



## MEMORANDUM

DATE: November 13, 2018

TO: Dan Duchniak, PE  
General Manager

FROM: Joseph Ciurro, CPA  
Administrative Services Manager

RE: 2019 CIP and Operating Budget

Attached is the Executive Summary, Capital Improvement Plan (CIP) and the Operating Plan for 2019. Overall, the 2019 CIP consists of \$13.4 million of capital expenditures and the 2019 Operating Plan expects a Managers' Margin of \$6.0 million and a net income of \$1.6 million.

There is one significant difference from the draft documents reviewed in October and November. After the draft CIP was presented, Greeley and Hansen noted \$2.6 million of Phase 2 program management (PM) costs, originally planned for 2020, that would need to be moved up to 2019 to meet the revised program schedule. Of this amount, \$1.27 million is related to the water supply portion of the project.

Please refer to the Executive Summary for a more detailed discussion. I look forward to reviewing these documents with you and the Commission. Should they decide to approve them, an appropriate motion would be . . .

### **Motion**

. . . to approve the Capital Improvement Plan and Operating Plan for 2019.



## 2019 BUDGET

- ❖ Executive Summary
  - ◆ Descriptive
  - ◆ Key Indicators
  
- ❖ Capital Improvement Plan
  - ◆ Summary
  - ◆ History
  - ◆ Significant Items
  - ◆ Cash
  - ◆ Borrowed Funds
  - ◆ GWA – Admin & PM/CM
  - ◆ GWA – Supply
  - ◆ GWA – Distribution System Improvements
  - ◆ Source, Pumping & Treatment
  - ◆ Transmission & Distribution
  - ◆ General Plant
  - ◆ GWA – Return Flow
  - ◆ Contributed Plant
  
- ❖ Operating Plan
  - ◆ Statement of Revenues and Expenses
  - ◆ Compensation
  - ◆ Other Significant Items
  - ◆ Detailed Variance Analysis



**WAUKESHA WATER UTILITY  
BUDGET  
EXECUTIVE SUMMARY**

2019

Capital expenditures are budgeted at \$13.4 million in 2019, a \$0.3 million increase over the projected 2018 expenditures of \$13.1 million. The capital budget consists of \$8.9 million related to the future water supply project, with the remaining \$4.5 million representing the routine capital projects for the year. Please note that this amount does not include any capital items related to the return flow portion of the project as that will be covered under the City's Wastewater Fund. The return flow estimates are noted in the document for information purposes only.

To fund the 2019 capital plan, the Utility plans to issue \$3.2 million of Safe Drinking Water Loans to cover Distribution System Improvements expenditures and will utilize \$10.2 million from the 2018 Bond Anticipation Note ("draw bond") to finance \$5.7 million of future water supply costs and \$4.5 million of routine capital costs.

A summary of significant capital expenditures is attached.

"Net Income" is budgeted at \$1.6 million, down from the \$1.8 million projected for 2018. The Utility expects the operating revenues to decrease slightly due to an expected decrease in billed gallons (2%) and user rates staying constant from the last rate order approved by the Public Service Commission in late 2017. The Managers' expenses are budgeted to increase in 2019 to \$5.7 million. This represents a 17% increase from 2018 projected, but are just 4.6% higher than the 2018 budgeted Managers' expenses.

A significant reason for the increase is one-time or non-regular operating expenses, such as the abandonment of four wells, hydro tank maintenance, UCMR (Unregulated Contaminant Monitoring), painting of Hunter water tower and outside services such as a compensation study, legal services and regulatory expenses associated with a conventional rate case that is planned to be filed during the year. Also, wages and benefits are budgeted to increase due to a 2.5% wage adjustment for employees receiving a solid performance evaluation and one-time costs of approximately \$65,000 related to the expected retirements of some long-term employees.

A more detailed understanding of the expenses can be gained by examining the Significant Expenses and Variance Analysis (both attached).

The Utility's cash position will improve in 2019. The Capital, Operating and borrowing plans combine to produce a cash balance at year end of \$31.8 million, up from the \$30.5 million projected for 2018. Cash reserves are being managed tightly to deal with the construction schedule variability associated with the future water supply project.

The Utility's Return on Rate Base is budgeted at 2.78%. This is less than the 5.1% allowed by the Public Service Commission in the 2017 rate case. The Debt Service Revenue Ratio is budgeted at 2.93, exceeding the required 1.1 ratio. The cash balance meets the working capital requirements in the debt covenants.

WWU  
KEY INDICATORS  
2019

	Actual 2015	Actual 2016	Actual 2017	Projected 2018	Budgeted 2019
Capital Budget	\$ 9,029,649	\$ 14,909,540	\$ 17,646,185	\$ 13,546,844	\$ 15,352,473
Feet Replaced	15,658	29,984	7,176	7,370	15,760
Rate Increase	3%	0%	0%	9%	0.0%
Managers' Margin	6,139,601	4,682,248	4,806,794	6,498,445	7,041,731
Average Annual Bill - Residential	\$ 319.24	\$ 319.24	\$ 321.34	\$ 344.40	\$ 344.40
Net Operating Income - PSC	2,627,118	2,755,757	2,451,890	3,226,359	1,914,768
Average Net Rate Base	\$ 49,092,086	\$ 55,919,408	\$ 61,168,131	\$ 63,741,716	\$ 68,828,645
Return on Rate Base	5.35%	4.93%	4.01%	5.06%	2.78%
Debt Coverage - 1.1 Required	6.82	12.83	9.42	2.97	2.93
YE Cash Balance	\$ 21,476,071	\$ 30,595,268	\$ 27,854,164	\$ 30,488,992	\$ 31,805,362



# **Waukesha Water Utility Capital Improvement Plan**

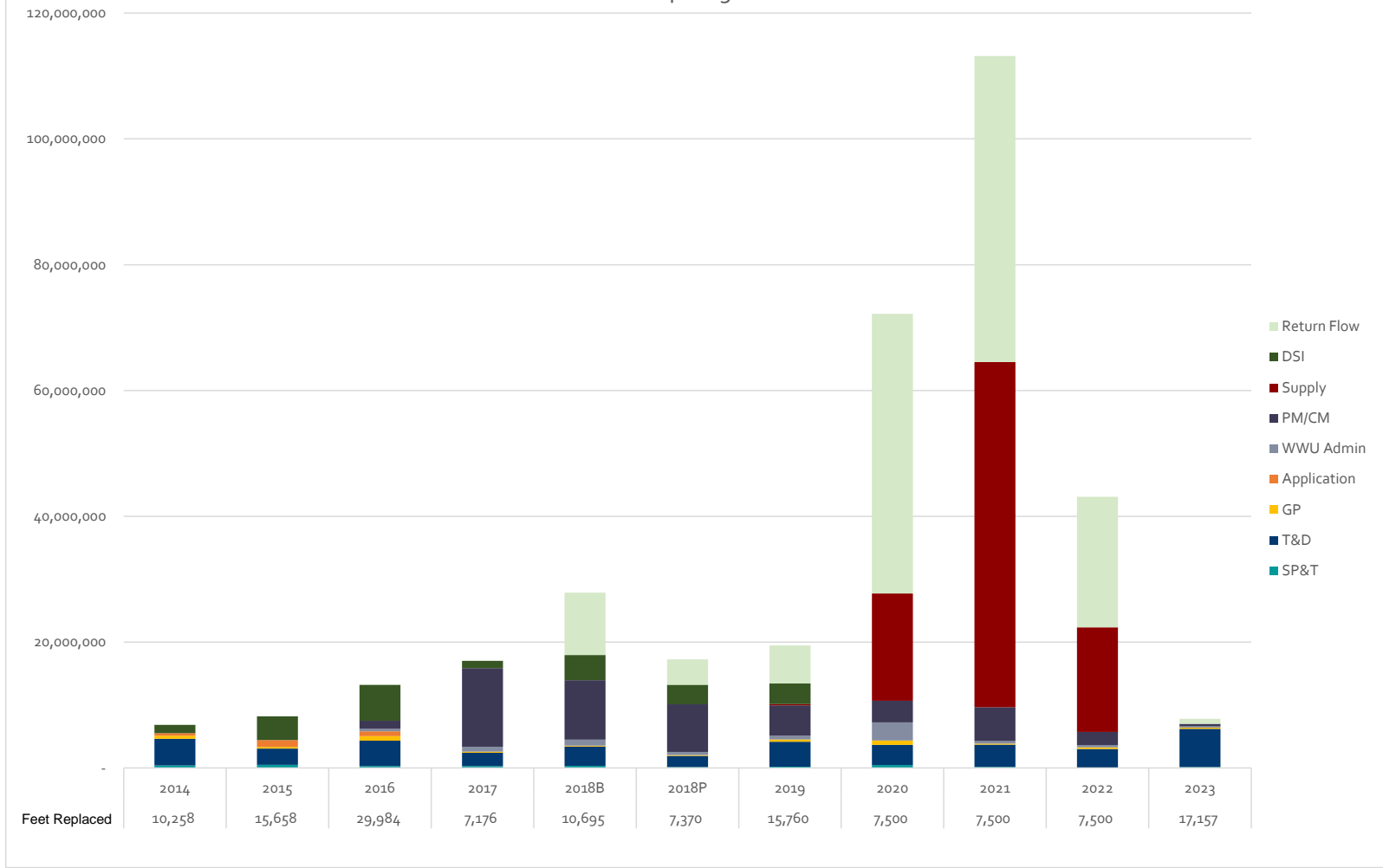
2019

Summary  
History  
Significant Items  
Cash  
Borrowing  
GWA Admin & Project Management  
GWA Supply  
GWA Distribution System Improvements  
GWA Return Flow  
Source Pumping & Treatment  
Transmission & Distribution  
General Plant  
Contributed Plant

