

**WAUWATOSA  
WATER UTILITY**

**2014 BUDGET**

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**2014 BUDGET**  
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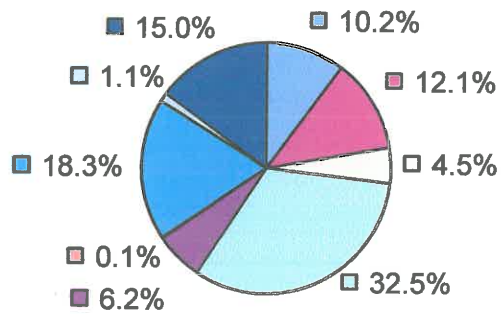
**WAUWATOSA WATER UTILITY  
BUDGET SUMMARY**

	2011 Actual	2012 Actual	2013 Original	2013 Estimated	2014 Executive Review
Residential sales	3,296,468	3,405,602	3,689,000	3,550,000	3,900,000
Commercial sales	1,577,292	1,667,921	1,825,000	1,750,000	1,815,000
Industrial sales	397,896	204,914	337,000	180,000	259,000
Public authority sales	159,029	190,237	168,000	170,000	179,000
<b>Total Metered Sales</b>	<b>5,430,685</b>	<b>5,468,674</b>	<b>6,019,000</b>	<b>5,650,000</b>	<b>6,153,000</b>
Public fire protection	862,770	852,666	997,000	925,000	988,000
Other water revenues	353,542	366,756	372,479	440,591	416,384
Misc amortization	122,200	122,200	122,200	122,200	122,200
Interest income	14,613	11,962	9,000	7,700	9,700
Customer contributions	437,822	413,499	10,000	3,000	3,000
<b>Total revenues</b>	<b>7,221,632</b>	<b>7,235,777</b>	<b>7,529,679</b>	<b>7,148,491</b>	<b>7,692,284</b>
Depreciation	642,565	704,637	722,000	759,300	784,000
Taxes	730,094	874,085	856,706	871,101	933,108
Interest expense	418,497	326,235	315,374	391,694	298,265
Source of supply expense	2,273,132	2,251,289	2,300,233	2,200,233	2,270,256
Pumping expense	366,467	370,668	435,001	421,256	418,625
Water treatment expense	6,020	7,614	7,013	7,013	8,220
Transmission and distribution expense	1,131,543	1,222,732	1,293,299	1,286,282	1,498,811
Customer accounts expense	79,620	71,612	80,451	80,873	78,984
Administration and general expense	855,276	1,009,611	1,061,495	1,132,200	1,192,746
<b>Total expenses</b>	<b>6,503,214</b>	<b>6,838,483</b>	<b>7,071,572</b>	<b>7,149,952</b>	<b>7,483,015</b>
Net income - Accrual basis	718,418	397,294	458,107	-1,461	209,269
Less -					
Revenue bond principal payments	1,450,000	2,825,000	425,000	425,000	425,000
Non-bonded capital expenditures	15,558	227,524	12,000	12,000	1,009,000
	-747,140	-2,655,230	21,107	-438,461	-1,224,731
Adjustment for non-cash/non- income statement items	1,135,864	3,059,858	445,333	679,243	709,915
Change in cash	388,724	404,628	466,440	240,782	-514,816
Rate of return	4.96%	2.13%	5.57%	2.27%	2.88%
Coverage ratio	2.02	2.23	2.86	2.20	2.76

**WAUWATOSA WATER UTILITY  
OPERATING BUDGET SUMMARY**

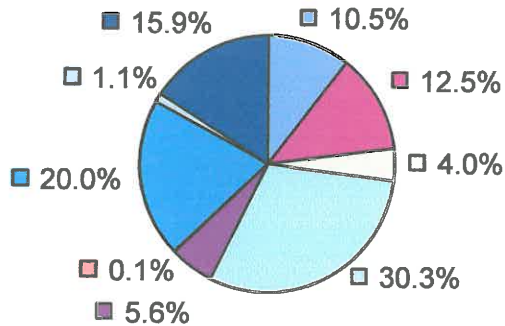
	<b>Adopted 2013</b>	<b>2014</b>	<b>Percentage Change</b>
Total revenues	<u>7,529,679</u>	<u>7,692,284</u>	
Depreciation	722,000	784,000	8.6%
Taxes	856,706	933,108	8.9%
Interest expense	315,374	298,265	-5.4%
Source of supply expense	2,300,233	2,270,256	-1.3%
Pumping expense	435,001	418,625	-3.8%
Water treatment expense	7,013	8,220	17.2%
Transmission and distribution expense	1,293,299	1,498,811	15.9%
Customer accounts expense	80,451	78,984	-1.8%
Administration and general expense	<u>1,061,495</u>	<u>1,192,746</u>	12.4%
Total expenses	<u>7,071,572</u>	<u>7,483,015</u>	5.8%
Net income	<u>458,107</u>	<u>209,269</u>	

