

## MEMORANDUM

DATE: September 16, 2019  
TO: Dan Duchniak  
FROM: Joseph Ciurro, CPA  
RE: 2020 Capital Improvement Plan

As you know, we are scheduled to present to the Commission the first draft of the 2020 Capital Improvement Plan (CIP). This first draft is for discussion and provides us an opportunity to get their guidance at the front end of the process.

This initial plan indicates that the capital budget for 2020 will be approximately \$49.5 million; Future Water Supply = \$42.4 million and Routine = \$7.1 million. 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 List of Significant Items totals \$48.9 million. After the commission has discussed these budgeted items, they will have analyzed 99% of the Utility Capital Budget.

The Utility plans to issue \$34.5 million of Safe Drinking Water Loans and \$19.9 million of WIFIA loans to cover 2020 future water expenditures (\$42.4 million) and refinance portions of the 2016 NANs, 2017 NANs and 2018 BAN (almost \$12 million). Also, the Utility plans to utilize the 2018 Bond Anticipation Note ("draw bond") to finance all routine capital costs.

As an aside, of the \$50 million authorized in general obligation debt to the Waukesha Water Utility, the Utility anticipates \$40.4 million to be outstanding at the end of 2020.

At December 31, 2019, cash is projected to be at \$35.8 million.

I look forward to discussing this information at the meeting.



