

## MEMORANDUM

DATE: September 11, 2020

TO: Dan Duchniak

FROM: Joseph Ciurro, CPA

RE: 2021 Capital Improvement Plan

As you know, we are scheduled to present to the Commission the first draft of the 2021 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 2021 will be approximately \$48.8 million; Future Water Supply = \$41.7 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 \$48.3 million. After the commission has discussed these budgeted items, they will have analyzed 99% of the Utility Capital Budget.

The Utility plans to issue \$41.7 million of WIFIA loans to cover 2021 future water expenditures. 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 \$21.2 million to be outstanding at the end of 2021.

At December 31, 2019, cash is projected to be at \$34.7 million.

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



# **Waukesha Water Utility Capital Improvement Plan**

2021

History

Significant Items

Cash

Borrowing

WWU  
CAPITAL IMPROVEMENTS - HISTORY  
2013 - 2021

Feet

120,000,000  
100,000,000  
80,000,000  
60,000,000  
40,000,000  
20,000,000  
0

Return Flow  
DSI  
Supply  
PM/CM  
WWU Admin  
Application  
GP  
T&D  
SP&T  
Ft w FWS

Year	Capital Improvements (Feet)
2013	14,414
2014	10,258
2015	15,658
2016	29,984
2017	7,176
2018	10,390
2019	13,172
2020P	10,874
2021	9,400

WAUKESHA WATER UTILITY  
CIP  
SIGNIFICANT ITEMS > \$100,000  
2021

FUTURE WATER SUPPLY

WWU Administration		
Internal Labor	\$	270,666
Legal & Regulatory		137,500
Lobbying		118,893
Project Management		2,213,000
Construction Management		3,300,000
Water Supply Pipeline 84th to Coffee and Schwartz - Contract Package #2A		12,647,547
Water Supply Pipeline Coffe and Schwartz to BPS and Water Connection- Contract Package #2B		6,875,000
Booster Pumping Station & Reservoirs - Contract Package #3		14,533,000
Water Tower - Contract Package #3A		1,500,000
		<u>\$ 41,595,605</u>

ROUTINE

Pumping Equipment	\$	529,740
Treatment Equipment		454,562
Main Replacement - 9,400 feet		4,744,497
Hydrant Replacement		121,262
Valve Replacements		235,875
Water Meter Replacement		238,478
Financial/Billing/ERP Software		384,186
		<u>\$ 6,708,601</u>

\$ 48,304,206 99%

TOTAL CAPITAL BUDGET

\$ 48,794,049

RETURN FLOW

\$ 50,047,196

CONTRIBUTED CAPITAL

\$ 654,283

**WAUKESHA WATER UTILITY  
STATEMENT OF PROJECTED SOURCES AND USES OF CASH  
SEPTEMBER 2020 - DECEMBER 2020**

**Cash Balance - August 31,2020**

**\$30,555,931**

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

**Operations:**

Customers - water sales	\$3,930,798
Waste Water Utility - joint metering billing	249,800
Rent of utility property - cellular leases	117,902
Receipts on sewer bills	5,912,482
Receipts on return flow bills	1,524,489
Other - miscellaneous	206,047
<b>Total Cash From Operating Activities</b>	<b>\$11,941,518</b>

**Capital and Related Financing Activities:**

Grants	\$0
Contributions	92,444
Issuance of long-term debt - 2018 BAN Draws	3,107,540
Issuance of long-term debt - WIFIA (Refinance)	20,794,498
Issuance of long-term debt - WIFIA	8,990,631
Return Flow Cap Costs paid by City	17,584,327
Interest income	19,200
<b>Total Cash From Capital/ Investing Activities</b>	<b>\$50,588,640</b>

**Total Cash Receipts**

**\$62,530,158**

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

Salaries, wages, payroll taxes and benefits	\$1,418,492
Subcontracted and outside services	197,039
Disbursement to city for sewer transfer	5,850,256
Disbursement to city for return flow transfer	1,520,133
Pumping power	244,038
Purchase of materials and supplies	1,962,639
Tax equivalent - PILOT	0
Acquisition of capital assets	4,630,154
Acquisition of capital assets - Return Flow	19,538,141
Debt service - principal	1,280,000
Debt service - principal refinanced or called	20,800,000
Debt service - interest	908,497

**Total Cash Used**

**\$58,349,389**

**Net Change in Cash**

**\$4,180,769**

**Cash Balance - December 31, 2020**

**\$34,736,700**

WAUKESHA WATER UTILITY  
CIP  
BORROWED FUNDS - BUDGET  
2021

<u>Capital</u>	<u>Budget</u>	<u>Less Funds Remaining <sup>(1)</sup></u>	<u>Less Grants</u>	<u>Plus Debt Refinancing</u>	<u>Borrowed Funds Needed</u>	<u>Less: WIFIA</u>	<u>Cash Funding</u>
FWS	41,662,605	-		-	41,662,605	41,662,605	-
Routine	7,131,443	7,131,443	-	-	-	-	-
	48,794,049	7,131,443	-	-	41,662,605	41,662,605	-

Notes:

(1) Approximately \$7.1 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 12/31/2020	<u>30,450,000</u>
GO Debt "Available" at 12/31/2020	19,550,000
Estimated GO Debt Repaid in 2021	<u>1,635,000</u>
GO Debt Available in 2021	<u><u>\$ 21,185,000</u></u>

(3) The balance of the 2016 NANs and 2017 NANs are planned for refinancing in 2021 (approx. \$7.8 million)