

**Water****Function: Public Works & Transportation***Budget Overview*

## Agency Budget by Fund

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
Water Utility	41,485,940	45,886,000	33,263,016	45,232,406	44,910,094	45,582,700
<b>TOTAL</b>	<b>\$ 41,485,940</b>	<b>\$ 45,886,000</b>	<b>\$ 33,263,016</b>	<b>\$ 45,232,406</b>	<b>\$ 44,910,094</b>	<b>\$ 45,582,700</b>

## Agency Budget by Service

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
Water Quality	38,985,389	45,886,000	898,587	986,974	1,175,449	1,082,095
Water Engineering	156,036	-	2,253,257	2,006,758	1,849,959	2,182,815
Water Operations & Maintenance	1,055,133	-	10,457,247	9,908,211	10,215,684	12,751,521
Water Customer Service	233,833	-	2,607,602	3,031,380	2,943,034	3,056,615
Water Finance & Admin	1,055,548	-	17,046,324	29,299,083	28,725,968	26,509,654
<b>TOTAL</b>	<b>\$ 41,485,940</b>	<b>\$ 45,886,000</b>	<b>\$ 33,263,016</b>	<b>\$ 45,232,406</b>	<b>\$ 44,910,094</b>	<b>\$ 45,582,700</b>

## Agency Budget by Major-Revenue

	2018 Actual	2019 Adopted	2019 Actuals	2020 Adopted	2021 C2C	2021 Request
Intergov Revenues	(32,923,398)	(44,935,000)	(133,361)	(138,000)	(138,000)	-
Charges For Services	(322,060)	(281,000)	(43,100,382)	(43,785,220)	(43,785,220)	(44,965,000)
Fine & Forfeiture	(559,576)	-	(251,660)	(242,300)	(242,300)	(59,000)
Investments & Other Contributions	(338,334)	(270,000)	(916,620)	(300,000)	(300,000)	(280,000)
Misc Revenue	(423,323)	(400,000)	(568,173)	(322,780)	(322,780)	(278,700)
Other Financing Source	(6,919,248)	-	11,734,751	(444,106)	(121,794)	-
Transfer In	-	-	(27,572)	-	-	-
<b>TOTAL</b>	<b>(41,485,940)</b>	<b>(45,886,000)</b>	<b>(33,263,016)</b>	<b>(45,232,406)</b>	<b>(44,910,094)</b>	<b>(45,582,700)</b>

## Agency Budget by Major-Expenses

	2018 Actual	2019 Adopted	2019 Actuals	2020 Adopted	2021 C2C	2021 Request
Salaries	9,201,939	9,373,464	8,677,134	9,039,183	9,459,113	9,586,202
Benefits	3,113,230	3,067,867	3,751,270	2,804,480	2,904,559	2,921,699
Supplies	2,763,451	2,516,350	1,032,310	2,322,500	2,322,500	2,447,300
Purchased Services	4,993,773	5,549,950	4,240,842	5,430,000	5,105,267	5,107,000
Debt & Other Financing	23,628,039	27,428,470	10,108,225	27,646,350	27,142,000	19,365,329
Inter Depart Charges	590,692	866,399	843,701	949,893	936,655	940,170
Inter Depart Billing	(2,805,184)	(2,916,500)	(2,582,305)	(2,960,000)	(2,960,000)	(2,385,000)
Transfer Out	-	-	7,191,839	-	-	7,600,000
<b>TOTAL</b>	<b>\$ 41,485,940</b>	<b>\$ 45,886,000</b>	<b>\$ 33,263,016</b>	<b>\$ 45,232,406</b>	<b>\$ 44,910,094</b>	<b>\$ 45,582,700</b>

**To:** Mayor Satya Rhodes-Conway

**From:** Tom Heikkinen, General Manager, Madison Water Utility

**Date:** July 10, 2020

**Subject:** 2021 Operating Budget: Transmittal Memo

### Major Goals

The 2021 operating budget for the Madison Water Utility seeks to put forth a spending plan consistent with the Mayor's directive. The goal of the Madison Water Utility is to provide the essential supply of water for consumption and fire protection via quality service and price, for present and future generations. Our proposed 2021 operating request aligns with our internal goals and those of the Mayor.