**2013 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

**2014 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

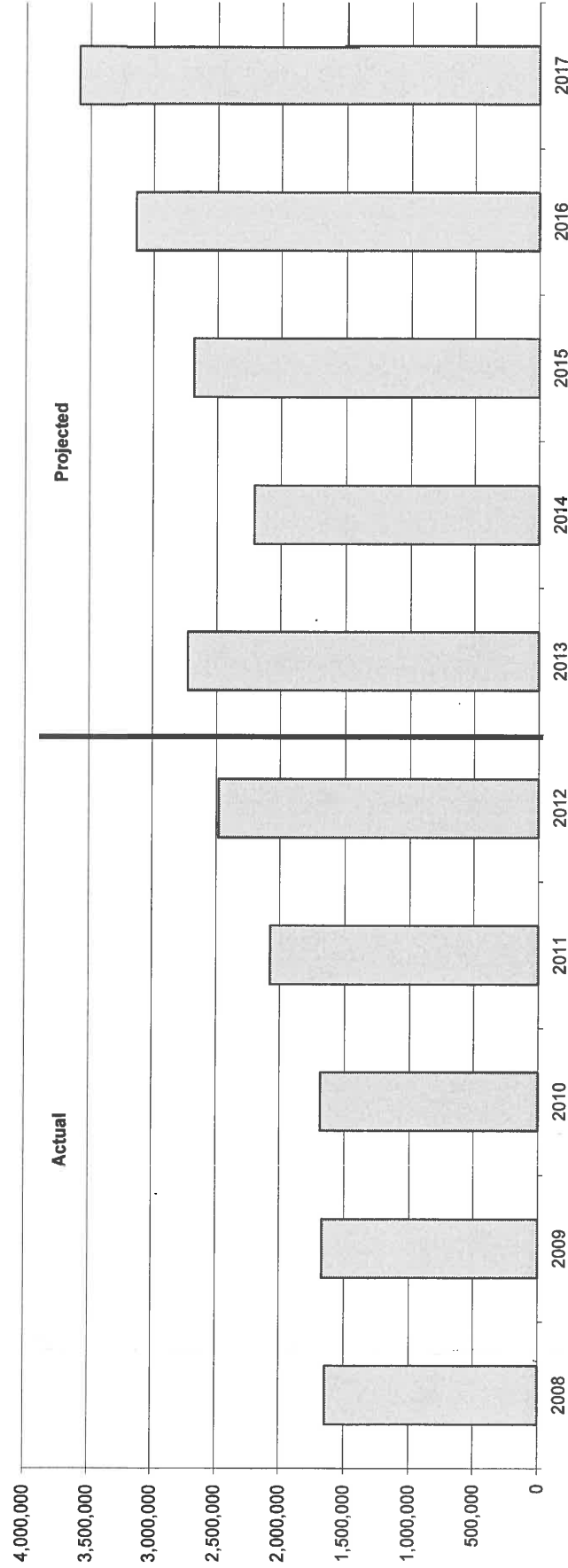
WAUWATOSA WATER UTILITY  
CASH SUMMARY

	2011 Actual	2012 Actual	2013 Original	2013 Estimated	2014 Executive Review
<b>General Cash</b>					
Balance - beginning of year	2,167,738	2,556,462	2,791,590	2,961,090	3,201,872
Balance - end of year	<u>2,556,462</u>	<u>2,961,090</u>	<u>3,258,030</u>	<u>3,201,872</u>	<u>2,687,056</u>
Change in cash	<u>388,724</u>	<u>404,628</u>	<u>466,440</u>	<u>240,782</u>	<u>-514,816</u>
<b>Special Redemption Fund Cash</b>					
Balance - beginning of year	1,186,481	1,162,584	1,383,343	1,383,343	1,377,969
Balance - end of year	<u>1,162,584</u>	<u>1,383,343</u>	<u>1,377,969</u>	<u>1,377,969</u>	<u>1,397,594</u>
Change in cash	<u>-23,897</u>	<u>220,759</u>	<u>-5,374</u>	<u>-5,374</u>	<u>19,625</u>
<b>System Improvement Fund</b>					
Balance - beginning of year	6,745,967	3,375,016	0	597,704	4,000,000
Balance - end of year	<u>3,375,016</u>	<u>597,704</u>	<u>0</u>	<u>4,000,000</u>	<u>0</u>
Change in cash	<u>-3,370,951</u>	<u>-2,777,312</u>	<u>0</u>	<u>3,402,296</u>	<u>-4,000,000</u>
<b>Total Cash</b>					
Balance - beginning of year	10,100,186	7,094,062	4,174,933	4,942,137	8,579,841
Balance - end of year	<u>7,094,062</u>	<u>4,942,137</u>	<u>4,635,999</u>	<u>8,579,841</u>	<u>4,084,650</u>
Change in cash	<u>-3,006,124</u>	<u>-2,151,925</u>	<u>461,066</u>	<u>3,637,704</u>	<u>-4,495,191</u>
Capital projects funded by surplus	<u>15,558</u>	<u>227,524</u>	<u>12,000</u>	<u>12,000</u>	<u>1,009,000</u>

**WAUWATOSA WATER UTILITY**  
Surplus Fund Analysis

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Balance - beginning of year	1,481,357	1,646,339	1,672,262	1,687,738	2,076,462	2,481,090	2,721,872	2,207,056	2,680,496	3,135,184
Balance - end of year	1,646,339	1,672,262	1,687,738	2,076,462	2,481,090	2,721,872	2,207,056	2,680,496	3,135,184	3,581,876
Change in surplus	164,982	25,923	15,476	388,724	404,628	240,782	-514,816	473,440	454,688	446,692

**WAUWATOSA WATER UTILITY - SURPLUS FUND ANALYSIS**



2014 includes painting of Glenview water tower - 992,000

**ACCOUNT: 403, 426 Depreciation Expense**

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