**WAUKESHA WATER UTILITY**  
**Capital Improvement Plan**  
**Summary**  
**2019**

Year	Application (FWS)	WWU Admin & PM/CM	Supply (FWS)	Distribution System Improvements (FWS)	Source, Pumping & Treatment	Transmission & Distribution	General Plant	Total Utility	% Δ from 18 B	Return Flow (FWS)	Developer Contributed (Table 5)	Total Capital Improvement Plan
2018 B	-	10,876,508	-	4,001,241	344,605	3,065,656	132,994	18,421,004		9,923,403	2,029,706	30,374,113
2018 P	-	8,052,528	-	3,103,898	145,016	1,794,489	125,882	13,221,814	-28%	4,040,619	323,636	17,586,069
2019	-	5,415,249	223,000	3,244,865	204,407	3,982,165	342,777	13,412,461	-29%	6,045,634	1,940,011	21,398,107
2020	-	6,317,873	17,051,000	-	476,500	3,211,677	688,000	27,745,050	-57%	44,435,905	1,131,824	73,312,779
2021	-	5,782,177	54,855,000	-	172,500	3,522,300	190,000	64,521,977	-44%	48,640,932	1,170,645	114,333,554
2022	-	2,432,817	16,642,000	-	82,500	2,938,898	255,000	22,351,215	-54%	20,742,714	1,210,798	44,304,728
2023	-	589,651	-	-	132,500	6,081,566	220,000	7,023,717	-37%	794,402	1,252,329	9,070,448
<b>Total</b>	<b>\$ -</b>	<b>\$ 20,537,767</b>	<b>\$ 88,771,000</b>	<b>\$ 3,244,865</b>	<b>\$ 1,068,407</b>	<b>\$ 19,736,605</b>	<b>\$ 1,695,777</b>	<b>\$ 135,054,420</b>		<b>\$ 120,659,588</b>	<b>\$ 6,705,607</b>	<b>\$ 262,419,615</b>

WWU  
CAPITAL IMPROVEMENTS - HISTORY  
2014-2023



WAUKESHA WATER UTILITY  
CIP  
SIGNIFICANT ITEMS > \$100,000  
2019

FUTURE WATER SUPPLY

WWU Administration			
Internal Labor	\$	194,599	
Legal & Regulatory		290,000	
Project Management		4,209,800	
Construction Management		590,650	
Water Supply - Land for Pump Station		223,000	
Distribution System Improvements			
Segment AC - 4,300 feet		3,244,865	\$ 8,752,913
			<hr/>

ROUTINE

Main Replacement - 11,460 feet	\$	3,137,846	
Pumping Equipment		159,260	
Hydrant Replacement		179,585	
Valve Replacements		366,203	
Water Meter Replacement		154,464	\$ 3,997,358
			<hr/>

\$ 12,750,271 95%

TOTAL CAPITAL BUDGET

\$ 13,412,461

RETURN FLOW

\$ 6,045,634

CONTRIBUTED CAPITAL

\$ 1,940,011



**WAUKESHA WATER UTILITY  
STATEMENT OF SOURCES AND USES OF CASH  
PERIOD ENDING DECEMBER 31, 2018**

Cash Balance - August 31, 2018

\$22,477,349

**SOURCES 9/1 - 12/31:**

**Operations:**

Customers - water sales	\$4,004,732
Waste Water Utility - joint metering billing	224,026
Rent of utility property - cellular leases	109,062
Receipts on sewer bills	4,706,582
Other - miscellaneous	199,008
Total Cash From Operating Activities	\$9,243,410

**Capital and Related Financing Activities:**

Grants	\$0
Contributions	23,580
Issuance of long-term debt - 2018 BAN Draws	11,823,596
Issuance of long-term debt - WI SDWLP	7,938,898
Return Flow Cap Costs paid by City	3,160,500
Interest income	164,000
Total Cash From Capital/ Investing Activities	\$23,110,574

**Total Cash Receipts**

**\$32,353,984**

**USES 9/1 - 12/31:**

Salaries, wages, payroll taxes and benefits	\$1,019,764
Subcontracted and outside services	172,761
Disbursement to city for sewer transfer	4,679,382
Pumping power	229,840
Purchase of materials and supplies	473,612
Tax equivalent - PILOT	
Acquisition of capital assets	9,707,861
Debt service - principal	610,000
Debt service - principal refinanced	6,540,000
Debt service - interest	909,121
Total Cash Used	\$24,342,341

**Net Change in Cash**

**\$8,011,643**

**Cash Balance - December 31, 2018**

**\$30,488,992**

WAUKESHA WATER UTILITY  
CIP  
BORROWED FUNDS - BUDGET  
2019

<u>Capital</u>	Budget	Less Funds Remaining <sup>(1)</sup>	Less Grants	Plus Debt Refinancing	Borrowed Funds Needed	Less SDWLP	Debt Needed
FWS	8,883,113	5,636,527			3,246,586	3,246,586	-
Routine	4,529,348	4,529,348			-		-
	13,412,461	10,165,876	-	-	3,246,586	3,246,586	-

Notes:

- (1) Approximately \$10.2 million will be financed with proceeds from the 2018 BAN ("Draw Bond").
- (2) 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 12/31/2018	<u>46,710,000</u>
GO Debt "Available" at 12/31/2018	3,290,000
Estimated GO Debt Repaid in 2019	995,000
GO Debt Available in 2019	<u>\$ 4,285,000</u>

WWU															
GWA - Admin & PM/CM															
Account #	Job #	Description	2018		2019		2020		2021		2022		2023		Total 2019 - 2023
			Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro			
1830		<b>GWA</b>													
		Utility Costs													
GLC-W0001/GLEW0006		Internal Labor & Incidentals	199,936	155,000	194,599	201,273	208,177	215,317	111,351	930,717					
GLC-W0002/GLEW0002		Financial Planning	155,000	62,500	45,000	2,550,000	75,000	40,000	-	2,710,000					
GLC-W0003/GLEW0003		Legal & Regulatory	355,000	160,942	290,000	55,000	55,000	45,000	40,000	485,000					
GLC-W0004/GLEW0004		Public Relations	-	900	-	-	-	-	-	-					
	GLEW0001	Lobbying	84,000	90,585	85,200	54,000	54,000	54,000	24,000	271,200					
GLCSD001/GLESD001		Route Determination/Water Quality	160,746	28,668	-	-	-	-	-	-					
GLCE0001/GLCEF001		Effluent Land	463,583	4,605	-	-	-	-	-	-					
		<b>GWA WWU Admin</b>	<b>1,418,265</b>	<b>503,200</b>	<b>614,799</b>	<b>2,860,273</b>	<b>392,177</b>	<b>354,317</b>	<b>175,351</b>	<b>4,396,917</b>					
GLCW0005/GLEW0005		Project Management - Supply	9,458,243	6,848,674	3,669,800	1,476,700	1,476,700	553,800	184,600	7,361,600					
	GLEW0007	Pipe Loop Testing/ Water Quality		402,244	540,000	150,000	105,000	60,000	10,000	865,000					
		<b>GWA Project Management</b>	<b>9,458,243</b>	<b>7,250,917</b>	<b>4,209,800</b>	<b>1,626,700</b>	<b>1,581,700</b>	<b>613,800</b>	<b>194,600</b>	<b>8,226,600</b>					
	GLEW0009	Construction Management - Supply		298,410	590,650	1,830,900	3,808,300	1,464,700	219,700	7,914,250					
		<b>GWA Construction Management</b>	<b>-</b>	<b>298,410</b>	<b>590,650</b>	<b>1,830,900</b>	<b>3,808,300</b>	<b>1,464,700</b>	<b>219,700</b>	<b>7,914,250</b>					
		<b>TOTAL WWU ADMIN &amp; PM/CM</b>	<b>10,876,508</b>	<b>8,052,528</b>	<b>5,415,249</b>	<b>6,317,873</b>	<b>5,782,177</b>	<b>2,432,817</b>	<b>589,651</b>	<b>20,537,767</b>					

**WWU  
GWA - Supply**

	2018	2019	2020	2021	2022	2023	
Description	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Total
<b>SUPPLY</b>							
Supply Pump Station			2,744,000	15,566,000			18,310,000
Land for P Station		223,000					223,000
P Station Structure							-
Pumps							-
B/U Generator, transfer switch and service							-
SCADA Upgrade							-
	-	223,000	2,744,000	15,566,000	-	-	18,533,000
Water Delivery							
Water Mains			11,523,000	23,047,000	16,642,000	-	51,212,000
Hydrants for flushing							-
Valves							-
Right of way/land acquisition/easements							-
							-
Tower/Reservoir			2,465,000	13,986,000			16,451,000
SCADA Upgrades			319,000	1,827,000			2,146,000
	-	-	14,307,000	38,860,000	16,642,000	-	69,809,000
ReChlorination Facility							-
Building				429,000			429,000
Chemical Feed Equipment							-
SCADA Upgrades							-
Land for building							-
	-	-	-	429,000	-	-	429,000
<b>TOTAL SUPPLY</b>	<b>-</b>	<b>223,000</b>	<b>17,051,000</b>	<b>54,855,000</b>	<b>16,642,000</b>	<b>-</b>	<b>88,771,000</b>