### Covid Response & Recovery

Like all other agencies, we have had to work to adjust the way we provide services under the new normal resulting from COVID. Our 2021 budget request increases our supply budget to increase the cleaning and sanitizing supplies to use in our workspace. We have also included dollars for Plexiglas and other barriers to protect staff and the public. As of late spring 2020, MWU has not been charging late fees to ratepayers in an effort to help the tight financial situation some people find themselves in during this pandemic. We have not budgeted any revenue for late fees in our 2021 operating budget.

### Equity

MWU works with consultants and the PSC to set rates so that they are not overly burdensome on any one ratepayer. Our main replacement program is designed to replace and maintain our infrastructure on a consistent basis so that the cost is equally spread among all generations that receive the benefit of our distribution system.

### Sustainability

MWU maintains a vehicle replacement program for over 100 vehicles and power equipment. This program has been updated to include green and energy efficient replacements as our fleet ages and replacement is required.

### Major Changes

MWU is funding a full-time IT 3 Specialist to work on Water only related systems. This position is part of the IT operating budget but will be 100% funded by MWU. The Public Service Commission of Wisconsin (PSC) approved a rate increase for MWU on June 22, 2020. The new rates became effective on July 2, 2020. The new rates equate to an 8.9% revenue increase. Our 2021 revenues reflect this rate increase. MWU adjusted the 2021 revenues to reflect COVID behavior as experienced in March, April and May of 2020. The new rates are anticipated to cover inflationary

increases in operating costs and fund capital infrastructure projects. All water utility rate applications are subject to review by the PSC.

The utility will undertake no new major initiatives in 2021. Our 2021 operating proposal will maintain our current level of service supported by revenue generated entirely through utility rates.

### Summary of Reductions

MWUs 2021 operating budget results in a fund balance generated. We are projecting a \$1.1m revenue increase due to the PSC approved rate increase. Expenses were budgeted at or below 2020 budgeted amounts (excluding salaries and benefits) by major with some small increases for inflation.

c.c. Deputy Mayors  
Budget & Program Evaluation Staff  
Kathy Schwenn, Finance Supervisor

# 2021 Operating Budget Service Budget Proposal

## IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Water Utility

SELECT YOUR AGENCY'S SERVICE:

Water Quality

SERVICE NUMBER:

861

SERVICE DESCRIPTION:

This service provides field testing, routine and specialty water sample collection, laboratory results interpretation, and long-term trend analysis for a variety of potential chemical and biological contaminants in drinking water to ensure delivery of safe, high-quality water to customers and to comply with requirements of the Safe Drinking Water Act. This service oversees compliance monitoring, wellhead protection, private well permitting and abandonment, and cross connection control.

### Part 1: Base Budget Proposal

## BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net		\$0	\$0	\$0	\$0	\$0
Other-Expenditures	\$0	\$0	\$0	\$986,974	\$1,175,449	\$1,082,095
<i>Total</i>	\$0	\$0	\$0	\$986,974	\$1,175,449	\$1,082,095
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$0	\$0	\$0	\$748,974	\$995,177	\$829,295
Non-Personnel	\$0	\$0	\$0	\$238,000	\$180,272	\$252,800
Agency Billings	\$0	\$0	\$0	\$0	\$0	
<i>Total</i>	\$0	\$0	\$0	\$986,974	\$1,175,449	\$1,082,095
FTEs				10.00	10.00	8.00

## PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

This service provides the necessary elements to meet and maintain established water quality goals while protecting Madison's water supply and infrastructure designed to provide safe, clean drinking water to the community and its residents.

## ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Water Quality Regulation Objectives	35	Activities necessary to monitor and determine compliance with current federal, state and internal water quality requirements.
Water Quality Scheduling	15	Activities necessary to manage sampling and monitoring techniques at all water utility infrastructure assets.
Well Operation Permits & Private Plumbing Inspections	35	

Activities necessary to manage, inspect and maintain quality at non-utility assets connected to the utility's distribution system.