**COMMENTARY:** Early in the calendar year, competitive bidding for water main installations continued during 2013 as contractors attempt to secure work to start their construction season. The utility replaced water mains in the following areas:

- N. Glenview Ave from the south city limits to W. Avon Ct.
- Harwood Ave. from N. Dewey St to N. Glenview Ave (September start)
- N. 100<sup>th</sup> St. from W. Ruby Ave. to the dead end south of W. Ruby Ave.
- Watertown Plank Road from N. Mayfair Road to a point west of N. Mayfair Rd.
- E/S N. Mayfair Road from W. Bluemound Rd. to W. Wisconsin Ave.

Also, the Mayfair Road roadway reconstruction included a number of water main alterations to accommodate roadway grade changes, sewer lines and traffic signal bases. TIF financing assisted the installation of new 16” and 12” water mains through the UWM development and the future Swan Blvd. extension.

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
2013 est	2,261,000	0	0	1,722,000	3,983,000
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
2004	1,478,129	0	275,949	81,196	1,835,274

**WATER DEPARTMENT - DEPRECIATION EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
422,588	454,387	<b>403 Depreciation</b> Depreciation - Utility financed plant	476,000	563,500	580,000	21.8%
219,977	250,250	<b>426 Depreciation</b> Depreciation - contributed plant	246,000	195,800	204,000	-17.1%
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>	<hr/>
642,565	704,637	Total Depreciation	722,000	759,300	784,000	8.6%



**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 2012 was \$792,975. The estimate for 2014 is \$848,000.

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**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>408-1 Social security taxes</b>				
91,012	98,229	FICA taxes	101,700	101,700	102,862	1.1%
-9,480	-9,533	Charge to sanitary sewer	-9,000	-9,000	-9,000	0.0%
		<b>408-2 Tax equivalent</b>				
654,134	792,975	Tax equivalent	768,300	786,000	848,000	10.4%
-12,308	-13,655	Charge to sanitary sewer	-12,000	-14,500	-16,000	33.3%
		<b>408-3 Remainder assessment</b>				
<u>6,736</u>	<u>6,069</u>	PSC assessment	<u>7,706</u>	<u>6,901</u>	<u>7,246</u>	<u>-6.0%</u>
730,094	874,085	Total Taxes	856,706	871,101	933,108	8.9%

**ACCOUNT: 427, 428 Interest Expense**

**COMMENTARY:** The Utility has \$9,300,000 in Waterworks System Revenue Bonds outstanding at 12-31-13. 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 also amortized over the life of the debt.