WWU  
GWA - Distribution System Improvements

Account #	Description	2018		2019	2020	2021	2022	2023	Total 2019-2023
		Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	
	<b>DISTRIBUTION SYST IMPROVEMENTS</b>								
343	Water Mains								
	GLCD0009 - N Moreland - Michigan to Summit	1,266,001	616,800	-	-	-	-	-	-
	Undesignated DSI	-	-	-	-	-	-	-	-
		1,266,001	616,800	-	-	-	-	-	-
	Segment AC - Central Pressure Zone								
343	Water Mains - Segment AC						-	-	-
	GLCD0008 - W Main Street on West to Greenwood, On Greenwood under river to Mountain	-	63,448	-	-	-	-	-	-
	GLCD0007 - Main St - Barstow to Lombardi	1,936,571	2,074,467	-	-	-	-	-	-
	GLCD0010 - Motor from Fairview to Mountain, Fairview from Motor to Dopp	798,669	347,462	-	-	-	-	-	-
	GLCD0011 - W. Main Street, Lombardi to Manhattan		1,721	3,244,865					3,244,865
348	Hydrants for FP - Segment AC	-	-	-	-	-	-	-	-
343	Valves - Segment AC	-	-	-	-	-	-	-	-
		2,735,240	2,487,098	3,244,865	-	-	-	-	3,244,865
	Segment AW - SE Pressure Zone								
316	Water Mains - Segment AW	-	-	-	-	-	-	-	-
348	Hydrants for FP - Segment AW	-	-	-	-	-	-	-	-
316	Valves - Segment AW	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Segment AA - Central Pressure Zone								
343	Water Mains - Segment AA	-	-	-	-	-	-	-	-
348	Hydrants for FP - Segment AA	-	-	-	-	-	-	-	-
343	Valves - Segment AA	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Pressure Reducing Station								
321	Building	-	-	-	-	-	-	-	-
340	Land for PRV	-	-	-	-	-	-	-	-
325	GLCD0006 PRV for segment AW	-	-	-	-	-	-	-	-
343	Piping/Equipment	-	-	-	-	-	-	-	-
397.1	SCADA Upgrades for PRV	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	<b>TOTAL DISTRIBUTION SYST IMPROVEMENTS</b>	<b>4,001,241</b>	<b>3,103,898</b>	<b>3,244,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,244,865</b>

**WWU  
GWA - Return Flow**

Description	2018		2019	2020	2021	2022	2023	Total 2019-2023
	Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	
<b>RETURN FLOW</b>								
Return Flow								
Effluent Pumping Station	-	-	-	5,281,000	584,000	-	-	5,865,000
Building	-	-	-	-	-	-	-	-
Pumps	-	-	-	-	-	-	-	-
SCADA Upgrade	-	-	-	-	-	-	-	-
B/U Generator	-	-	-	-	-	-	-	-
	-	-	-	5,281,000	584,000	-	-	5,865,000
Effluent Pipeline				32,741,000	42,103,000	18,711,000		93,555,000
Right of way/land acquisition/easements	-	-	-	-	-	-	-	-
Force Main	-	-	-	-	-	-	-	-
Gravity Sewer Main	-	-	-	-	-	-	-	-
	-	-	-	32,741,000	42,103,000	18,711,000	-	93,555,000
Effluent Outfall								
Outfall Sewer Pipes & Structure	-	-	-	1,457,000	975,000	-	-	2,432,000
Outfall Park Shelter	-	-	-	-	-	-	-	-
	-	-	-	1,457,000	975,000	-	-	2,432,000
Project & Construction Management	9,923,403	-	-	-	-	-	-	-
Effluent Land	-	-	850,204	5,000	-	-	-	855,204
Route Determination/Water Quality	-	-	140,864	140,864	140,864	140,864	140,864	704,320
Program Management	-	7,003,489	4,209,900	1,537,000	1,537,000	576,400	192,100	8,052,400
Construction Management	-	310,591	462,528	3,109,944	3,109,944	1,166,229	388,743	8,237,387
Administration	-	(3,273,460)	325,000	105,000	130,000	85,000	40,000	685,000
Internal Labor & Incidentals	-	-	57,138	59,098	61,125	63,221	32,695	273,276
	9,923,403	4,040,619	6,045,634	4,956,905	4,978,932	2,031,714	794,402	18,807,588
<b>TOTAL RETURN FLOW</b>	<b>9,923,403</b>	<b>4,040,619</b>	<b>6,045,634</b>	<b>44,435,905</b>	<b>48,640,932</b>	<b>20,742,714</b>	<b>794,402</b>	<b>120,659,588</b>

WWU  
CIP  
Source, Pumping Treatment

Account #	Job #	Description	2018		2019	2020	2021	2022	2023	Total 2019 - 2023
			Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	
3250-300		Capital Pumping Equipment	25,719	10,000	23,133	440,000	150,000	60,000	100,000	773,133
		Highline Booster Motor Replacement	-	-	33,157	-	-	-	-	33,157
		3 VFD's	-	-	32,970	-	-	-	-	32,970
		Well #8 Spare Motor/Pump			70,000					70,000
	W01236	Well #13 Rehab	180,825	39,864	-	-	-	-	-	-
		River Valley Booster VFD (3)	26,668	-	-	-	-	-	-	-
		River Valley - Additional Pump	5,000	-	-	-	-	-	-	-
	W01235	Woodridge Generator Replacement	20,315	-	-	-	-	-	-	-
	W01241	2018 Well #8 Motor/Pump Failure		55,000						-
3210-300		Capital Pumping Structure Improvement	18,511	12,000	12,969	15,000	15,000	15,000	25,000	82,969
		Access Control Upgrades	14,589	-	-	-	-	-	-	-
		HVAC Upgrade at Crestwood	-	-	11,897	-	-	-	-	11,897
	W01233	Well #8 HVAC Updates	13,952	13,952	-	-	-	-	-	-
		Well #6 Sunset - Roof	15,942	-	-	-	-	-	-	-
3320-300		Tmnt Equipment Update	8,884	-	6,710	7,500	7,500	7,500	7,500	36,710
		2 Chemical Scales	14,200	14,200	13,570	14,000	-	-	-	27,570
		<b>TOTAL SOURCE, PUMPING, &amp; TREATMENT</b>	<b>344,605</b>	<b>145,016</b>	<b>204,407</b>	<b>476,500</b>	<b>172,500</b>	<b>82,500</b>	<b>132,500</b>	<b>1,068,407</b>
										1,068,407

WWU  
CIP  
Transmission Distribution

Account #	Job #	Description	2018		2019		2020		2021		2022		2023		Total 2019 - 2023
			Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro					
		Total Replacement Footage Budgeted	4,795	3,110			7,500	7,500		7,500	7,500		17,157		
		Total Replacement Cost per Foot	225	341		256		265		274	283		293		
3431-600		Water Main Improvements	3,679	-	1,203	1,987,151	2,055,310		2,125,808		5,029,798		11,199,270		
		N Moreland - Michigan to Summit	-	-	-	-	-	-	-	-	-	-	-	-	
	M00501	WM offsets from WSB from Genesee Road to Fiddlers Creek Drive	198,512	6,817	108,773	-	-	-	-	-	-	-	108,773	-	
	M00519	South St - Grand to Barstow	473,160	348,624	-	-	-	-	-	-	-	-	-	-	
		Gaspar St - Main to Broadway	242,496	-	-	-	-	-	-	-	-	-	-	-	
	M00518	Northview Rd - Grandview to Tallgrass	620,866	380,504	-	-	-	-	-	-	-	-	-	-	
	M00520	Fairview - Motor to St Paul	300,038	304,562	-	-	-	-	-	-	-	-	-	-	
	M00525	Area 5 Flood Mitigation - Lawndale/Millwood/American	-	26,725	-	-	-	-	-	-	-	-	-	-	
	M00527	Greenmeadow Sanitary - Water Main Lowering	-	9,377	592,152	-	-	-	-	-	-	-	592,152	-	
		Dunbar - Marshall to West	-	-	381,921	-	-	-	-	-	-	-	381,921	-	
		Moreland - Riverview to Delafield	-	-	619,587	-	-	-	-	-	-	-	619,587	-	
		Summit - Greenmeadow to Grandview	-	-	646,547	-	-	-	-	-	-	-	646,547	-	
		WM Offsets - Northview Rd	-	-	94,531	-	-	-	-	-	-	-	94,531	-	
		Hartwell - Wabash to Newhall	-	-	307,807	-	-	-	-	-	-	-	307,807	-	
		Easement - Oakmont to Pebble Valley Zone	325,000	-	293,128	-	-	-	-	-	-	-	293,128	-	
		Additional Streets To Be Determined by City	-	-	-	-	-	-	-	-	-	-	-	-	
		Howell Oaks Oversizing	90,000	0	-	-	-	-	-	-	-	-	-	-	
		Inspection Services	-	-	-	-	-	-	-	-	-	-	-	-	
		Oakmont PRV	80,788	-	92,197	-	-	-	-	-	-	-	92,197	-	
		Main Inventory	-	-	-	-	-	-	-	-	-	-	-	-	
3451-300		Laterals Replacement - Street Only	151,989	181,989	87,058	67,340	69,650	72,039	74,510	370,597					
3481-300		Hydrant Replacement	155,318	156,068	179,585	141,544	146,399	151,420	156,614	775,562					
3431-300		Valve Replacements	157,709	195,209	366,203	284,433	294,189	304,279	304,279	1,553,382					
3431-300		Manhole to valve box conversions	122,480	40,992.85	57,009	47,909	49,552	51,252	51,764	257,486					
3461-300		Water Meter Sets 5/8" - 6"	143,621	143,621	154,464	183,300	207,200	234,100	264,600	1,043,664					
3461-300		Automated Meter Reading	-	-	-	500,000	500,000	-	-	1,000,000					
3420-300		Reservoirs	-	-	-	-	200,000	-	200,000	400,000					
		<b>TOTAL TRANSMISSION &amp; DISTRIBUTION</b>	<b>3,065,656</b>	<b>1,794,489</b>	<b>3,982,165</b>	<b>3,211,677</b>	<b>3,522,300</b>	<b>2,938,898</b>	<b>6,081,566</b>	<b>19,736,605</b>					