Manage Data for Long Term Planning

15

Identifying current and potential sources of contamination and determining the resources necessary to mitigate those sources.

**SERVICE BUDGET CHANGES**

**Service Impact**

What is the proposed change to the service's budget from cost to continue to agency request?

\$161,710 decrease

What are the service level impacts of the proposed funding changes?

Water Quality budgeted for a Packer test at UW #14 in 2020 in purchased services. This was a one-time expense of \$60,000. Water Quality service line 2021 request is approximately \$50,000 more than our 2020 request. This is due to allocating out shared expenses among all service lines in our 2021 budget. This was not done in the 2020 budget. It is an overall net-neutral budget adjustment.

**Personnel-Permanent Positions**

Are you proposing an allocation change to the FTEs for this service? No

Type	Fund	Amount	Description
Perm Wages			
Benefits			
<b>Total</b>		\$0	

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

**Personnel-Other Personnel Spending**

Are you requesting additional personnel spending for non-annualized pay? Yes

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly	2100	\$18,000	Cross connection inspector.
<b>Total</b>		\$18,000	

Explain the assumptions behind the requested funding.

1000 hours @ \$18/hr

What is the justification behind the increased funding?

Additional cross connection inspector is needed to ensure no cross contamination in our water supply.

**Revenue**

Are you proposing a change to the service's budgeted revenue?

No

Are you proposing an increase or a decrease to the budgeted revenue?

Select...

Fund	Major	Amount	Description

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

<i>Fund</i>	<i>Major</i>	<i>Amount</i>	<i>Description</i>
2100	various	\$40,000	MWU allocated shared costs among all service lines in the 2021 budget. Previously these were all in one service line.
2100	54	\$7,200	Added budget for conferences and training in 2021. MWU has not budgeted for this for the last 2 years in an effort to build reserves.

Explain the assumptions behind the requested funding.

Dollars were allocated to all service lines based on the number of FTEs in each service line.

Used costs to attend AWWA annual conferences (assuming no inperson seminars), ground water modeling seminar and miscellaneous local training costs.

What is the justification behind the increased funding?

Sharing the costs among all the service lines enables us to have a more accurate cost per service line. This change has a net-neutral budget impact. Attending seminars and trainings on Water Quality issues effecting all utilities is important in keeping MWU staff informed and up to date.

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

What is the proposed reduction to this service's budget?

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

<b>Activity</b>	<b>\$Amount</b>	<b>Description</b>
<b>Total</b>	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

<b>Name</b>	<b>\$ Amount</b>	<b>Description</b>
Personnel		
Non-Personnel		
Agency Billings		
Total	\$0	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

# 2021 Operating Budget

## Service Budget Proposal

### IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Water Utility

SELECT YOUR AGENCY'S SERVICE:

Water Engineering

SERVICE NUMBER:

862

SERVICE DESCRIPTION:

This service provides technical support, mapping, long term planning, and direction to the Water Utility capital improvement and infrastructure renewal program.. The goal of this service is to use Asset Management and Master Plan technology to meet and maintain levels of service to customers.

### Part 1: Base Budget Proposal

### BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$0	\$0	\$0	\$0	\$0	\$0
Other-Expenditures	\$0	\$0	\$0	\$2,006,758	\$1,849,959	\$2,182,815
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,006,758</i>	<i>\$1,849,959</i>	<i>\$2,182,815</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$0	\$0	\$0	\$1,476,558	\$1,473,768	\$1,576,415
Non-Personnel	\$0	\$0	\$0	\$530,200	\$376,191	\$606,400
Agency Billings	\$0	\$0	\$0	\$0	\$0	
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,006,758</i>	<i>\$1,849,959</i>	<i>\$2,182,815</i>
FTEs				10.87	10.87	11.87

### PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

Water engineering provides a wide array of services associated with planning, developing, maintaining and managing the utility's asset infrastructure to ensure a desired level of service is provided to the community. Water engineering staff work closely with other city agencies in managing shared projects to improve efficiency and achieve shared goals.

### ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Infrastructure Planning and Design	25	Internal development of infrastructure necessary to provide the utility's desired level of service.
Construction Project Management and Regulatory Compliance	35	Monitoring shared construction projects to determine specification requirements associated with the utility's infrastructure and maintain compliance with federal, state and local regulations.
GIS and Asset Management	20	



Mapping systems infrastructure and monitoring conditions of water utility's system assets for planning and maintenance purposes.

Construction Inspection and Field Surveying

20

Monitor compliance with internal and contractor specifications to ensure facilities and systems are adequately constructed.

**SERVICE BUDGET CHANGES**

**Service Impact**

What is the proposed change to the service's budget from cost to continue to agency request?

\$347,562 increase

What are the service level impacts of the proposed funding changes?

MWU continues to build on its asset management plan. Due to several factors we have not been able to fill our asset manager position for over a year. To continue to develop and grow our plan we are including money for consulting services to work with us to update our plan and keep it current until that position can be filled. MWU is allocating out shared expenses among all service lines in our 2021 budget. This was not done in the 2020 budget. It is an overall net-neutral budget impact.

**Personnel-Permanent Positions**

Are you proposing an allocation change to the FTEs for this service? No

Type	Fund	Amount	Description
Perm Wages			
Benefits			
<b>Total</b>		\$0	

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

**Personnel-Other Personnel Spending**

Are you requesting additional personnel spending for non-annualized pay? Yes

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly	2100	\$106,000	Construction inspectors, engineering intern and mapping intern
<b>Total</b>		\$106,000	

Explain the assumptions behind the requested funding.

2 partial year interns at \$20,000 each.

3 construction inspectors at \$22,000 each

What is the justification behind the increased funding?

All of these positions provide high value and significant benefit to the Water Utility. The interns bring in highly qualified individuals that do excellent work. The construction inspectors fill a need to cover our construction projects during the summer.

**Revenue**

Are you proposing a change to the service's budgeted revenue?

No

Are you proposing an increase or a decrease to the budgeted revenue?

Select...

Fund	Major	Amount	Description

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

**Non-Personnel**

Are you requesting additional non-personnel funding for this service?

<i>Fund</i>	<i>Major</i>	<i>Amount</i>	<i>Description</i>
2100	various	\$30,000	MWU allocated shared costs among all service lines in the 2021 budget. Previously these were all in one service line.
2100	54	\$150,000	Consulting costs for asset management plan.

Explain the assumptions behind the requested funding.

Dollars were allocated to all service lines based on the number of FTEs in each service line.

The asset management dollars are based on past consulting contract costs for this service.

What is the justification behind the increased funding?

Sharing the costs among all the service lines enables us to have a more accurate cost per service line. This change has a net-neutral budget impact.

MWU has built up the asset management plan for the past 5 years. Our asset manager left the utility and we have not been able to fill that position. The consulting services will enable us to maintain and grow our asset management program while we continue to search for a new asset manager.

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

What is the proposed reduction to this service's budget?

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

<b>Activity</b>	<b>\$Amount</b>	<b>Description</b>
<b>Total</b>	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

<b>Name</b>	<b>\$ Amount</b>	<b>Description</b>
Personnel		
Non-Personnel		
Agency Billings		
<b>Total</b>	\$0	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

Select...

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

# 2021 Operating Budget

## Service Budget Proposal

### IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Water Utility

SELECT YOUR AGENCY'S SERVICE:

Water Operations & Maintenance

SERVICE NUMBER:

863

SERVICE DESCRIPTION:

This service provides the maintenance, repair, and replacement of the water distribution system, as well as the maintenance, repair, and replacement of deep wells, booster stations, and facilities/properties. The goal of this service is to maintain and upgrade the water supply system to insure customers are provided with an adequate quantity of high quality water for consumption and fire protection.