In 2014, interest expense decreases 23.9% or \$93,429.

<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 12/31/2013</u>
Waterworks System						
Revenue Bonds	10/5/10	3.0-4.0	1/1//11-29	1/1&7/1	7,750,000	7,100,000
	11/29/11	2.0-3.0	1/1//13-22	1/1&7/1	2,400,000	<u>2,200,000</u>
						9,300,000
Less: Current portion of long-term debt						<u>425,000</u>
						<u>8,875,000</u>

**WATER DEPARTMENT - INTEREST EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>427 Interest expense</b>				
409,469	319,313	Interest on outstanding bonds	308,563	308,563	297,813	-3.5%
12,459	12,902	Interest on G O refunding debt	12,509	12,509	12,026	-3.9%
		<b>428 Amortization expense</b>				
3,549	6,842	Amortization of bond discount and expense	6,501	82,821	0	-100.0%
		<b>429 Amortization expense</b>				
<u>-6,980</u>	<u>-12,822</u>	Amortization of bond premium	<u>-12,199</u>	<u>-12,199</u>	<u>-11,574</u>	<u>-5.1%</u>
418,497	326,235	Total Interest Expense	315,374	391,694	298,265	-5.4%

**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:** 2014 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
2013 est.	1,704,752	\$2,200,000	10%
2012	1,768,047	2,251,090	8%
2011	1,782,288	2,272,973	10%
2010	1,708,246	2,159,538	12%
2009	1,791,052	2,155,721	11%

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  
September 2009 Pass through Milwaukee simplified rate increase

**WATER DEPARTMENT - SOURCE OF SUPPLY EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
2,272,973	2,251,090	<b>602 Purchased water</b> Purchased water from Milwaukee	2,300,000	2,200,000	2,270,000	-1.3%
<u>159</u>	<u>199</u>	<b>603 Misc expense</b> Electricity	<u>233</u>	<u>233</u>	<u>256</u>	<u>9.9%</u>
2,273,132	2,251,289	Total Source of Supply Expense	2,300,233	2,200,233	2,270,256	-1.3%

**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>2013 FTE</u>	<u>2014 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 2013, 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-four years of use. This replacement project is being deferred until 2014 calendar year.

**WATER DEPARTMENT - PUMPING EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>621 Fuel</b>				
837	620	Fuel for mobil generators	1,260	1,260	1,134	-10.0%
		<b>623 Power purchased</b>				
121,758	123,184	Electricity	119,493	130,560	131,442	10.0%
		<b>624 Pumping labor &amp; exp</b>				
178,221	182,049	Wages	186,275	186,275	188,840	1.4%
7,480	7,065	Overtime	5,860	5,860	5,948	1.5%
16,708	19,690	Equipment rent	13,847	13,847	12,267	-11.4%
511	602	Telephone	552	715	715	29.5%
9,567	7,272	Heat	13,575	13,575	13,575	0.0%
446	324	Supplies	400	400	500	25.0%
		<b>626 Misc expense</b>				
3,697	3,193	Lawn mowing	3,927	3,927	4,045	3.0%
1,388	1,536	Storm water charges	1,600	2,000	2,340	46.3%
		<b>631 Maint of pump buildings</b>				
1,520	1,856	Contract labor and materials	4,044	4,044	4,044	0.0%
5,441	7,183	Supplies	3,450	3,450	3,795	10.0%
0	1,738	Compressor (2)	0	0	0	
0	1,365	Air Dryers (2)	0	0	0	
0	0	Heaters (2) - Feerick Tower	1,200	892	0	-100.0%
0	0	Ladders	550	483	0	-100.0%
0	0	Paint interior piping Blanchard station	0	0	4,000	
		<b>632 Maint of power prod eq</b>				
877	2,421	Contract labor and materials	6,460	6,460	6,460	0.0%
		<b>633 Maint of pumping equip</b>				
17,833	9,636	Contract labor and materials	11,000	11,000	13,200	20.0%
0	0	Blanchard - DeZurik valve replacements	25,000	0	25,000	0.0%
0	0	Blanchard - Valve replacements	35,000	35,000	0	-100.0%
183	934	Supplies	1,508	1,508	1,320	-12.5%
<b>366,467</b>	<b>370,668</b>	<b>Total Pumping Expense</b>	<b>435,001</b>	<b>421,256</b>	<b>418,625</b>	<b>-3.8%</b>