WWU  
CIP  
General Plant

Account #	Job #	Description	2018		2019	2020	2021	2022	2023	2024	Total 2019 - 2023
			Budget per WS	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro	
3890		Land	-	-	-	-	-	-	-	-	-
3900		General Struct & Improvements	-	-	-	20,000	40,000	40,000	40,000	40,000	140,000
	W01239	Access Control/FAB Upgrades	17,264	5000	-	-	-	-	-	-	-
		North St - Boiler Replacement	-	-	56,394	-	-	-	-	-	56,394
		Tile	-	-	24,166	-	-	-	-	-	24,166
		Concrete in front of Large Garages	-	-	10,425	-	-	-	-	-	10,425
		Concrete in front of Small Garages	-	-	18,880	-	-	-	-	-	18,880
		Access Control/FAB Upgrades - 2019	-	-	3,785	-	-	-	-	-	3,785
3910		Office Furniture and Equipment	-	-	-	20,000	5,000	5,000	5,000	5,000	35,000
		Office Improvements	-	-	-	-	-	-	-	-	-
3911		Administrative Computer Equipment	13,129	-	-	500,000	-	10,000	10,000	10,000	520,000
	W01232	2018 Computer Purchases	-	9,623	-	-	-	-	-	-	-
	W01238	Sage Upgrade	-	10,934	-	-	-	-	-	-	-
	W01231	Internet Fiber upgrade	-	16,059	-	-	-	-	-	-	-
		Website Upgrade	-	-	-	-	-	-	-	-	-
		Computer Replacement	-	-	30,509	25,000	25,000	-	-	-	80,509
		Server	-	-	-	-	-	-	-	-	-
3920		Transportation Equipment	-	-	-	113,000	113,500	115,000	45,000	175,000	386,500
	W01237	Fleet Addition - F550 Flatbed	-	44,530	-	-	-	-	-	-	-
		Fleet Replacement - Truck #19	51,537	-	-	-	-	-	-	-	-
	W01240	Fleet Replacement - Truck #6	33,769	23,122	-	-	-	-	-	-	-
		Fleet Replacement - Truck #15	-	-	46,456	-	-	-	-	-	46,456
3940		Tools & Shop/Garage Equipment	-	-	-	5,000	-	5,000	-	5,000	10,000
		Equipment Upgrades	-	-	-	-	-	-	-	-	-
		GPS Unit	7,000	6,320	-	-	-	-	-	-	-
3960		Power Operated Equipment	-	-	-	-	-	-	115,000	-	115,000
		Fleet Replacement - Truck #56	-	-	112,881	-	-	-	-	-	112,881
3970		Communications - Teleph & Radio	-	-	-	-	-	-	-	-	-
3971		Computers - SCADA	-	-	-	5,000	6,500	80,000	5,000	6,500	96,500
		SCADA Upgrades	10,295	10,295	39,281	-	-	-	-	-	39,281
<b>TOTAL GENERAL PLANT</b>			<b>132,994</b>	<b>125,882</b>	<b>342,777</b>	<b>688,000</b>	<b>190,000</b>	<b>255,000</b>	<b>220,000</b>	<b>241,500</b>	<b>1,695,777</b>

WWU  
CIP  
Contributed Plant

	2018	2019	2020	2021	2022	2023	2024	
Description	Projected	Budget per WS	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Budget Macro	Total 2019 - 2023
	Subdivision Mains - Developer	270,397	1,586,091	928,244	960,083	993,014	1,027,074	1,062,303
Street Laterals - Developers	20,371	249,800	135,086	139,719	144,511	149,468	154,595	818,584
Hydrants - Developers	32,868	104,120	68,494	70,843	73,273	75,787	78,386	392,517
	323,636	1,940,011	1,131,824	1,170,645	1,210,798	1,252,329	1,295,283	6,705,607
2018 Projects		2019 Projects						
Walnut Trail - Hawthorne Hill		Hawthorne Hills						
Stillwater Villas		Standing Stone						
Fire Station		Howell Oaks Add 3-4 - PH 4-5						
Waukesha Memorial - American Ave		Monarch						
Linden Grove		Living Word Church						



**Waukesha Water Utility  
Operating Plan  
2019**

Statement of Revenues and Expenses  
Compensation  
Other Significant Items  
Detailed Variance Analysis

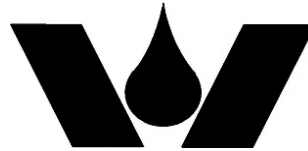
**WAUKESHA WATER UTILITY  
STATEMENT OF REVENUES AND EXPENSES  
2019 BUDGET**

	<u>2018 B</u>	<u>2018 P</u>	<u>2019 B</u>	<u>2018 P v. 2018 B</u>	<u>2019 B v. 2018 P</u>
<b>OPERATING REVENUES:</b>					
Residential	\$ 4,935,966	\$ 4,935,316	\$ 4,824,683	1.00	0.98
Commercial	1,511,322	1,473,795	1,437,793	0.98	0.98
Industrial	790,196	781,895	770,327	0.99	0.99
Public	302,093	291,152	287,896	0.96	0.99
Multi Family	1,618,382	1,592,249	1,540,313	0.98	0.97
Irrigation	-	40,337	42,827	1.00	1.06
<b>Total Metered Sales</b>	<b>9,157,958</b>	<b>9,114,745</b>	<b>8,903,838</b>	<b>1.00</b>	<b>0.98</b>
Private Fire Capacity	222,476	237,621	239,814	1.07	1.01
Public Fire Capacity	2,113,211	2,100,170	2,112,231	0.99	1.01
Other Operating Revenues	471,737	463,081	468,983	0.98	1.01
<b>TOTAL OPERATING REVENUES</b>	<b>11,965,382</b>	<b>11,915,618</b>	<b>11,724,866</b>	<b>1.00</b>	<b>0.98</b>
<b>OPERATING EXPENSES:</b>					
Source	676,346	606,957	755,122	0.90	1.24
Pumping	1,071,399	908,229	1,038,078	0.85	1.14
Treatment	491,138	393,319	535,038	0.80	1.36
Distribution	1,337,138	1,312,068	1,379,287	0.98	1.05
Customer Service	230,042	197,476	258,082	0.86	1.31
Administrative	1,660,875	1,455,837	1,751,515	0.88	1.20
Total Managers' Expenses	5,466,938	4,873,887	5,717,121	0.89	1.17
<b>MANAGERS' MARGIN</b>	<b>6,498,445</b>	<b>7,041,731</b>	<b>6,007,745</b>	<b>1.08</b>	<b>0.85</b>
Depreciation	2,594,722	2,595,701	2,687,283	1.00	1.04
Tax Equivalent	1,874,880	1,874,880	2,058,933	1.00	1.10
Other Taxes	119,563	115,499	120,254	0.97	1.04
<b>TOTAL OPERATING EXPENSES</b>	<b>10,056,103</b>	<b>9,459,967</b>	<b>10,583,592</b>	<b>0.94</b>	<b>1.12</b>
<b>TOTAL OPERATING INCOME(LOSS)</b>	<b>1,909,280</b>	<b>2,455,651</b>	<b>1,141,274</b>	<b>1.29</b>	<b>0.46</b>
<b>NON OPERATING INCOME&amp;(EXPENSE)</b>	<b>379,135</b>	<b>(661,825)</b>	<b>478,622</b>	<b>(1.75)</b>	<b>(0.72)</b>
<b>NET INCOME(LOSS)</b>	<b>\$ 2,288,415</b>	<b>\$ 1,793,827</b>	<b>\$ 1,619,896</b>	<b>0.78</b>	<b>0.90</b>



Recommended Compensation for 2019  
Budget Variance Analysis

	2018 Budget to Projected				2019 Budget to 2018 Projected			Variance Explanation
	2018B	2018 P	Δ		2019 B	Δ		
			\$	%		\$	%	
Benefits								
Medical Insurance	463,042	470,024	6,982	1.5%	485,414	15,390	3.3%	0% premium increase, and add'l staff overlap to train for pending retirements
Dental Insurance	21,391	21,719	328	1.5%	22,427	708	3.3%	
Life Insurance	12,032	11,414	(618)	-5.1%	11,486	72	0.6%	
Disability	7,060	6,302	(758)	-10.7%	7,315	1,013	16.1%	
Pension	147,238	145,614	(1,623)	-1.1%	150,785	5,171	3.6%	
Total Benefits	650,763	655,074	4,311	0.7%	677,427	22,353	3.4%	
Wages	2,217,565	2,214,426	(3,139)	-0.1%	2,349,233	134,807	6.1%	Solid performance = 2.50% incr.; add'l costs related to expected retirements
Grand Total	\$ 2,868,328	\$ 2,869,500	\$ 1,172	0.0%	\$ 3,026,660	\$ 157,160	5.5%	