# **Waukesha Water Utility Capital Improvement Plan**

2020

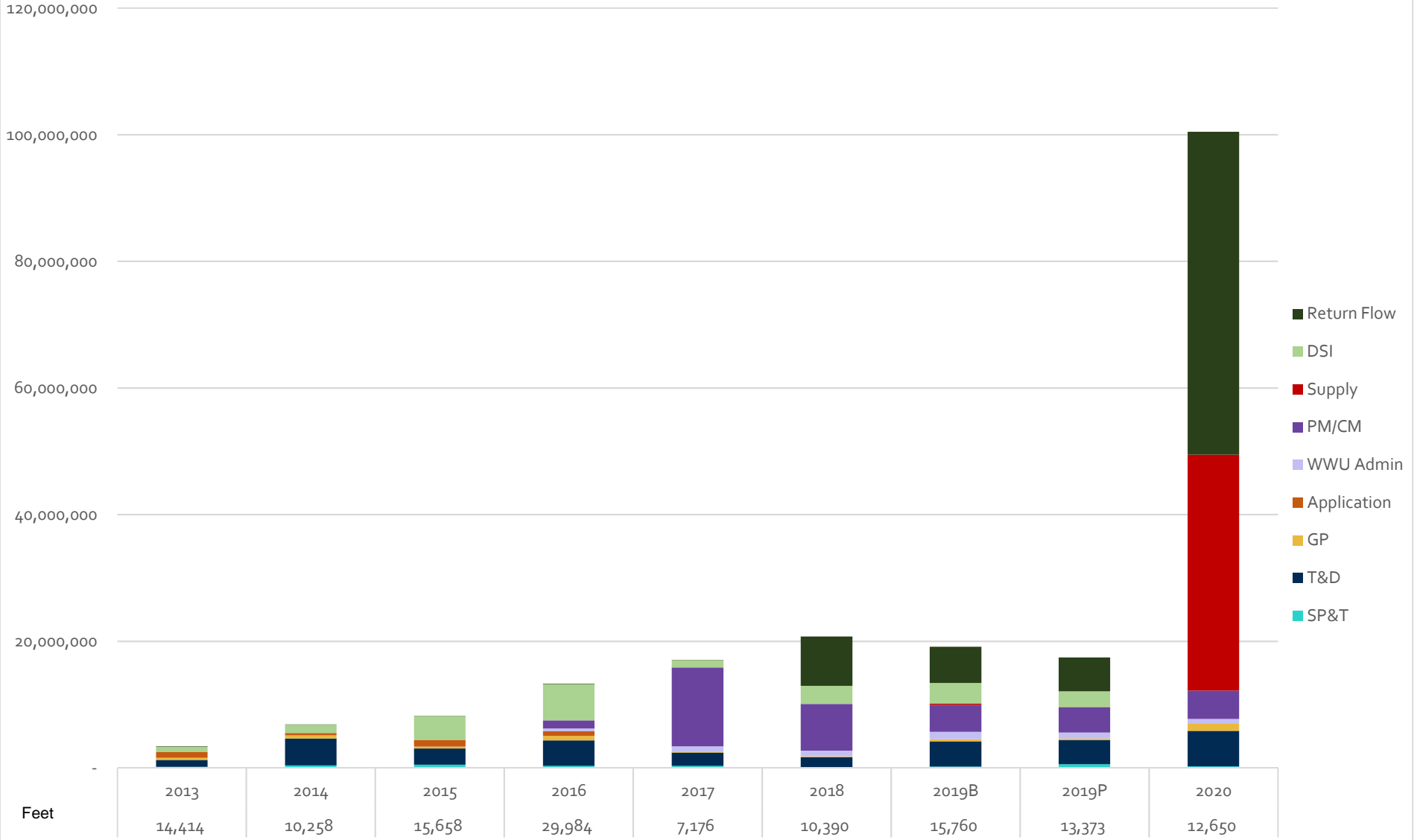
History

Significant Items

Cash

Borrowing

# WWU CAPITAL IMPROVEMENTS - HISTORY 2013 - 2020



WAUKESHA WATER UTILITY  
CIP  
SIGNIFICANT ITEMS > \$100,000  
2020

FUTURE WATER SUPPLY

WWU Administration			
Internal Labor	\$	236,666	
Legal & Regulatory		135,500	
Lobbying		103,502	
Project Management		1,630,000	
Construction Management		2,989,000	
Supply Pump Station Land		223,000	
Water Supply Pipeline		21,216,000	
Booster Pumping Station, Storage, Chemical Facilities, and Water Supply Control Building		15,839,000	\$ 42,372,668

ROUTINE

Pumping Equipment	\$	189,139	
Main Replacement - 12,650 feet		4,763,193	
Hydrant Replacement		152,227	
Valve Replacements		367,668	
Water Meter Replacement		246,771	
Financial/Billing/ERP Software		816,768	\$ 6,535,765

\$ 48,908,433 99%

TOTAL CAPITAL BUDGET

\$ 49,471,228

RETURN FLOW

\$ 50,986,720

CONTRIBUTED CAPITAL

\$ 495,865

**WAUKESHA WATER UTILITY  
STATEMENT OF PROJECTED SOURCES AND USES OF CASH  
SEPTEMBER 2019 - DECEMBER 2019**

Cash Balance - August 31,2019

\$31,646,786

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

**Operations:**

Customers - water sales	\$3,933,086
Waste Water Utility - joint metering billing	246,284
Rent of utility property - cellular leases	104,674
Receipts on sewer bills	5,390,995
Receipts on return flow bills	1,045,134
Other - miscellaneous	65,624
Total Cash From Operating Activities	\$10,785,797

**Capital and Related Financing Activities:**

Grants	\$0
Contributions	13,590
Issuance of long-term debt - 2018 BAN Draws	6,705,906
Issuance of long-term debt - WI SDWLP	2,428,020
Return Flow Cap Costs paid by City	1,780,772
Interest income	240,400
Total Cash From Capital/ Investing Activities	\$11,168,688

**Total Cash Receipts**

**\$21,954,485**

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

Salaries, wages, payroll taxes and benefits	\$1,044,788
Subcontracted and outside services	174,580
Disbursement to city for sewer transfer	5,390,469
Disbursement to city for return flow transfer	885,204
Pumping power	225,704
Purchase of materials and supplies	1,417,823
Tax equivalent - PILOT	0
Acquisition of capital assets	4,669,358
Acquisition of capital assets - Return Flow	1,835,925
Debt service - principal	995,000
Debt service - principal refinanced	0
Debt service - interest	1,094,780
Total Cash Used	\$17,733,630

**Net Change in Cash**

**\$4,220,855**

**Cash Balance - December 31, 2019**

**\$35,867,641**

WAUKESHA WATER UTILITY  
CIP  
BORROWED FUNDS - BUDGET  
2020

<u>Capital</u>	Budget	Less Funds Remaining <sup>(1)</sup>	Less Grants	Plus Debt Refinancing	Borrowed Funds Needed	Less: SDWLP & WIFIA	Debt Needed
FWS	42,432,668	-		11,930,000	54,362,668	54,362,668	-
Routine	7,038,560	7,038,560	-	-	-	-	-
	49,471,228	7,038,560	-	11,930,000	54,362,668	54,362,668	-

Notes:

(1) Approximately \$7.0 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 12/31/2019	<u>45,715,000</u>
GO Debt "Available" at 12/31/2018	4,285,000
Estimated GO Debt Repaid in 2020	1,280,000
Estimated GO Debt Refinanced w/ SDWLP & WIFIA in 2020	<u>4,025,000</u>
GO Debt Available in 2020	<u><u>\$ 9,590,000</u></u>