

MEMORANDUM

DATE: September 10, 2021

TO: Dan Duchniak

FROM: Joseph Ciurro, CPA

RE: 2022 Capital Improvement Plan

As you know, we are scheduled to present to the Commission the first draft of the 2022 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 2022 will be approximately \$54.7 million; Future Water Supply = \$46.8 million and Routine = \$7.9 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 \$54.4 million. After the commission has discussed these budgeted items, they will have analyzed 99% of the Utility Capital Budget.

The Utility plans to issue \$46.8 million of WIFIA loans to cover 2022 future water expenditures. Also, the Utility plans to utilize the last available financing (\$2.3 million) from the 2018 Bond Anticipation Note and cash on-hand of \$5.6 million 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 \$21.8 million to be outstanding at the end of 2022.

At December 31, 2021, cash is projected to be at \$39.0 million.

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



Waukesha Water Utility Capital Improvement Plan

2022

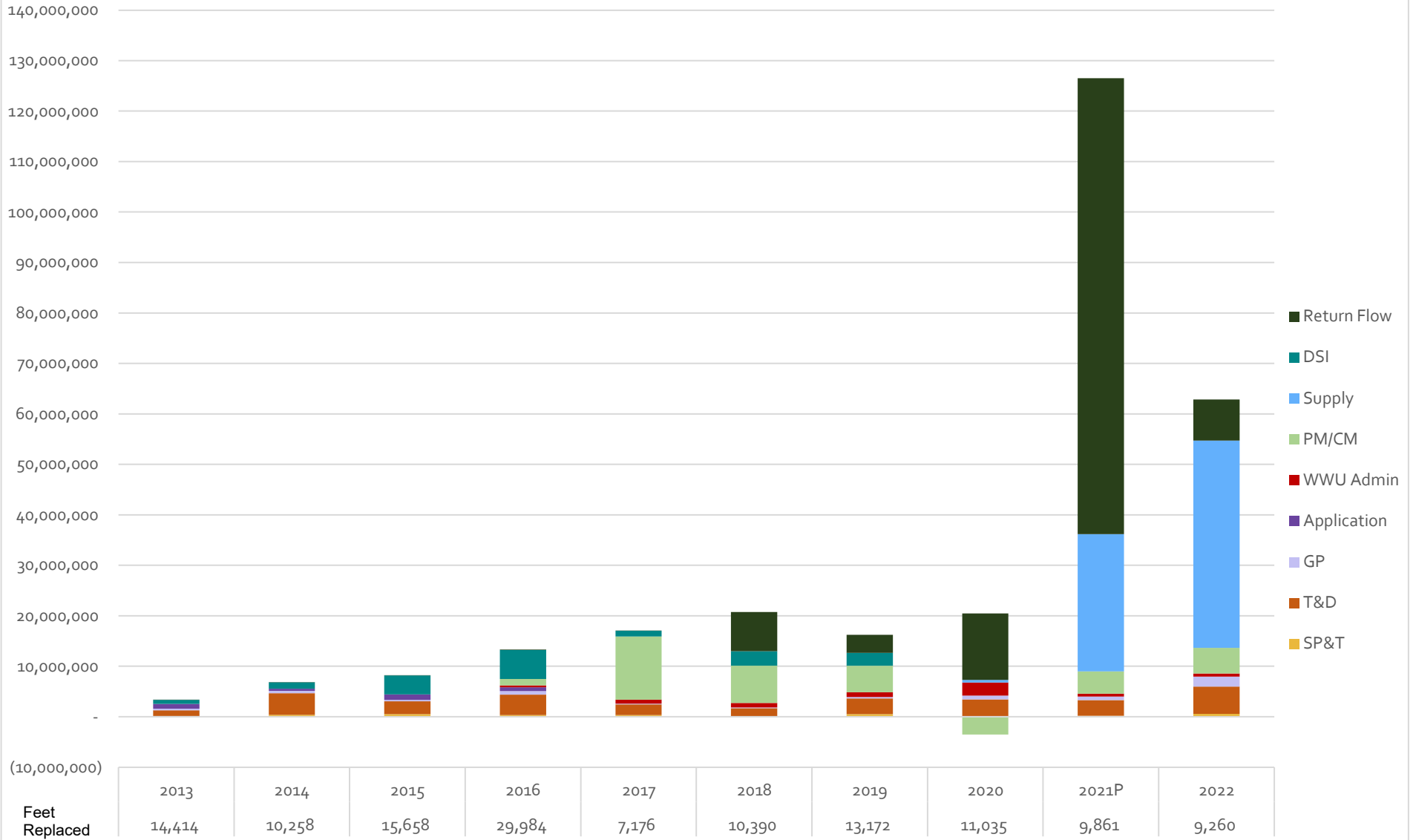
History

Significant Items

Cash

Borrowing

WWU CAPITAL IMPROVEMENTS - HISTORY 2013 - 2022



WAUKESHA WATER UTILITY
CIP
SIGNIFICANT ITEMS > \$100,000
2022

GREAT WATER ALLIANCE (GWA)