Salary Surveys  
2019

Released Date	Source	Market	2019	2018	2017	2016
July	Society for Human Resource Management	National	3.20	3.10	3.10	3.10
July	WI Employment Relations Commission	State	2.25	1.84	0.68	1.62
September	Management Resources Association - WI	State	2.70	3.50	2.60	3.00
September	Carlson Dettman Upper Midwest Wage Increases Survey Report- SE Wisconsin	Local	1.87	N/A	N/A	N/A
		Average	<b>2.51</b>	2.81	2.13	2.57

Last updated: 9/6/2018

WWU  
SIGNIFICANT ITEMS  
EXPENSES > \$500,000 OR CHANGES > \$25,000  
2019

ITEMS UNRELATED TO COMPENSATION

ACCOUNT #	DESCRIPTION	2018 P	2019 B	\$ Δ	% Δ	NOTE
6030	200 SOURCE-MISC.OPERATING EXPENSES	\$ 591,491	\$ 591,491	\$ (0)	0%	This account holds the amortization of preliminary costs associated with the Great Water Alliance project. With the Utility's 12/1/2017 rate order, the PSC requires the Utility to amortize \$591,491 annually until a subsequent rate order becomes effective, which is planned for 1/1/2020.
6145	300 SOURCE MAINT - WELL ABANDON & CROSS CONNECTION	-	140,427	\$ 140,427	100%	100% Increase - In 2018, the Utility budgeted to abandon Newhall well and two monitoring wells in the Howell Oaks development. This project was postponed to 2019. Baxter well is also budgeted to be abandoned in 2019.
6230	300 PUMP OP - POWER	689,521	704,339	\$ 14,818	2%	2% Increase - Pumping power is budgeted to increase slightly in 2019, per WE Energies estimate.
6330	300 PUMP EQUIP MAINTENANCE	49,508	110,748	\$ 61,239	124%	124% Increase - Increased maintenance activities are budgeted in 2019. This includes hydro tank maintenance at Hillcrest, three rebuild kits for booster pumps, and recalibrating mag meters.
6420	300 TMNT - LABOR, MATERIALS & EXPENSES	87,057	140,049	\$ 52,992	61%	61% Increase - In 2019, UCMR (Unregulated contaminate monitoring) will be required by the EPA.
6424	300 TMNT - RADIUM TESTING/ANALYZING	107,995	172,456	\$ 64,461	60%	60% Increase - Wastewater discharge costs will increase by an estimated 10% in 2019. Return flow charges are also included for a full year at an increased rate in the 2019 budget.
6610	300 T&D OPS - STORAGE FACILITIES EXPENSE	217,889	252,800	\$ 34,911	16%	16% Increase - Hunter tower is budgeted to be re-painted in 2019 and is larger than the Morris Tower which was re-painted in 2018.
6751	300 T&D MAINT PROPERTY SERVICES	73,288	110,542	\$ 37,254	51%	51% Increase - An increased number of iron property service replacements are budgeted in 2019 in preparation for the new water supply.
9230	100 A&G OUTSIDE SERVICES	1,844	36,250	\$ 34,407	1866%	1866% Increase - Legal fees are budgeted higher than actual expenditures in most years to ensure the funds are available, if needed. A compensation study update is also budgeted in 2019.
9230	200 A&G OUTSIDE SERVICES	25,300	75,300	\$ 50,000	198%	198% Increase - A meter reading study is budgeted for 2019. The study will provide us with different options as we look to monthly billing in future years.
9280	200 A&G REGULATORY COMMISSION	2,741	87,051	\$ 84,310	3076%	3076% Increase - Filing a conventional rate case with intervenor compensation is budgeted in 2019.
		\$ 1,846,632	\$ 2,421,453	\$ 574,820	31%	

COMPENSATION NET CONTRA AND SEWER CREDIT

	2,783,756
<b>TOTAL EXPENSES ANALYZED</b>	<b>\$ 5,205,209</b>
<b>MANAGERS' EXPENSES</b>	<b>\$ 5,717,121</b>
<b>% OF MANAGERS' EXPENSES ANALYZED</b>	<b>91%</b>

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
4030	DEPRECIATION EXP - U PLANT - CONTRA &	(179,425)	(178,437)	(173,420)	-3%	5,017			
4030	200 DEPRECIATION EXP - U PLANT	2,003,438	2,003,430	2,092,423	4%	88,993			
4080	PILOT (PROP TAX EQUIV) - SC & CONTRA	(36,790)	(36,790)	(39,563)	8%	(2,774)			
4080	200 PILOT EXPENSE	1,874,880	1,874,880	2,058,933	10%	184,053			
4081	EMPLOYER'S FICA SC	(17,272)	(21,999)	(24,922)	13%	(2,923)			
4081	100 EMPLOYER SOC SEC/MEDICARE	160,891	163,120	173,668	6%	10,548			
4082	100 TAXES - UNEMPLOYMENT COMP	-	-	-	0%	-			
4083	200 TAXES - PSC ASSESSMENT	12,609	11,042	10,946	-1%	(96)			
4084	300 TAXES - DNR WATER USE FEE	125	125	125	0%	-			
4150	200 REVENUE FROM JOBBING/CONTRACTS	(12,602)	(6,481,581)	(5,279,841)	-19%	1,201,741	19% Decrease - Payments from the City for Return Flow expenditures are posted to this account. The charge (invoice) for those costs are booked to 4160-200, making the net impact in the current year 0. Return Flow expenditures are budgeted to decrease in 2019.		
4160	200 COS FROM JOBBING & CONTRACTS	10,358	6,476,132	5,277,528	-19%	(1,198,603)	19% Decrease - Costs forwarded to the City for Return Flow expenditures are posted to this account. The payments received for Return Flow are booked to 4150-200, making the net impact in the current year 0. Return Flow expenditures are budgeted to decrease in 2019.		
4190	200 INT INCOME - SWEEP - WSB	(21,985)	(78,289)	(100,700)	29%	(22,411)	29% Increase - The interest rate has progressively increased throughout 2018. The rate is anticipated to remain stable through 2019.		
4191	200 INT INCOME - LGIP - GEN FUND	(56,533)	(101,631)	(120,400)	18%	(18,769)	18% Increase - The interest rate has progressively increased throughout 2018. The rate is anticipated to remain stable through 2019.		
4192	200 INT INCOME - LGIP - DEBT PAYMENT FUND	(10,590)	(10,536)	(18,000)	71%	(7,464)			
4193	200 INT INCOME - LGIP - IMPROVE FUND	(80,000)	(5,545)	-	-100%	5,545			
4195	200 INT INCOME - LGIP - EQUIP REPLACE	(97,357)	(179,264)	(194,200)	8%	(14,936)			
4196	200 INT INCOME - LGIP - TAX EQUIV	(16,422)	(18,132)	(19,000)	5%	(868)			
4197	200 FAIR MARKET VALUE	-	-	-	0%	-			
4198	200 INT INCOME - LGIP - DEBT RESERVE	(856)	(1,342)	(1,900)	42%	(558)			
4210	100 REVENUE FROM CONTRIBUTIONS - GRANTS	-	-	-	0%	-			
4210	600 REVENUE FROM CONTRIBUTIONS	(2,027,256)	(323,636)	(1,938,293)	499%	(1,614,657)	499% Increase - Many projects that we originally budgeted in 2018 were delayed and are now budgeted to close in 2019.		
4250	200 MISCELLANEOUS AMORTIZATION	(191,106)	(191,106)	(191,106)	0%	(0)			
4260	200 DEPRECIATION EXPENSE - CONTRIBUTED F	770,709	770,708	773,495	0%	2,787		does this expense relate to 4210600? If so, I would expect it to be greater..?	Contributed plant depreciation does relate to 4210-600. When an asset is donated to the Utility it is recorded in the proper contributed asset account and in 4210-600. The asset is then depreciated using the same depreciation rates as Utility plant assets. The contributed assets that will be added in 2019 will not include a full year of depreciation until 2020. YE 2017, the Utility had a total of \$40,678,233 in contributed plant assets and \$83,277,316 in Utility plant assets.
4261	100 LOBBYING EXPENSE	74,000	85,227	74,000	-13%	(11,227)			
4270	200 Int Expense-Notes	1,231,297	784,290	653,100	-17%	(131,190)	17% Decrease - In 2018, the majority of the 2016 NAN was refinanced into a safe drinking water loan. As a result, the debt in this account was reduced by the refinanced amount.		



