



MEMORANDUM

DATE: September 10, 2025

TO: Water Utility Commission

FROM: Cortney Nagel, Administrative Services Manager

RE: 2026 Capital Improvement Plan

As you know, each September we present the first draft of next year's Capital Improvement Plan (CIP) to the Commission. This first draft is for discussion purposes and provides an opportunity to get your guidance at the front end of the process.

This initial plan indicates that the capital budget for 2026 will be approximately \$34.4 million; The List of Significant Items totals \$33.8 million. After the commission has discussed these budgeted items, they will have analyzed 98% of the Utility's Capital Budget.

The Utility plans to issue the remaining \$14.2 million of WIFIA loans in 2026 to cover most of the construction and completion of the new Operations Center. A \$4 million grant has also been earmarked to cover abandonment costs related to the GWA project, system chloramination and water quality monitoring equipment, SCADA PLC's and SCADA Airmux radios.

The City of Waukesha has authorized \$50 million in general obligation debt to the Waukesha Water Utility. At the end of 2026, the Utility anticipates \$14.2 million will be available for borrowing in future years.

At December 31, 2025, cash is projected to be \$49 million.

Attached to this item are the following documents:

- Capital Improvements History Chart
- 2026 Significant Budget Items
- Projected Sources & Uses of Cash – December 31, 2025
- Borrowed Funds

I look forward to discussing this information with the Commission at the meeting.