WWU Administration		
Internal Labor	\$	201,489
Lobbying		118,478
Project Management		2,106,000
Construction Management		3,200,000
GWA Water Supply Pipeline Milwaukee City Limits to Coffee & Schwartz - Contract Package #2A		2,122,000
GWA Supply Pipeline - 84th St to Milwaukee City Limits - Contract Package #2A - WWU to Donate to Milwaukee		4,655,000
GWA Water Supply Pipeline Coffe and Schwartz to BPS and Water Connection- Contract Package #2B		8,213,985
Booster Pumping Station, Reservoir & Chemical Building - Contract Package #3		22,998,000
Water Tower - Contract Package #3A		3,127,000
		<u>\$ 46,741,952</u>

ROUTINE

Pumping Equipment	\$	297,966
Pumping Structure		179,662
Main Replacement - 9,260 feet		4,775,022
Hydrant Replacement		138,982
Valve Replacements		246,352
Water Meter Replacement		252,135
Financial/Billing/ERP Software		579,527
Fleet Replacement		190,000
Garage Re-Design		1,006,250
		<u>\$ 7,665,896</u>

\$ 54,407,848 99%

TOTAL CAPITAL BUDGET

\$ 54,734,230

RETURN FLOW (GWA)

\$ 8,101,167

MILWAUKEE (GWA)

\$ 6,615,000

CONTRIBUTED CAPITAL

\$ 757,846

**WAUKESHA WATER UTILITY
STATEMENT OF PROJECTED SOURCES AND USES OF CASH
SEPTEMBER 2021 - DECEMBER 2021**

Cash Balance - August 31, 2021

\$40,487,400

SOURCES 9/1 - 12/31:

Operations:

Customers - water sales	\$4,821,289
Waste Water Utility - joint metering billing	299,564
Rent of utility property - cellular leases	83,164
Receipts on sewer bills	5,932,196
Receipts on return flow bills	2,124,999
Reimbursement from City for return flow expenses	36,369,241
Other - miscellaneous	53,845
Total Cash From Operating Activities	\$49,684,299

Capital and Related Financing Activities:

Grants	\$0
Contributions	92,444
Issuance of long-term debt - 2018 BAN Draws	1,700,000
Issuance of long-term debt - WIFIA	15,504,750
Interest income	12,800
Total Cash From Capital/ Investing Activities	\$17,309,994

Total Cash Receipts

\$66,994,293

USES 9/1 - 12/31:

Salaries, wages, payroll taxes and benefits	\$1,541,712
Subcontracted and outside services	178,947
Disbursement to city for sewer transfer	5,698,428
Disbursement to city for return flow transfer	2,048,111
Pumping power	243,848
Purchase of materials and supplies	564,566
Tax equivalent - PILOT	0
Acquisition of capital assets	19,272,050
Acquisition of capital assets - Return Flow	36,369,241
Debt service - principal	1,825,000
Debt service - interest	706,493

Total Cash Used

\$68,448,395

Net Change in Cash

(\$1,454,102)

Cash Balance - December 31, 2021

\$39,033,298

WAUKESHA WATER UTILITY
CIP
BORROWED FUNDS - BUDGET
2022

<u>Capital</u>	<u>Budget</u>	<u>Less Funds Remaining ⁽¹⁾</u>	<u>Less Grants</u>	<u>Plus Debt Refinancing</u>	<u>Borrowed Funds Needed</u>	<u>Less: WIFIA</u>	<u>Cash Funding</u>
FWS	46,802,192	-		-	46,802,192	46,802,192	-
Routine	7,932,038	2,290,968	-	-	5,641,070	-	5,641,070
	54,734,230	2,290,968	-	-	52,443,262	46,802,192	5,641,070

Notes:

- (1) Approximately \$2.29 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 12/31/2021	<u>30,020,000</u>
GO Debt "Available" at 12/31/2021	19,980,000
Estimated GO Debt Repaid in 2022	<u>1,855,000</u>
GO Debt Available in 2022	<u><u>\$ 21,835,000</u></u>