2019 Budget Variance Analysis

		19B/18P Δ					Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
		2018 B	2018 P	2019 B	%	\$			
4273	200 Int Expense-LTD-2013 Bonds	312,816	312,816	310,923	-1%	(1,894)		are there plans to refinance 2013 bonds?	There are currently no plans to refinance the 2013 bond. The bonds that were re-financed previously were short-term (1 year and 5 year NANs). The 2013 GORB is a 20 year bond that would not be callable until 2023.
4273	600 Int Expense - LTD - 2013 SDWLP Bond	18,200	17,250	16,263	-6%	(987)			
4274	INTEREST EXPENSE - CONTRA	(92,387)	(90,179)	(164,124)	82%	(73,946)	82% Increase - Many costs related to the GWA project were budgeted to be expensed in 2018, but because the project activities are now based on a finalized route and source, and we are working on actual design and permitting, we have budgeted to capitalize our GWA costs in 2019. Because of this, the amount of interest expense that can be capitalized will be greater in 2019.		
4274	200 INT EXPENSE - LTD - 2014 BONDS	166,263	165,140	160,613	-3%	(4,527)		refinance?	There are currently no plans to refinance the 2014 bond. The bonds that were re-financed previously were short-term (1 year and 5 year NANs). The 2014 GORB is a 20 year bond that would not be callable until 2024.
4275	200 INT EXPENSE - LTD - 2015 BONDS	200,600	200,600	199,300	-1%	(1,300)		refinance?	There are currently no plans to refinance the 2015 bond. The bonds that were re-financed previously were short-term (1 year and 5 year NANs). The 2015 GORB is a 20 year bond that would not be callable until 2025.
4276	200 INT EXPENSE - LTD - 2016 BONDS	227,614	233,950	233,950	0%	0			
4278	0 INT EXPENSE - LTD - 2008 BONDS	101,188	68,430	-	-100%	(68,430)	100% Decrease - The 2008 bond was paid off in 2018.		
4278	200 Int Expense-LTD- 2018 Bonds		69,787	527,733	656%	457,946	656% Increase - In 2018, the Utility borrowed using a draw bond. The majority of the 2018 "draw" will not be done until the end of the year, making the interest expense in 2018 minimal.		
4278	600 INT EXPENSE - LTD - 2018 SDWLP	49,980	23,780	177,839	648%	154,059	648% Increase - In 2018, three safe drinking water loans were budgeted. Two of the three loans will not close until late October/November. Because of this, the interest expense is low in 2018.		
4279	600 Int Expense-LTD- 2019 SDWLP		-	11,660	100%	11,660	100% Increase - The interest listed here will be for a safe drinking water loan that we will close on in 2019.		
4280	200 Amortization Exp - Issue Costs	105,000	115,442	8,000	-93%	(107,442)	93% Decrease - The only issue costs that are budgeted in 2019 are for safe drinking water loans. The 2018 draw bond was issued to cover both 2018 and 2019 expenditures.		
4285	200 Amort of Pre-paid Int Exp/Loss on Advance Refu	46,743	46,743	46,743	0%	-			
4290	200 Amortized Rev Prem on NP to City	(128,795)	(280,490)	(144,416)	-49%	136,074	49% Decrease - In 2018, the majority of the 2016 NAN will be refinanced into a safe drinking water loan. The amortized premium was accelerated as a result.		
4295	200 AMORTIZED REV - BOND PREMIUM	(113,305)	(113,305)	(113,305)	0%	-			
4318	200 OTHER INTEREST COSTS		22,500	18,887	100%	(3,613)			
4340	MISC CREDITS TO SURPLUS	-	-	-	0%	-			
4350	MISC DEBITS TO SURPLUS	-	-	-	0%	-			
4610	200 M SALES - IRRIGATION		(40,337)	(42,827)	6%	(2,490)	In 2018, Irrigation revenue was not budgeted, as the rates were not approved by the PSC until December 1, 2017.		Projected billed gallons are multiplied by the rate per gallon (current year \$'s/gallons through Aug and 2017 amounts Sept - Dec) to get sales values. The rate per gallon is adjusted monthly based on the effect of the 12/1/2017 rate increase. We did also budget a 2% decrease in consumption for 2019.
4611	200 M SALES - RESIDENTIAL	(4,935,966)	(4,935,316)	(4,824,683)	-2%	110,633		explain sales estimations-all categories	
4612	200 M SALES - COMMERCIAL	(1,511,322)	(1,473,795)	(1,437,793)	-2%	36,001			
4613	200 M SALES - INDUSTRIAL	(790,196)	(781,895)	(770,327)	-1%	11,569			
4614	200 M SALES - PUBLIC	(302,093)	(291,152)	(287,896)	-1%	3,257			
4615	200 METERED/MULTI-FAMILY	(1,618,382)	(1,592,249)	(1,540,313)	-3%	51,937			

2019 Budget Variance Analysis

		19B/18P Δ				Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
		2018 B	2018 P	2019 B	%			
4616	200 SALES - PRIVATE FIRE	(222,476)	(237,621)	(239,814)	1%	(2,193)		
4618	200 SALES - PUBLIC FIRE	(2,113,211)	(2,100,170)	(2,112,231)	1%	(12,061)		
4700	200 CUSTOMER LATE CHARGES	(142,180)	(125,309)	(134,581)	7%	(9,272)		
4710	200 MISC SERVICE REVENUES	(48,728)	(52,103)	(53,938)	4%	(1,835)		
4710	300 MISC SERVICE REVENUES	-	-	(1,700)	100%	(1,700)		
4710	600 MISC SERVICE REVENUES	-	(2,762)	(155)	-94%	2,608		
4720	200 RENTS FROM UTILITY PROPERTY	(227,246)	(229,119)	(228,123)	0%	996		
4740	200 OTHER WATER REVENUES	-	(205)	-	-100%	205		
4740	300 OTHER WATER REVENUES	-	-	-	0%	-		
4742	200 SEWER BILLING REIMBURSEMENT	(53,583)	(53,583)	(50,487)	-6%	3,097		
6000	100 SOURCE OPR/SUPR & ENGINEERING	5,079	-	7,676	100%	7,676		
6000	300 SOURCE OPR/SUPR & ENGINEERING	-	-	-	0%	-		
6030	200 SOURCE-MISC.OPERATING EXPENSES	591,491	591,491	591,491	0%	(0) example of misc expenses?		This account holds the amortization of preliminary costs associated with the Great Water Alliance project. With the Utility's 12/1/2017 rate order, the PSC requires the Utility to amortize \$591,491 annually until a subsequent rate order becomes effective, which is planned for 1/1/2020.
6030	300 SOURCE MISC OPERATING EXPENSES	509	-	2,610	100%	2,610		
6030	600 SOURCE MISC OPERATING EXPENSES	-	452	-	-100%	(452)		
6100	100 SOURCE MTCE/SUPR & ENGINEERING	5,079	9,858	7,676	-22%	(2,183)		
6100	300 SOURCE MTCE/SUPR & ENGINEERING	-	1,156	-	-100%	(1,156)		
6140	300 SOURCE MAINT - WELLS & SPRINGS	-	4,000	4,500	100%	500		
6140	600 SOURCE MAINT WELLS AND SPRINGS	-	-	-	0%	-		
6145	200 SOURCE MAINT - WELL ABANDON & CROSS CON	715	-	743	100%	743		
6145	300 SOURCE MAINT - WELL ABANDON & CROSS	73,472	-	140,427	100%	140,427	100% Increase - In 2018, the Utility budgeted to abandon Newhall well and two monitoring wells in the Howell Oaks development. This project was postponed to 2019. Baxter well is also budgeted to be abandoned in 2019.	
6145	600 SOURCE MAINT - WELL ABANDON & CROSS	-	-	-	0%	-		
6200	300 PUMP OP - SUP & ENGINEERING	16,952	38,018	29,332	-23%	(8,686)		
6230	300 PUMP OP - POWER	773,530	689,521	704,339	2%	14,818		
6240	300 PUMP OP - LAB & EXP	36,883	33,601	41,774	24%	8,173		
6260	300 PUMP OP - MISC EXP	98,388	44,269	80,910	83%	36,642	83% Increase - In 2018, a pipe loop project was completed which allocated labor hours normally spent in this account to the pipe loop project.	
6260	600 PUMP OP - MISC EXP	-	-	-	0%	-		
6269	300 PUMP OP - TRAINING	-	-	-	0%	-		
6300	300 PUMP MAINT - SUP & ENGINEER	3,493	10,004	10,215	2%	210		
6310	300 PUMP STRUCT MAINTENANCE	43,304	43,308	60,761	40%	17,453	40% Increase - Garage door replacements are budgeted in 2019 for two booster stations.	
6330	300 PUMP EQUIP MAINTENANCE	98,850	49,508	110,748	124%	61,239	124% Increase - Increased maintenance activities are budgeted in 2019. This includes hydro tank maintenance at Hillcrest, three rebuild kits for booster pumps, and re-calibrating mag meters.	
6400	300 TMNT OPS - SUPERV & ENGINEERING	-	4,625	7,829	69%	3,204		
6410	300 TMNT - CHEMICALS	201,565	150,253	161,500	7%	11,247		
6420	300 TMNT - LABOR, MATERIALS & EXPENSES	103,593	87,057	140,049	61%	52,992	61% Increase - In 2019, UCMR (Unregulated contaminate monitoring) will be required by the EPA.	
6420	600 TMNT - LABOR, MATERIALS & EXPENSES	-	-	-	0%	-		