**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, 2014.
- 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 will conduct 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**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>643 Misc water treatment exp</b>				
805	304	Water sample testing	450	450	1,180	162.2%
1,370	1,484	Publish & distribute water quality report	2,333	2,333	2,410	3.3%
3,845	3,558	Distribution monitor panels	4,230	4,230	4,630	9.5%
0	2,268	ph probes (3)	0	0	0	
<b>6,020</b>	<b>7,614</b>	<b>Total Water Treatment Expense</b>	<b>7,013</b>	<b>7,013</b>	<b>8,220</b>	<b>17.2%</b>

**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.

**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>2013 FTE</u>	<u>2014 FTE</u>
Water Maintenance Person	7	7
Water Maintenance Person 2	1	1
Meter Service Person 1	2	2
Meter Repair Person 2	1	1
Laborer 1 Extra	.385	.385

**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**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>661 Storage facilities exp</b>				
3,650	1,436	Operate aviation lights on Burleigh and Feerick tanks and electric heaters in valve vaults	4,355	2,154	2,154	-50.5%
		<b>662 Trans &amp; dist line exp</b>				
89,538	90,215	Wages	153,140	153,140	76,570	-50.0%
3,169	4,425	Overtime	2,987	2,987	3,032	1.5%
1,161	1,241	Equipment rent	798	1,682	4,275	435.7%
2,620	4,412	Supplies	2,499	2,499	2,750	10.0%
629	1,252	Electricity	1,364	1,364	1,535	12.5%
2,099	2,399	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%
1,682	2,073	GRAEF modeling	5,000	5,000	5,000	0.0%
839	716	GIS field internet access	1,128	1,128	720	-36.2%
0	30,600	Echologics - Condition Assessment	0	0	0	
0	14,636	Check Valve - (3) replacement pilot kits	0	0	0	
		<b>663 Meter expense</b>				
43,147	45,473	Wages	48,716	48,716	56,907	16.8%
15,619	16,512	Equipment rent	14,984	15,878	16,340	9.0%
15,871	15,605	Contract large meter testing	18,500	18,500	18,500	0.0%
60	106	Supplies	400	400	400	0.0%
-37,348	-38,848	Charge to sanitary sewer	-41,300	-41,747	-46,074	11.6%
		<b>664 Customer installation exp</b>				
251	0	Wages	0	0	0	
2,029	2,131	Equipment rent	1,672	2,148	2,195	31.3%
0	0	Supplies	225	225	225	0.0%
20,400	22,610	Contract services - cross connection	22,440	22,440	23,115	3.0%
		<b>665 Misc expense</b>				
7,152	1,649	Wages	7,360	0	0	-100.0%
4,000	8,000	GIS	8,000	8,000	8,000	0.0%
		<b>666 Rent - public works</b>				
16,516	16,464	Rent	17,328	17,328	17,856	3.0%
		<b>672 Reservoir maintenance</b>				
0	3,370	Cathodic protection	3,225	3,225	5,225	62.0%
2,466	1,090	Reservoir maintenance	1,500	1,500	1,500	0.0%
		Amortization of painting -				
65,229	65,229	Alice St tank	65,229	65,229	65,229	0.0%
0	0	Glenview tank	0	0	198,400	
0	7,700	Alice tank painting rehab	0	0	0	
		Tank inspections -				
1,375	0	Glenview	0	0	0	
0	3,095	Potter	0	0	0	
0	0	Burleigh	3,410	3,410	0	-100.0%
0	0	Feerick	0	0	2,975	
0	3,145	Potter Rd - power wash exterior	0	0	0	
0	0	Alice St - power wash exterior	0	0	4,100	

