</u>	<u>ITEM</u>	<u>AMOUNT</u>	<u>JUSTIFICATION</u>
50-154-1000-900	Fire hydrants	45,000	Required for full fire hydrant replacements when staff is unable to repair damaged hydrants.
50-101-3940-700	E.H. Wachs Utility Hydro-Vac Trailer System	47,500	Labor and site restoration expense saving multi purpose vacuum excavating product tool replaces an eight year old failing unit.
		<u>92,500</u>	

WAUWATOSA WATER UTILITY
2017 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 Harwood Ave from Mower Ct to Wauwatosa Ave	220,000	Water main installed 1897; Village Redevelopment Phase II
50-101-3431-900	Replace water main 92nd St from north of Capitol Dr to Hope Ave	302,500	Water main installed 1964, prior to street reconstruction, eight failures, four post 2000
50-101-3431-900	Replace water main 74th St from Blanchard to State St	256,000	Water main installed 1897; Village Redevelopment Phase II
50-101-3431-900	Replace water main State St from 72nd St to 74th St	224,000	Water main installed 1897; Village Redevelopment Phase II
50-101-3431-900	Replace water main Blanchard St from east of 74th St to Wauwatosa Ave	220,000	Water main installed 1910; Village Redevelopment Phase II, four failures, two post 2000
50-101-3431-900	Replace water main St James St from 72nd St to 74th St	165,000	Water main installed 1904; Village Redevelopment Phase II
50-101-3431-900	Replace water main Wauwatosa Ave from State St to Harwood Ave	160,000	Water main installed 1897; Village Redevelopment Phase II, one failure in 2016
50-101-3431-900	Replace water main State St from 74th St to Wauwatosa Ave	128,000	Water main installed 1897; Village Redevelopment Phase II
50-101-3431-900	Replace 8" water main 250 to 400 feet in Wauwatosa Ave extended at Harwood	68,750	Water main installed 1897; Village Redevelopment Phase II
		<u>1,744,250</u>	
OTHER WATER MAIN REPLACEMENT			
50-101-3431-900	Replace 12" water main under river at 72nd St and Honey Creek Parkway	<u>300,000</u>	12" water main failure directly under Honey Creek
OTHER PROJECTS			
50-101-3461-900	Advanced Metering Infrastructure (AMI) program	750,000	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.
50-101-3230-900	Install generator at Blanchard pumping station	220,000	Back up power source for pumping station operation required before replacement of N. 64th Street Pumping Station generator in 2018.
50-101-3230-900	Replace Potter Road generator	180,000	Replace antiquated 1980 Marathon Generator without an automatic transfer switch.
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.
50-101-3250-600	Electrical engineering design for Potter Road and 64th St motor control center and potential pump replacements	120,000	Needed to update 1964 electrical componets where parts are no longer available and install efficient variable speed pumping systems.
50-101-3431-900	Tosa East Town upgrades - engineering design	80,000	Future water main design in conjunction with major sewer project.
		<u>1,500,000</u>	
	Total projects paid out of future bonded funds	<u><u>3,544,250</u></u>	