

MEMORANDUM

DATE: September 17, 2018
TO: Dan Duchniak
FROM: Joseph Ciurro, CPA
RE: 2019 Capital Improvement Plan

As you know, we are scheduled to present to the Commission the first draft of the 2019 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 2019 will be approximately \$12.1 million; Future Water Supply = \$7.6 million and Routine = \$4.5 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 \$11.4 million. After the commission has discussed these budgeted items, they will have analyzed 94% of the Utility Capital Budget.

The Utility plans to issue \$3.3 million of Safe Drinking Water Loans to cover 2019 expenditures on Distribution System Improvements and will utilize \$8.9 million from the 2018 Bond Anticipation Note ("draw bond") to finance \$4.4 million of future water supply and \$4.5 million of routine capital costs.

As an aside, of the \$50 million authorized in general obligation debt to the Waukesha Water Utility, the Utility anticipates \$45.7 million to be outstanding at the end of 2019.

At December 31, 2018, cash is projected to be at \$30.5 million.

I look forward to discussing this information at the meeting.



Waukesha Water Utility Capital Improvement Plan

2019

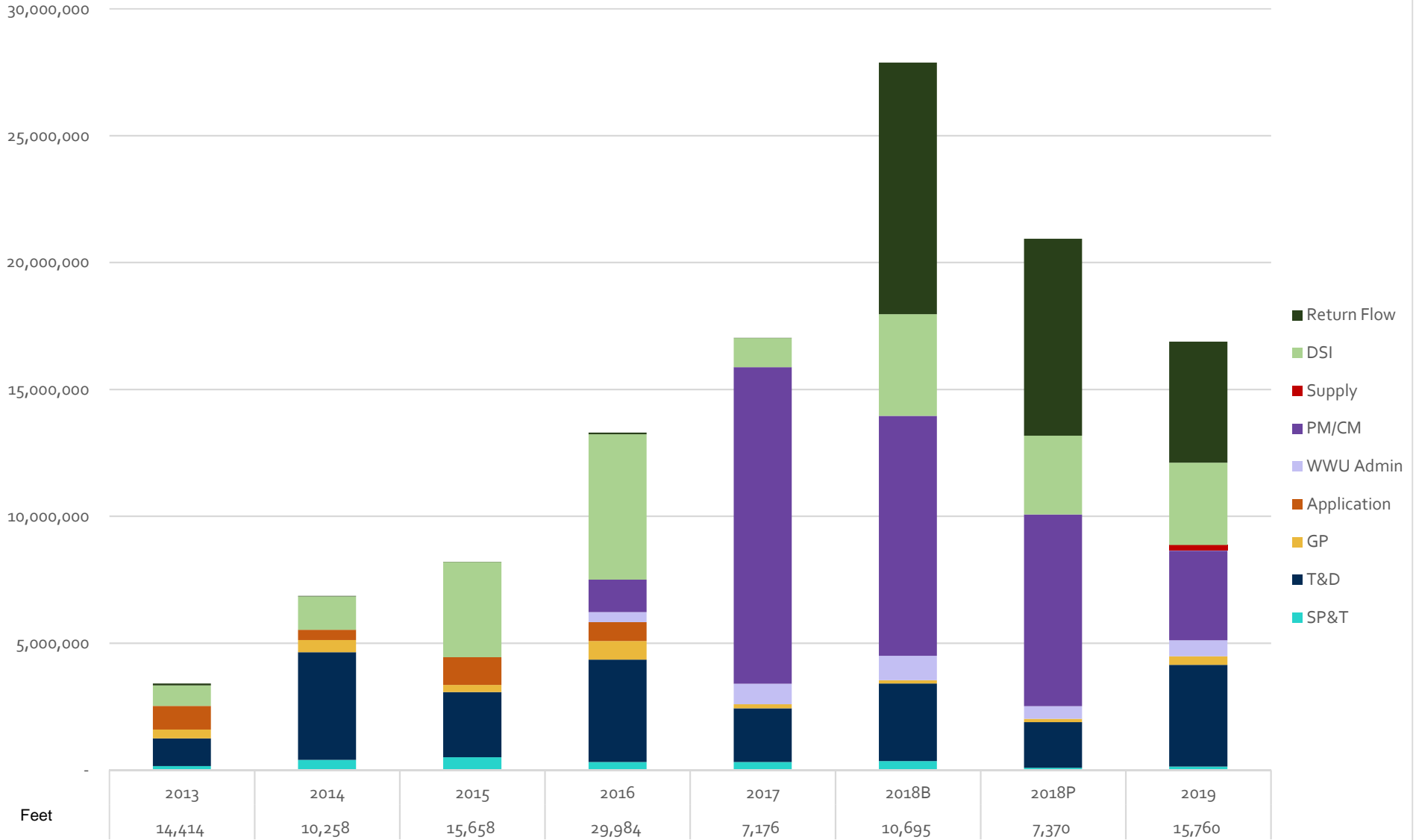
History

Significant Items

Cash

Borrowing

WWU CAPITAL IMPROVEMENTS - HISTORY 2013 - 2019



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

FUTURE WATER SUPPLY

WWU Administration			
Internal Labor	\$	210,227	
Legal & Regulatory		290,000	
Project Management		2,935,800	
Construction Management		590,650	
Water Supply - Land for Pump Station		223,000	
Distribution System Improvements			
Segment AC - 4,300 feet		3,249,127	\$ 7,498,804
			<hr/>

ROUTINE

Main Replacement - 11,460 feet	\$	3,147,866	
Hydrant Replacement		181,957	
Valve Replacements		371,263	
Water Meter Replacement		154,871	\$ 3,855,956
			<hr/>

\$ 11,354,761 94%

TOTAL CAPITAL BUDGET

\$ 12,110,354

RETURN FLOW

\$ 4,766,860

CONTRIBUTED CAPITAL

\$ 1,940,092

**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	11,768,596
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	\$23,055,574

Total Cash Receipts

\$32,298,984

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	9,652,861
Debt service - principal	610,000
Debt service - principal refinanced	6,540,000
Debt service - interest	909,121
Total Cash Used	\$24,287,341

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 ⁽¹⁾	Less Grants	Plus Debt Refinancing	Borrowed Funds Needed	Less SDWLP	Debt Needed
FWS	7,629,004	4,378,156			3,250,848	3,250,848	-
Routine	4,481,349	4,481,349			-		-
	12,110,354	8,859,506	-	-	3,250,848	3,250,848	-

Notes:

(1) Approximately \$8.9 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>