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

Account	Description	Unit	2009	2010	2011	2012
	Water main - total system	Feet	1,047,422	1,050,069	1,056,606	1,059,547
	Water main - replaced	Feet	2,325	5,179	14,013	9,489
	Water main - new	Feet	1,139	2,674	2,272	3,029
673	Water main breaks*	Each	115	75	79	91
673	Valves repaired	Each	28	14	15	20
673	Valves replaced	Each	2	3	4	4
675	Water service repairs	Each	28	22	27	30
677	Fire hydrants - total	Each	2,100	2,104	2,124	2,130
677	Fire hydrants - replaced	Each	5	7	14	3
677	Fire hydrants - repaired	Each	45	16	44	56
677	Fire hydrants - flushed	Each	548	275	275	283
	Water service laterals	Each	15,507	15,505	15,502	15,507
	Read-o-Matic registers	Each	14,902	14,872	14,708	12,760
	Orion radio read registers	Each	367	435	542	2,442
663/676	Service calls	Each	2,781	3,164	2,379	3,677

\* Ten year average annual water main breaks - 81

**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). The utility has installed over 3,100 Badger Meter Orion AMI endpoints as part of our upgrade program.

The fifth year amortization of the Alice St tank painting is also included in next year's expenses along with the first year amortization of the Glenview Ave tank painting.

**WATER DEPARTMENT - TRANSMISSION & DISTRIBUTION EXPENSE (continued)**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
<b>673 Main maintenance</b>						
178,004	236,225	Wages	147,144	147,144	184,975	25.7%
61,160	60,963	Overtime	66,092	66,092	67,083	1.5%
63,953	47,659	Labor - other departments	69,417	69,417	83,569	20.4%
85,752	91,461	Equipment rent	101,596	104,626	124,861	22.9%
50,848	39,525	Materials	56,835	56,835	56,835	0.0%
877	2,446	Lawn repairs	2,500	2,500	2,500	0.0%
26,204	22,315	Gravel & stone	37,800	37,800	37,800	0.0%
21,606	63,493	Contract labor and materials	30,717	30,717	30,717	0.0%
38,888	43,397	Pavement materials	50,281	50,281	50,281	0.0%
55,100	16,999	Paving contractors	41,100	41,100	37,000	-10.0%
619	0	Equipment and tools (see detail)				
0	0	Leak Correlator	32,000	30,225	0	-100.0%
0	0	Traffic Control Signs	1,512	1,125	0	-100.0%
0	0	STIHL Cutquik cut-off machine	0	0	1,000	
0	0	Supplemental tools	0	0	500	
<b>675 Services maintenance</b>						
61,055	57,293	Wages	63,848	63,848	62,055	-2.8%
7,560	3,985	Overtime	6,251	6,251	6,345	1.5%
13,012	14,897	Equipment rent	12,992	13,344	13,789	6.1%
38,631	38,363	Contract labor and materials	34,706	34,706	38,175	10.0%
12,159	17,289	Materials	17,500	17,500	17,500	0.0%
8,962	10,983	Paving contractors	10,000	10,000	10,000	0.0%
Equipment and tools						
0	3,100	Metrotech	0	0	0	
0	1,358	Magnetic locating wand (2)	0	0	0	
0	2,240	Simtap	0	0	0	
0	500	Flaring Tools	0	0	0	
0	0	Altarna MATS	0	0	1,000	
<b>676 Meter maintenance</b>						
71,537	94,798	Wages	78,293	78,293	123,022	57.1%
339	3,092	Overtime	895	1,395	908	1.5%
200	100	Clothing allowance	200	200	500	150.0%
3,047	3,113	Equipment rent	2,341	4,172	6,435	174.9%
86,909	19,774	Supplies	10,000	10,000	10,000	0.0%
-81,016	-60,589	Charge to sanitary sewer	-45,865	-47,030	-57,790	26.0%
0	0	Equipment and tools	0	0		
0	0	Supplemental tools	0	0	500	
<b>677 Hydrant maintenance</b>						
32,868	31,834	Wages	77,781	77,781	73,499	-5.5%
12,566	14,169	Equipment rent	16,051	14,402	13,971	-13.0%
15,429	10,692	Repair parts & supplies	16,920	16,920	16,920	0.0%
Equipment and tools						
0	1,402	Hydrant steam thawer	0	0	0	
0	0	Hydrant diffusers	0	0	2,500	
<u>1,131,543</u>	<u>1,222,732</u>	<b>Total Transmission &amp; Distrib Exp</b>	<u>1,293,299</u>	<u>1,286,282</u>	<u>1,498,811</u>	<u>15.9%</u>