### Part 1: Base Budget Proposal

### BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$0	\$0	\$0	\$0	\$0	
Other-Expenditures	\$0	\$0	\$0	\$9,908,211	\$10,215,684	\$12,751,521
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$9,908,211</i>	<i>\$10,215,684</i>	<i>\$12,751,521</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	
Personnel	\$0	\$0	\$0	\$7,066,711	\$7,377,686	\$7,446,121
Non-Personnel	\$0	\$0	\$0	\$2,805,500	\$2,804,513	\$5,270,400
Agency Billings	\$0	\$0	\$0	\$36,000	\$33,485	\$35,000
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$9,908,211</i>	<i>\$10,215,684</i>	<i>\$12,751,521</i>
FTEs				74.58	74.58	75.58

### PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

Operations and maintenance allow the utility to provide its desired level of quality water service through providing the natural resource to the community and the preservation of utility infrastructure and distribution facilities providing the service.

### ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Operation and Monitoring of Wells, Booster Stations and Reservoirs	25	Labor and materials associated with managing infrastructure that draws water from its source and distributes it timely and efficiently throughout the distribution system for its intended use of consumption and fire protection.
Water Testing, Treatment	25	Labor and materials associated with treating raw water from its source and testing it to monitor that a quality product enters the distribution system before delivery to the community.

Maintenance of Electrical/Mechanical Equipment and Facilities

25

Labor, materials and transportation necessary to repair and replace operational equipment that allows supply facilities to operate efficiently and timely.

Maintenance of Pipes/Mains/Buried Assets

25

Labor and materials necessary to repair and replace distribution facilities that allow the utility to provide a high level of service with minimal interruption of service to the community.

**SERVICE BUDGET CHANGES**

**Service Impact**

What is the proposed change to the service's budget from cost to continue to agency request?

\$2,612,022 increase

What are the service level impacts of the proposed funding changes?

MWU is allocating out shared expenses among all service lines in our 2021 budget. This was not done in the 2020 budget. It is an overall net-neutral budget adjustment. This results in larger non-personnel expenses for Operations and Maintenance. In 2020 the entire \$2.2 million cost for electricity was put to the Finance and Admin service line. This should have gone to Operations and Maintenance. This has been fixed in our 2021 budget. This resulted in a \$2.0 million increase in this service line. As MWU works to reduce the capital budget we are replacing vehicles less frequently. To account for this change in practice we increased equipment supplies by \$120,000.

**Personnel-Permanent Positions**

Are you proposing an allocation change to the FTEs for this service? No

Type	Fund	Amount	Description
Perm Wages			
Benefits			
<b>Total</b>		\$0	

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

**Personnel-Other Personnel Spending**

Are you requesting additional personnel spending for non-annualized pay? Yes

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly	2100	\$61,000	Hydrant painters, lawn crew and Geo Characterization/Carbon Footprint/Hydro modeling student
<b>Total</b>		\$61,000	

Explain the assumptions behind the requested funding.

5 hydrant painters/lawn crew at \$16/hr for 500 hours

Model student 1000 hours @ \$21/hr

What is the justification behind the increased funding?

Modeling student will provide additional resources to help determine best practices for our supply and distribution system.

Hourly hydrant painters and lawn crew are needed in the summer months as our crews are busier in these months with street projects, flushing program and repairs.

**Revenue**

Are you proposing a change to the service's budgeted revenue?

No

Are you proposing an increase or a decrease to the budgeted revenue?

Select

Fund	Major	Amount	Description

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

**Non-Personnel**

Are you requesting additional non-personnel funding for this service?

Fund	Major	Amount	Description
2100	54	\$2,000,000	Electricity
2100	53	\$120,000	Equipment Supplies
2100	various	\$100,000	MWU allocated shared costs among all service lines in the 2021 budget

Explain the assumptions behind the requested funding.

Electricity is a change in service line allocation. This was in service line 865 in the 2020 budget. The amount is not increasing.

Equipment supplies for over 100 service vehicles, transport vehicles and work equipment extended life.

Dollars were allocated to all service lines for shared expenses based on the number of FTEs in each service line.