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
6424	300 TMNT - RADIUM TESTING/ANALYZING	123,287	107,995	172,456	60%	64,461	60% Increase - Wastewater discharge costs will increase by an estimated 10% in 2019. Return flow charges are also included for a full year at an increased rate (\$0.62/1000 gal to \$1.85/1000 gal) in the 2019 budget.	To whom does WWU pay these charges? Return flow charges--for construction? A/C name is "radium testing" ?	The account is labeled radium testing/analyzing because the radium wells (wells 3, 8, 10) use water to backwash/clean the radium filters. The Utility pays return flow and sewer charges on the water used for this activity to the City.
6429	300 TMNT - TRAINING	-	-	-	0%	-			
6430	300 TMNT - MISC EXPENSE	1,032	523	450	-14%	(73)			
6434	100 WATER QUALITY TEAM EXPENSES	-	-	-	0%	-			
6435	300 TMNT - MISC EXP SARA	-	-	-	0%	-			
6500	300 TMNT MAINT - SUPERV & ENGINEERING	-	-	7,829	100%	7,829			
6510	300 TMNT MAINT - BLDG & FIXTURES	2,591	84	2,257	2587%	2,173			
6520	300 TMNT EQUIPMENT MAINT	59,070	42,782	42,667	0%	(115)			
6600	300 T&D OPS - SUPERV & ENGINEERING	27,501	32,657	34,335	5%	1,678			
6610	300 T&D OPS - STORAGE FACILITIES EXPENSE	277,575	217,889	252,800	16%	34,911	16% Increase - Hunter tower is budgeted to be re-painted in 2019 and is larger than the Morris Tower which was re-painted in 2018.		
6620	200 T&D OPS	-	-	-	0%	-			
6620	300 T&D OPS - LABOR, MATERIALS, & LINES EXP	77,192	48,284	25,388	-47%	(22,896)	47% Decrease - Diggers hotline tickets used to be budgeted in dept 300, but will be budgeted in dept 600 for 2019.		
6620	600 T&D OPERATOR & LINES EXP	129,832	114,217	134,838	18%	20,622	18% Increase - Diggers hotline tickets used to be budgeted in dept 300, but will be budgeted in dept 600 for 2019.		
6630	T&D METER EXPENSE -SC	(48,607)	(56,107)	(60,714)	8%	(4,607)			
6630	100 T&D METER EXPENSE	-	-	-	0%	-			
6630	200 T&D METER EXPENSE	78,379	65,528	82,785	26%	17,257	26% Increase - UME (large meter registers) replacement materials are budgeted in 2019.		
6630	300 T & D METER EXPENSE	-	33,183	15,412	-54%	(17,772)	54% Decrease - In 2018, many meter activities were transferred from Operations to other departments. The additional labor in 2018 relates to training and transitional activities from the transfer of duties.		
6630	600 T&D METER EXPENSE	18,836	27,356	23,232	-15%	(4,125)			
6640	200 T&D CUSTOMER INSTALL	63,849	49,328	53,163	8%	3,835			
6640	300 T&D CUSTOMER INSTALL	-	629	-	-100%	(629)			
6640	600 T&D CUSTOMER INSTALL	-	311	-	-100%	(311)			
6650	100 T&D MISC EXPENSE	-	-	-	0%	-			
6650	200 T&D CUSTOMER INSTALL	-	28	-	-100%	(28)			
6650	300 T&D MISC EXPENSE	20,250	26,964	20,250	-25%	(6,714)			
6650	600 T&D MISC EXPENSE	93,321	90,842	88,775	-2%	(2,067)			
6659	100 T&D TRAINING	-	-	-	0%	-			
6659	300 T&D TRAINING	13,203	17,276	10,023	-42%	(7,252)			
6659	600 T&D TRAINING	5,920	6,247	2,308	-63%	(3,939)			
6700	100 T&D MAINT SUPERVISION & ENGR	5,079	4,929	7,676	56%	2,746			
6700	300 T&D MAINT SUPERVISION & ENGR	1,455	2,313	7,829	239%	5,516			
6700	600 T&D MAINT SUPERVISION & ENGR	11,629	17,106	13,479	-21%	(3,627)			
6720	300 T&D MAINT RESERVOIRS & STANDPIPES	1,482	27	-	-100%	(27)			
6730	300 T&D MAINT OF MAINS	343,597	381,097	365,770	-4%	(15,327)			
6730	600 T&D MAINT OF MAINS	-	2,090	1,239	-41%	(851)			
6750	300 T&D MAINT STREET SERVICES	47,942	48,127	49,872	4%	1,745			
6750	600 T&D MAINT STREET SERVICES	-	153	-	-100%	(153)			
6751	300 T&D MAINT PROPERTY SERVICES	51,744	73,288	110,542	51%	37,254	51% Increase - An increased number of iron property service replacements are budgeted in 2019 in preparation for the new water supply.		
6751	600 T&D MAINT PROPERTY SERVICES	-	-	-	0%	-			
6760	T&D MAINT OF METERS - SC	(2,892)	(2,892)	(1,084)	-63%	1,808			

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
6760	200 T&D MAINT OF METERS	5,785	28	-	-100%	(28)			
6760	300 T&D MAINT OF METERS		1,403	-	-100%	(1,403)			
6760	600 T&D MAINT OF METERS	-	1,550	2,168	40%	618			
6761	300 T&D MAINT OF MIU'S	-	-	-	0%	-			
6770	300 T&D MAINT OF HYDRANTS	73,281	73,905	89,822	22%	15,916	22% Increase - Increased maintenance is budgeted for hydrants in 2019 in anticipation for the uni-directional flushing in 2020.	explain new flushing & why change	The uni-directional flushing program will be implemented to "clean out" the mains. Changing the flushing direction helps remove the sediment that has settled at the bottom of the mains. This is important to do prior to getting Great Lakes water.
6770	600 T&D MAINT OF HYDRANTS	-	-	-	0%	-			
6780	300 T&D MAINT - COMPUTER PUMP CONTROLS	40,787	24,313	39,379	62%	15,066	62% Increase - In 2018, a pipe loop project was completed which allocated labor hours normally spent in this account to the pipe loop project.		
9010	CA SUPERVISION - SC	(11,866)	(12,036)	(10,155)	-16%	1,881			
9010	100 CA - SUPERVISION	5,079	4,929	7,676	56%	2,746			
9010	200 CA - SUPERVISION	18,653	17,150	12,634	-26%	(4,516)			
9020	CA METER READING - SC	(6,434)	(6,434)	(9,749)	52%	(3,315)			
9020	200 CA METER READING	12,868	21,452	19,499	-9%	(1,953)			
9020	300 CA METER READING	-	398	-	-100%	(398)			
9020	600 CA METER READING		277		-100%	(277)			
9022	200 CA AMR Telephone Charges		-	-	0%	-			
9023	CA SEWER ADMIN - SC	(15,166)	(15,183)	(10,601)	-30%	4,582			
9023	200 CA SEWER ADMIN	15,166	7,901	10,601	34%	2,700			
9023	300 CA SEWER ADMIN	-	59	-	-100%	(59)			
9030	CA RECORDS/COLLECTIONS - SC	(125,324)	(125,187)	(126,767)	1%	(1,581)			
9030	100 CA RECORDS/COLLECTIONS	3,820	3,973	3,972	0%	(1)			
9030	200 CA RECORDS/COLLECTIONS	233,489	223,648	241,114	8%	17,467			
9032	200 CA TAX ROLL/COLLECTIONS	12,133	5,022	7,209	44%	2,187			
9032	600 CA TAX ROLL/COLLECTIONS	1,205	1,200	1,239	100%	39			
9040	200 CA UNCOLLECTABLE ACCOUNTS	4,617	4,617	5,215	13%	598			
9050	CA MISC EXPENSE - SC	-	-	-	0%	-			
9050	100 CA MISC EXPENSE	-	-	-	0%	-			
9050	200 CA MISC EXPENSE	-	-	-	0%	-			
9050	300 CA MISC EXPENSE	-	-	-	0%	-			
9050	600 CA MISC EXPENSE	9,482	7,689	10,858	41%	3,169			
9059	100 CA TRAINING		-	-	0%	-			
9060	CA CONSERVATION AND OUTREACH - SC	(30,000)	(30,000)	(30,000)	0%	-			
9060	100 CA CONSERVATION AND OUTREACH	5,634	4,929	5,757	17%	827			
9060	200 CA CONSERVATION & OUTREACH	81,768	72,334	77,549	7%	5,214			
9060	300 CA - CONSERVATION AND OUTREACH	14,917	10,738	42,031	291%	31,294	291% Increase - In 2019, we will be implementing a copper service listening program for leak detection. We will also be increasing time allocated to our hydrant listening program.		
9060	600 CA - CONSERVATION AND OUTREACH		-	-	0%	-			
9100	600 SALES EXPENSES		-	-	0%	-			
9200	A&G OH - CONTRA & SC	(291,761)	(305,253)	(250,721)	-18%	54,532	18% Decrease - Because the GWA costs will be capitalized in 2019, the allocation of overhead expenses will increase for interest expense and decrease among the other contra accounts.		
9200	100 A&G WAGES - BUDG, PSC, A/R, A/P, PURCH	82,172	77,484	87,453	13%	9,969			
9200	200 A&G WAGES - BUDG, PSC, A/R, A/P, PURCH	184,542	206,536	197,568	-4%	(8,969)			
9200	300 A&G WAGES - BUDG, PURCH, PSC, A/R, A/P	10,326	12,406	12,941	4%	535			
9200	600 A&G WAGES - BUDG, PSC, PURCH, A/R, A/P	9,663	17,879	7,977	-55%	(9,901)			