**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>2013 FTE</u>	<u>2014 FTE</u>
Meter Reader	1	1
Administrative Support Specialist	.125	.250
Clerk 2	1.225	.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:** The negative amounts in accounts 902 and 903 represent reimbursement of meter reading and billing costs by the sanitary and storm sewer departments. As of September 1st, the water charge is 43% of the average residential water bill. Sewer fees are 51% of the bill with the remaining 6% being the Public Fire Protection charge.

**WATER DEPARTMENT - CUSTOMER ACCOUNTS EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>902 Meter reading expense</b>				
56,348	56,939	Wages	58,274	58,274	52,134	-10.5%
100	100	Clothing allowance	100	100	100	0.0%
3,246	3,409	Equipment rent	2,675	3,420	3,513	31.3%
1,147	1,321	Auto allowance	1,400	1,400	1,440	2.9%
231	299	Postage	1,012	1,012	1,000	-1.2%
0	0	Electricity	0	100	100	
989	0	Hand held maint and support	4,775	4,775	5,000	4.7%
-31,030	-31,034	Charge to sanitary sewer	-34,118	-34,541	-31,644	-7.3%
		<b>903 Customer records exp</b>				
56,526	39,787	Wages	55,023	55,023	55,648	1.1%
10,558	11,635	Treasurer's department labor	8,483	8,483	9,321	9.9%
40,299	40,915	Mailing service	39,435	39,435	40,500	2.7%
6,000	6,000	Deposit charges	6,000	6,000	6,000	0.0%
728	591	Supplies	860	860	903	5.0%
155	0	Scanner repair/replacement	0	0	500	
-17,089	-17,772	Charge to storm sewer	-17,134	-17,134	-18,190	6.2%
-48,588	-40,578	Charge to sanitary sewer	-46,334	-46,334	-47,341	2.2%
<b>79,620</b>	<b>71,612</b>	<b>Total Customer Accounts Expense</b>	<b>80,451</b>	<b>80,873</b>	<b>78,984</b>	<b>-1.8%</b>



**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>2013 FTE</u>	<u>2014 FTE</u>
Water Superintendent	1	1
Accountant / Business Manager	1	1
Water Supervisor	1	1
Administrative Support Specialist	.375	.750
Clerk 2	.275	.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 2013 and 2014.