What is the justification behind the increased funding?

Electricity is a change in service line allocation. This was in service line 865 in the 2020 budget. The amount is not increasing.

MWU is replacing vehicles less frequently in an effort to reduce our capital budget. This will require more parts and maintenance on existing vehicles. Sharing the costs among all service lines enables us to have a more accurate cost per service line. This change has a net-neutral budget impact.

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

What is the proposed reduction to this service's budget?

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
<b>Total</b>	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

Name	\$ Amount	Description
Personnel		
Non-Personnel		
Agency Billings		
Total	\$0	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

# 2021 Operating Budget

## Service Budget Proposal

### IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Water Utility

SELECT YOUR AGENCY'S SERVICE:

Water Customer Service

SERVICE NUMBER:

864

SERVICE DESCRIPTION:

This service provides customer service for billing and meter operations to ensure accurate water consumption and billing data, and conducts the Water Utility's communication and community outreach for conservation and sustainability education, media relations, external communication, and promotion of the utility's water conservation initiatives. Communication and Community Outreach also develops Madison Water Utility's evolving crisis communication and strategic communication plans and oversees the Home Water Conservation, Water Wagon and Got Water programs.

### Part 1: Base Budget Proposal

### BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$0	\$0	\$0	\$0	\$0	\$0
Other-Expenditures	\$0	\$0	\$0	\$3,031,380	\$2,943,034	\$3,056,615
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$3,031,380</i>	<i>\$2,943,034</i>	<i>\$3,056,615</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$0	\$0	\$0	\$1,831,980	\$1,788,640	\$1,919,915
Non-Personnel	\$0	\$0	\$0	\$1,199,400	\$1,154,394	\$1,136,700
Agency Billings	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$3,031,380</i>	<i>\$2,943,034</i>	<i>\$3,056,615</i>
FTEs				18.31	18.31	19.11

### PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

The Water Utility strives to conserve the limited water resources of Madison through our conservation programs. We offer toilet rebates to customers that replace high water usage toilets with more efficient units. Customers have the ability to view their water usage in real time through our "My Water" program and can monitor and adjust their usage accordingly. Educational programs are offered throughout the year to the community to educate and inform citizens of the limited water resources available in Madison. We monitor the water going through our distribution system to minimize water loss. Our Customer Billing area works with citizens of Madison to identify potential causes of high water usage and potential undected leaks.

### ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Bill for Services to Customers	50	Manage meter reading and customer billing data to provide monthly billings to 78,000 active accounts.
Manage Customer Inquiries	20	Conduct inquiries into customer accounts to address billing questions from ratepayers and support the services of the water utility.



Install, Inspect and Monitor Customer Meters and Installations	15	Conduct on-site visits to customer properties to install, inspect and replace customer meters to enable accurate consumption readings and provide reliable billings.
Communicate Water Utility Current Events and Promotions	15	Inform and communicate with the community regarding current operational and promotional initiatives at the Water Utility.

**SERVICE BUDGET CHANGES**

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request?

What are the service level impacts of the proposed funding changes?

MWU is allocating out shared expenses among all service lines in our 2021 budget. This was not done in the 2020 budget. It is an overall net-neutral budget adjustment. This results in larger non-personnel expenses for Customer Service.

MWU is including funding for an IT specialist. This position is housed in the IT budget but will be 100% funded by Water. 80% of this position is funded in Customer Service resulting in a personnel cost increase of \$71,000.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service?

Type	Fund	Amount	Description
Perm Wages	2100	\$57,000	IT Specialist 3 80% (18/10) IT position #5001
Benefits	2100	\$14,000	IT Specialist 3 80% (18/10) IT position #5001
<b>Total</b>		<b>\$71,000</b>	

Explain the assumptions behind the allocation change.

Dollars were based on job class for IT Specialist 3 using 2019 numbers.

What is the justification behind the allocation change?

Water has several computer systems that are used exclusively by Water and IT does not have the manpower to support all of our systems. Additionally we are moving to Tyler Utility Billing for our billing software and this will require additional IT support. This position will be in the IT budget but will be 100% funded by MWU.