Waukesha Water Utility Capital Improvement Plan

2026

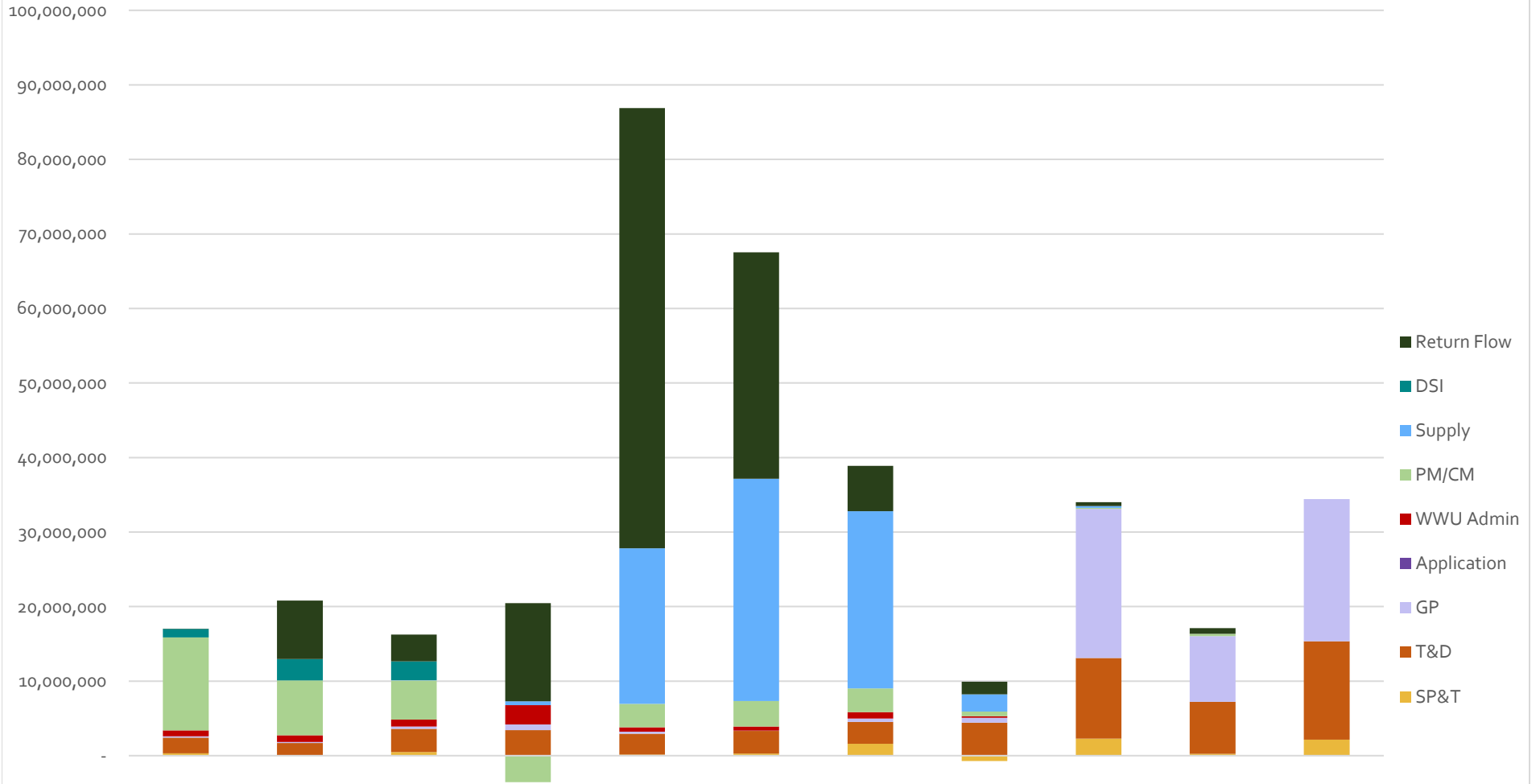
History

Significant Items

Cash

Borrowing

WWU CAPITAL IMPROVEMENTS - HISTORY 2017 - 2026



(10,000,000)

Feet Replaced	2017	2018	2019	2020	2021	2022	2023	2024	2025B	2025P	2026
	7,176	10,390	13,172	11,035	8,463	10,906	12,509	17,585	17,150	11,915	18,800

WAUKESHA WATER UTILITY
CIP
SIGNIFICANT ITEMS > \$100,000
2026

ROUTINE

Pumping Structure - Remote Station WIFI Cell		
Drops for Cameras	\$ 254,337	
Main Replacement - 18,800 feet	10,252,947	
Hydrant Replacement	246,941	
Valve Replacements	385,138	
Water Meter Replacements	431,124	
Operations Center	17,514,083	
ERP Software - Billing & Process Improvement	834,859	
Fleet Replacement - (3)	230,000	
SCADA - Replace PLC's	320,000	
SCADA - Airmux Radio Installations - Phase II	117,611	
Plant Abandonments	<u>3,234,238</u>	
	<u>\$ 33,821,278</u>	98%

TOTAL CAPITAL BUDGET	<u>\$ 34,439,811</u>	
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CONTRIBUTED CAPITAL	<u>\$ 1,460,829</u>	
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**WAUKESHA WATER UTILITY
STATEMENT OF PROJECTED SOURCES AND USES OF CASH
SEPTEMBER 2025 - DECEMBER 2025**

Cash Balance - August 31, 2025

\$50,889,749

SOURCES 9/1 - 12/31:

Operations:

Customers - water sales	\$9,426,095
Waste Water Utility - joint metering billing	365,592
Rent of utility property - cellular leases	161,050
Receipts on sewer bills	6,929,081
Receipts on return flow bills	2,481,586
Reimbursement from City for return flow expenses	100,352
Other - miscellaneous	59,854
Total Cash From Operating Activities	\$19,523,609

Capital and Related Financing Activities:

Grants	0
Contributions	41,901
Issuance of long-term debt	0
Issuance of long-term debt - WIFIA	6,477,835
Interest income	615,959
Total Cash From Capital/ Investing Activities	\$7,135,695

Total Cash Receipts

\$26,659,305

USES 9/1 - 12/31:

Salaries, wages, payroll taxes and benefits	\$1,019,420
Subcontracted and outside services	877,229
Disbursement to city for sewer transfer	6,918,961
Disbursement to city for return flow transfer	2,487,375
Pumping power	120,854
Purchase of materials and supplies	1,534,038
Tax equivalent - PILOT	0
Acquisition of capital assets	11,184,942
Acquisition of capital assets - Return Flow	100,352
Debt service - principal	2,850,000
Debt service - interest	1,457,261

Total Cash Used

\$28,550,431

Net Change in Cash

(\$1,891,127)

Cash Balance - December 31, 2025

\$48,998,622

WAUKESHA WATER UTILITY
CIP
BORROWED FUNDS - BUDGET
2026

<u>Capital</u>	Budget	Less Funds Remaining ⁽¹⁾	Less Grants	Plus Debt Refinancing	Borrowed Funds Needed	Less: WIFIA	Cash Funding
FWS	-	-	-	-	-	-	-
Routine	34,439,811	-	4,029,621	-	30,410,190	14,204,440	16,205,750
	34,439,811	-	4,029,621	-	30,410,190	14,204,440	16,205,750

Notes:

(1) The following estimates the general obligation (GO) debt outstanding issued with the approval of the City

GO Debt Authorized by City for WWU	\$ 50,000,000
Estimated GO Debt Outstanding at 12/31/2025	<u>38,690,000</u>
GO Debt "Available" at 12/31/2025	11,310,000
Estimated GO Debt Repaid in 2026	<u>2,930,000</u>
GO Debt Available in 2026	<u><u>\$ 14,240,000</u></u>