**WATER DEPARTMENT - ADMINISTRATIVE & GENERAL EXPENSE**

2011 Actual	2012 Actual	Account / Function	2013 Original	2013 Estimated	2014 Executive Review	% Change
		<b>920 Admin &amp; general salaries</b>				
241,143	271,765	Wages	269,792	269,792	278,083	3.1%
0	0	Pay for performance	12,238	5,400	11,396	-6.9%
		<b>921 Office expense</b>				
5,688	6,250	Equipment rent	6,716	6,716	5,649	-15.9%
347	765	Telephone	2,500	2,500	2,500	0.0%
7,798	10,736	Supplies and postage	7,412	7,412	12,024	62.2%
3,244	3,249	Dues & periodicals	3,955	3,955	4,955	25.3%
0	3,543	3 computers with monitors - City Hall	0	0	0	
		<b>923 Outside services</b>				
95,860	100,417	Municipal charges	124,711	124,711	144,648	16.0%
9,060	950	Outside services	10,000	10,500	10,000	0.0%
6,000	6,250	Audit of utility accounts	6,438	5,400	5,562	-13.6%
28,755	27,989	Information Technology charges	30,565	30,565	27,835	-8.9%
		<b>924 Property insurance</b>				
6,461	7,542	Insurance on Utility property	8,805	9,251	9,955	13.1%
		<b>925 Injuries and damages</b>				
12,150	59,411	Workers comp insurance	35,000	73,478	77,136	120.4%
28,528	-2,535	Liability insurance	5,000	4,721	6,288	25.8%
		<b>926-1 Insurance</b>				
329,860	456,484	Employee health & life insurance	469,000	488,500	517,700	10.4%
-20,214	-35,682	Employee contribution	-36,000	-38,000	-59,300	64.7%
-30,914	-43,182	Charge to sanitary sewer	-43,000	-45,000	-45,000	4.7%
		<b>926-2 Pensions</b>				
123,679	137,639	Employee pensions	177,100	177,100	185,748	4.9%
20,929	42,646	Amortization of pension related past service cost	21,900	42,646	42,646	94.7%
-23,490	-68,775	Employee contribution	-88,000	-88,000	-92,874	5.5%
-13,515	-7,352	Charge to sanitary sewer	-8,000	-7,500	-7,500	-6.3%
		<b>928 Regulatory expense</b>				
0	4,359	PSC expenses related to rate increase application or other PSC related issues	4,000	7,000	1,000	-75.0%
		<b>930-1 Misc expense</b>				
363	182	Bond redemption expense	400	0	0	-100.0%
232	257	Miscellaneous	1,000	1,000	1,000	0.0%
		<b>930-2 Training</b>				
2,598	3,668	Continuing education and training	16,294	16,294	14,338	-12.0%
		<b>931 Rent - office</b>				
20,112	20,208	Rent	19,169	19,169	18,957	-1.1%
		<b>932-3 Maint of telemetering eq</b>				
602	2,827	Repairs to telemetering equipment and control system software maint	3,000	3,000	5,000	66.7%
0	0	UPS back up supply power	1,500	1,590	0	-100.0%
0	0	SCADA upgrades for new acquisitions	0	0	15,000	
<b>855,276</b>	<b>1,009,611</b>	<b>Total Administrative &amp; General Exp</b>	<b>1,061,495</b>	<b>1,132,200</b>	<b>1,192,746</b>	<b>12.4%</b>

WAUWATOSA WATER UTILITY  
 2014 CAPITAL BUDGET SUMMARY  
 NON-BONDED CAPITAL EXPENDITURES

<u>ACCOUNT NUMBER</u>	<u>ITEM</u>	<u>AMOUNT</u>	<u>JUSTIFICATION</u>
50-186-2000-580	Interior and exterior restoration and safety upgrades of the 1 MG Glenview Avenue elevated water tower	992,000	Last painted in 1993
50-101-3940-700	Ultra SHORE Products™, or similar, aluminum trench shield system with adjustable spreaders and accessories	17,000	Stackable light weight trench shield system designed to protect employees working in excavations in trenches up to 12 feet deep.
		<u>1,009,000</u>	

WAUWATOSA WATER UTILITY  
2014 CAPITAL BUDGET SUMMARY  
CAPITAL EXPENDITURES

ACCOUNT NUMBER	ITEM	AMOUNT	JUSTIFICATION
<b>PROJECTS PAID OUT OF FUTURE BONDED FUNDS</b>			
<b>WATER MAIN REPLACEMENT PRIOR TO STREET REPAVING</b>			
50-101-3431-900	Replace water main Milwaukee Ave from Wauwatosa Ave to 83rd St.	936,000	Water mains installed in 1897 and 1902.
50-101-3431-900	Replace water main Harding Blvd from 95th St to Center St	742,000	Water main installed in 1931.
50-101-3431-900	Replace water main St James St from 71st St to the dead end east of 71st St	291,500	Water main installed in 1928.
50-101-3431-900	Replace water main Ridge Ct from Milwaukee Ave to the dead end south of Milwaukee Ave	225,750	Water main installed in 1929.
		<u>2,195,250</u>	
<b>OTHER WATER MAIN REPLACEMENT</b>			
50-101-3431-900	Install water main Menomonee River crossing from 105th St to Nash St	315,000	Redundant east zone river crossing.
50-101-3431-900	Water main pipe lining Wisconsin Ave from 72nd St to 76th St	500,000	Continuation of 2012 pipe lining emergency area using Trenchless Technology
		<u>815,000</u>	
<b>OTHER PROJECTS</b>			
50-101-3461-900	Advanced Metering Infrastructure (AMI) program	1,250,000	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.
50-101-3431-900	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	124,920	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>1,599,920</u>	
	<b>Total projects paid out of future bonded funds</b>	<u><b>4,810,170</b></u>	