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay?

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly	2100	\$53,000	4 Meter Shop hourly workers 1 Communications Intern
<b>Total</b>		<b>\$53,000</b>	

Explain the assumptions behind the requested funding.

Meter Shop - 4 hourly @ \$16.67/hr for 600 hrs each

Communication Intern - 700 hours @ \$18.57/hr

What is the justification behind the increased funding?

The meter shop uses the additional workers to enable them to change out meters as required by the PSC schedule.

The summer communication intern works with our communications section on the water wagon events.

Revenue

Are you proposing a change to the service's budgeted revenue?

2021 Operating Budget: Agency Reuquests

No

Are you proposing an increase or a decrease to the budgeted revenue?

Select...

Fund	Major	Amount	Description

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

No

Fund	Major	Amount	Description

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

\$0

What is the proposed reduction to this service's budget?

\$0

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
<b>Total</b>	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

Name	\$ Amount	Description
Personnel		
Non-Personnel		
Agency Billings		
Total	\$0	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Select...

Does the proposed reduction result in eliminating permanent positions?

Select...

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

# 2021 Operating Budget

## Service Budget Proposal

### IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Water Utility

SELECT YOUR AGENCY'S SERVICE:

Water Finance & Admin

SERVICE NUMBER:

865

SERVICE DESCRIPTION:

This service is responsible for financial services including general accounting, financial reporting, regulatory reporting / compliance, budgeting, debt management and utility-rate management. The goal of this service is to provide accurate, reliable and transparent financial information to internal and external stakeholders while managing utility rates.

### Part 1: Base Budget Proposal

### BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$0	\$0	\$0	\$0	\$0	\$0
Other-Expenditures	\$0	\$0	\$0	\$29,299,083	\$28,725,968	\$26,814,654
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$29,299,083</i>	<i>\$28,725,968</i>	<i>\$26,814,654</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	(\$44,806,837)	(\$44,793,384)	(\$45,887,700)
Personnel	\$0	\$0	\$0	\$719,440	\$728,401	\$736,155
Non-Personnel	\$0	\$0	\$0	\$30,625,750	\$30,054,397	\$27,253,329
Agency Billings	\$0	\$0	\$0	(\$2,046,107)	(\$2,056,830)	(\$2,385,000)
<i>Total</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$15,507,754)</i>	<i>(\$16,067,416)</i>	<i>(\$20,283,216)</i>
FTEs				6.06	6.06	6.26

### PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

This service supports City-wide finance through the financial management of the water utility and the day to day processing of financial transactions, strategic planning and development of reliable reporting mechanisms to maintain equitable rates for its ratepayers. Water Utility finance also completes regulatory reporting and filing requirements.

### ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Process Daily Financial Transactions (A/P, A/R, Payroll, Revenue, Reconciliations)	35	Complete daily entry of A/P invoices, utility payroll transactions, A/R and revenue reconciliations, daily approvals of MUNIS work, troubleshoot transactional processing issues.
Complete Month and Year-End Closing Activities	35	Process all activity that relates to the closing monthly transactional activities including reconciliations, coordinating with City Finance to make adjustments, reclassifying data and creation assets and monthly reports.

Creation of Periodic Reporting Including Annual Financial Statements and Annual PSC Report

20

Creation of monthly/quarterly/annual financial reports for use in decision making and analysis and presentaion to the Water Board.

Budget Creation/Monitoring, Debt Management and PSC Rate Studies

10

Activities associated with the financial management of the water utility including establishing and maintaining earning and spending targets, financing of facility and infrastructure projects and the analysis and completion of rate studies with the PSC.

**SERVICE BUDGET CHANGES**

**Service Impact**

What is the proposed change to the service's budget from cost to continue to agency request?

\$3,005,630 decrease

What are the service level impacts of the proposed funding changes?