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
9201	100 A&G ADMIN WAGES ASSOC W/ CONSTRUCT	9,901	10,653	14,987	41%	4,334			
9201	200 A&G ADMIN WAGES ASSOC W/ CONSTRUCT	7,464	16,180	8,086	-50%	(8,094)			
9201	300 A&G ADMIN WAGES ASSOC W/ CONSTRUCT	-	2,473	-	-100%	(2,473)			
9201	600 A&G ADMIN WAGES ASSOC W/ CONSTRUCT	20,218	19,951	17,167	-14%	(2,784)			
9208	100 A&G WORKSHOPS & PROF MTGS LABOR	12,575	13,037	12,971	-1%	(66)			
9208	200 A&G WORKSHOPS & PROF MTGS LABOR	4,275	1,916	10,341	440%	8,425			
9208	300 A&G WORKSHOPS & PROF MTGS LABOR	12,032	11,770	15,437	31%	3,667			
9208	600 A&G WORKSHOPS & PROF MTGS LABOR	3,711	3,493	6,832	96%	3,338			
9211	300 A&G VEHICLE & EQUIP SERVICE & MAINTEN	93,085	84,236	99,270	18%	15,034	18% Increase - Increased maintenance is budgeted in 2019, including tire replacements. Fuel costs are also budgeted to increase slightly (fleet size increasing and fuel cost increase).		
9211	600 A&G VEHICLE & EQUIP SERVICE & MAINTEN	-	-	600	100%	600		examples of A&G workshops	
9212	100 A&G WORKSHOPS & MTG REGISTRATIONS	4,250	3,988	4,250	7%	262			This account is used for all office personnel's meetings. Some examples would be AWWA, WWA, ACE (conference for AWWA), Tri-County, GIS seminars, and webinars or meetings for billing or accounting software.
9212	200 A&G WORKSHOPS & MTG REGISTRATIONS	2,450	419	3,900	831%	3,481			
9212	300 A&G WORKSHOPS & MTG REGISTRATIONS	3,175	1,823	2,625	44%	803			
9212	600 A&G WORKSHOPS & MTG REGISTRATIONS	485	1,310	1,205	-8%	(105)			
9213	100 A&G SUBSCRIPTIONS & PUBLICATIONS	550	246	475	93%	229			
9213	200 A&G SUBSCRIPTIONS & PUBLICATIONS	100	-	100	100%	100			
9213	300 A&G SUBSCRIPTIONS & PUBLICATIONS	-	227	-	-100%	(227)			
9213	600 A&G SUBSCRIPTIONS & PUBLICATIONS	-	-	-	0%	-			
9214	300 A&G BUILDING SERVICES	75,754	48,992	53,214	9%	4,222		2018P \$27K less than 2018B ??	All labor for snow removal was budgeted here in 2018, but the labor was actually booked to different accounts depending on where the snow was removed. For the 2019 budget, we also looked at what our actual snow removal costs have been in the past couple years and have adjusted the labor down based on that analysis.
9214	600 A&G BUILDING SERVICES		969	620	-36%	(349)			
9215	200 A&G COMMUNICATIONS	30,200	26,490	31,586	19%	5,096			
9216	100 A&G MINOR EQUIP	5,000	500	5,000	900%	4,500			
9216	200 A&G MINOR EQUIP	1,080	1,834	1,080	-41%	(754)			
9216	300 A&G MINOR EQUIPMENT	34,511	28,179	36,721	30%	8,542			
9216	600 A&G MINOR EQUIPMENT	500	757	550	-27%	(207)			
9217	100 A&G MEMBERSHIPS/INDUSTRY	9,170	4,625	9,150	98%	4,525			
9217	200 A&G MEMBERSHIPS/INDUSTRY	400	38	400	967%	363			
9217	300 A&G MEMBERSHIPS/INDUSTRY	2,000	1,465	1,650	13%	185			
9217	600 A&G MEMBERSHIPS/INDUSTRY	-	125	-	-100%	(125)			
9218	100 A&G MEALS, LODGING, TRAVEL	10,850	2,699	10,850	302%	8,151			
9218	200 A&G MEALS, LODGING, TRAVEL	4,940	1,273	8,660	580%	7,387			
9218	300 A&G MEALS, LODGING, TRAVEL	4,312	3,684	3,630	-1%	(54)			
9218	600 A&G MEALS, LODGING, TRAVEL	525	1,115	1,475	32%	360			
9219	100 A&G OFFICE SUPPLIES & PRINTING	450	590	450	-24%	(140)			
9219	200 A&G OFFICE SUPPLIES & PRINTING	47,917	53,694	55,917	4%	2,223			
9219	300 A&G OFFICE SUPPLIES & PRINTING	-	-	-	0%	-			
9219	600 A&G OFFICE SUPPLIES & PRINTING	-	-	-	0%	-			

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
9230	100 A&G OUTSIDE SERVICES	21,750	1,844	36,250	1866%	34,407	1866% Increase - Legal fees are budgeted higher than actual expenditures in most years to ensure the funds are available, if needed. A compensation study update is also budgeted in 2019.	What is est. for compensation study?	We have budgeted \$15,000 for a compensation study in 2019.
9230	200 A&G OUTSIDE SERVICES	25,300	25,300	75,300	198%	50,000	198% Increase - A meter reading study is budgeted for 2019. The study will provide us with different options as we look to monthly billing in future years.		
9230	300 A&G OUTSIDE SERVICES	4,500	-	5,800	100%	5,800			
9230	600 A&G OUTSIDE SERVICES	-	-	-	0%	-			
9240	200 A&G PROPERTY, LIABILITY, CASUALTY INS	76,000	69,981	76,000	9%	6,019			
9250	A&G BENEFITS - CONTRA & SC	(237,965)	(260,349)	(217,539)	-16%	42,810	16% Decrease - Because the GWA costs will be capitalized in 2019, the allocation of overhead expenses will increase for interest expense and decrease among the other contra accounts.		
9250	200 A&G WORKERS COMPENSATION INSURANC	27,558	21,162	23,023	9%	1,861			
9251	100 A&G LOSSES, DAMAGES & FINES - NOT COV	3,000	-	2,000	100%	2,000			
9263	100 A&G RETIREMENT	143,161	151,689	150,785	-1%	(904)			
9264	100 A&G HEALTH INSURANCE	463,042	470,024	509,534	8%	39,510			
9264	150 A&G HEALTH INSURANCE	238,103	227,130	222,890	-2%	(4,240)			
9265	100 A&G LIFE INSURANCE	12,046	11,414	11,486	1%	72			
9265	150 A&G LIFE INSURANCE	4,300	4,121	3,000	-27%	(1,121)			
9266	100 A&G UNIFORMS	8,000	8,764	10,925	25%	2,161			
9266	200 A&G Uniforms	-	-	-	0%	-			
9266	300 A&G UNIFORMS	-	-	-	0%	-			
9267	100 A&G OTHER BENEFITS	6,000	6,000	9,000	50%	3,000			
9267	200 A&G OTHER BENEFITS	-	10,404	-	-100%	(10,404)	100% Decrease - Moving expenses for a new employee were paid in 2018.		
9267	300 A&G OTHER BENEFITS	-	228	-	-100%	(228)			
9267	600 A&G OTHER BENEFITS	-	-	-	0%	-			
9269	A&G NON PRODUCTIVE TIME CONTRA	(346,942)	(346,942)	(374,318)	8%	(27,376)		define non-productive time	Non-productive time is paid time off. This includes holidays, vacations, sick leave, funeral leave, etc.
9269	100 A&G NON PRODUCTIVE TIME	44,986	44,986	46,619	4%	1,633			
9269	200 A&G NON PRODUCTIVE TIME	102,376	102,376	98,308	-4%	(4,068)			
9269	300 A&G NON PRODUCTIVE TIME	145,810	145,810	173,119	19%	27,309			
9269	600 A&G NON PRODUCTIVE TIME	53,769	53,769	56,273	5%	2,504			
9271	100 A&G DENTAL INSURANCE	29,880	21,719	22,427	3%	708			
9271	150 A&G DENTAL INSURANCE	-	-	-	0%	-			
9272	100 A&G LONG TERM DISABILITY INSURANCE	8,047	6,302	7,315	16%	1,013			
9273	100 A&G SEC. 125 PLAN ADMIN - FLEX CO.	1,755	1,383	1,480	7%	97			
9275	100 A&G HRA FUND - WWU PAID	42,240	31,903	34,950	10%	3,047			
9280	200 A&G REGULATORY COMMISSION	88,376	2,741	87,051	3076%	84,310	3076% Increase - Filing a conventional rate case with intervenor compensation is budgeted in 2019.	how much is intervenor amount?	The intervenor compensation budgeted for 2019 is \$30,000.
9300	100 A&G MISC GENERAL EXPENSE	5,600	10,621	10,150	-4%	(471)			
9300	200 A&G MISC GENERAL EXPENSE	600	7,578	600	-92%	(6,978)			
9300	300 A&G MISC GENERAL EXPENSE	6,009	-	6,700	100%	6,700			
9300	600 A&G MISC GENERAL EXPENSE	-	283	-	-100%	(283)			
9301	100 A&G COMMISSION MEETING EXPENSE	11,071	11,628	16,304	40%	4,675			
9301	200 A&G COMMISSION MEETING EXPENSE	8,921	7,765	7,896	2%	131			
9301	600 A&G COMMISSION MEETING EXPENSE	3,608	2,272	2,247	-1%	(26)			
9308	200 A&G SALES TAX EXPENSE	2,470	2,470	2,520	2%	50			
9320	100 A&G MAINT OF GENERAL PLANT	33,493	41,056	31,227	-24%	(9,829)	24% Decrease - In 2018, a five year subscription to Baracuda (computer back-up to the cloud) was renewed.		

2019 Budget Variance Analysis

		2018 B	2018 P	2019 B	19B/18P Δ		Variance Explanation - Per PSC Guideline 15% & \$10,000	Greg's Questions	WWU Answers
					%	\$			
9320	200 A&G MAINT OF GENERAL PLANT	56,906	57,829	59,433	3%	1,605			
9320	300 A&G MAINT OF GENERAL PLANT	96,285	59,546	87,102	46%	27,556	46% Increase - Maintenance activities that were originally budgeted here in 2018 were moved to 2019, partially because of the pipe loop project that took place in 2018.		
9320	600 A&G MAINT OF GENERAL PLANT	-	-	-	0%	-			
9328	A&G TRANSFERS-BURDEN (LABOR BENEFIT)	-	-	-	0%	-			
9329	A&G TRANSFERS-OVERHEAD ALLOCATION	-	-	-	0%	-			
TOTAL NET INCOME		(2,288,415)	(1,803,827)	(1,696,047)					