The PSC approved new rates for MWU on June 22, 2020. The utility received an 8.9% revenue increase which became effective on July 2, 2020. We are budgeting a \$1.1 million dollar revenue increase due to this after adjusting our revenue for COVID19 behaviors and decrease in pumpage. MWU refunded and advance refunded revenue bonds with higher interest rates at the end of 2019. As a result we have a decrease of \$867,000 in interest expense for 2021.

MWU is including funding for an IT Specialist. This position is housed in the IT budget but will be 100% funded by Water. 20% of this position is funded in the Finance and Admin Service resulting in a personnel cost increase of \$18,000.

MWU is allocating out shared expenses among all service lines in our 2021 budget. This was not done in the 2020 budget. It is an overall net-neutral budget adjustment. The shared expenses were in the Finance and Admin Service in 2020 and is resulting in a decrease in non-personnel expenses for Finance and Admin in 2021. The largest of these changes is electricity resulting in a decrease of \$2.2 m in Finance and Admin.

MWU is budgeting \$600,000 less in Sewer/Storm/Urban Forestry interagency billings. The PSC lowered our ROR in the most recent rate case from 8% to 4.9% which lowered Sewer's portion of this expense by \$300,000. MWU continues to work toward lowering our operating expenses. The interagency billings for Sewer/Storm/Urban Forestry are based on these operational expenses and have been reduced.

**Personnel-Permanent Positions**

Are you proposing an allocation change to the FTEs for this service? Yes

Type	Fund	Amount	Description
Perm Wages	2100	\$14,000	IT Specialist 3 20% (18/10) IT position #5001
Benefits	2100	\$4,000	IT Specialist 3 20% (18/10) IT position #5001
<b>Total</b>		<b>\$18,000</b>	

Explain the assumptions behind the allocation change.

Dollars were based on job class for IT Specialist 3 using 2019 numbers.

What is the justification behind the allocation change?

Water has several computer systems that are used exclusively by Water and IT does not have the manpower to support all of our systems. Additionally we are moving to Tyler Utility Billing for our billing software and this will require additional IT support. This position will be in the IT budget but it will be 100% funded by MWU.

**Personnel-Other Personnel Spending**

Are you requesting additional personnel spending for non-annualized pay? Yes

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly	2100	\$20,000	Accounting help at year-end to close books.
<b>Total</b>		<b>\$20,000</b>	

Explain the assumptions behind the requested funding.

1 additional accountant 650 hours @ \$30/hr

What is the justification behind the increased funding?

MWU requires more manpower in the first quarter to close the prior year and prepare the PSC annual report. This is not required for the rest of the year so it has been our practice to hire an hourly to assist with year-end closing in order to complete the audit and prepare the financial statements and PSC Annual Report on time.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

Fund	Major	Amount	Description
2100	4's	\$1,100,000	PSC approved new rates effective 7/2/2020

Explain the assumptions behind the change to budgeted revenue.

On June 22, 2020 the PSC approved an 8.9% revenue increase for MWU. Our 2021 revenue estimates are based on 2020 actual/estimated increased by 8.9%. These numbers are adjusted for COVID19 behavior as experienced in March, April and May of 2020.

What is the justification behind the proposed change?

The increase in revenue was approved by the PSC and became effective July 2, 2020. The COVID19 pandemic is effecting the water usage patterns and it is difficult to estimate when these patterns will return to pre-pandemic levels, therefore we are budgeting our 2021 revenues using the COVID19 pattern usage. This results in a conservative revenue projection.

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

Fund	Major	Amount	Description
2100	59	\$7,600,000	PILOT

Explain the assumptions behind the requested funding.

MWU has budgeted for PILOT in object code 56310 - Payment in Liew of Taxes. This payment has been charged to object code 59110 \_ Transfer out to General Fund. We are budgeting for this expense in the same object code that realizes the expense.

What is the justification behind the increased funding?

This change results in better matching of budget to expenses.

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

\$0

What is the proposed reduction to this service's budget?

\$0

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
<b>Total</b>	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

Name	\$ Amount	Description
Personnel		
Non-Personnel		
Agency Billings		
<b>Total</b>	\$0	

also involved in performing these activities.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?