

CITY WATER, LIGHT & POWER

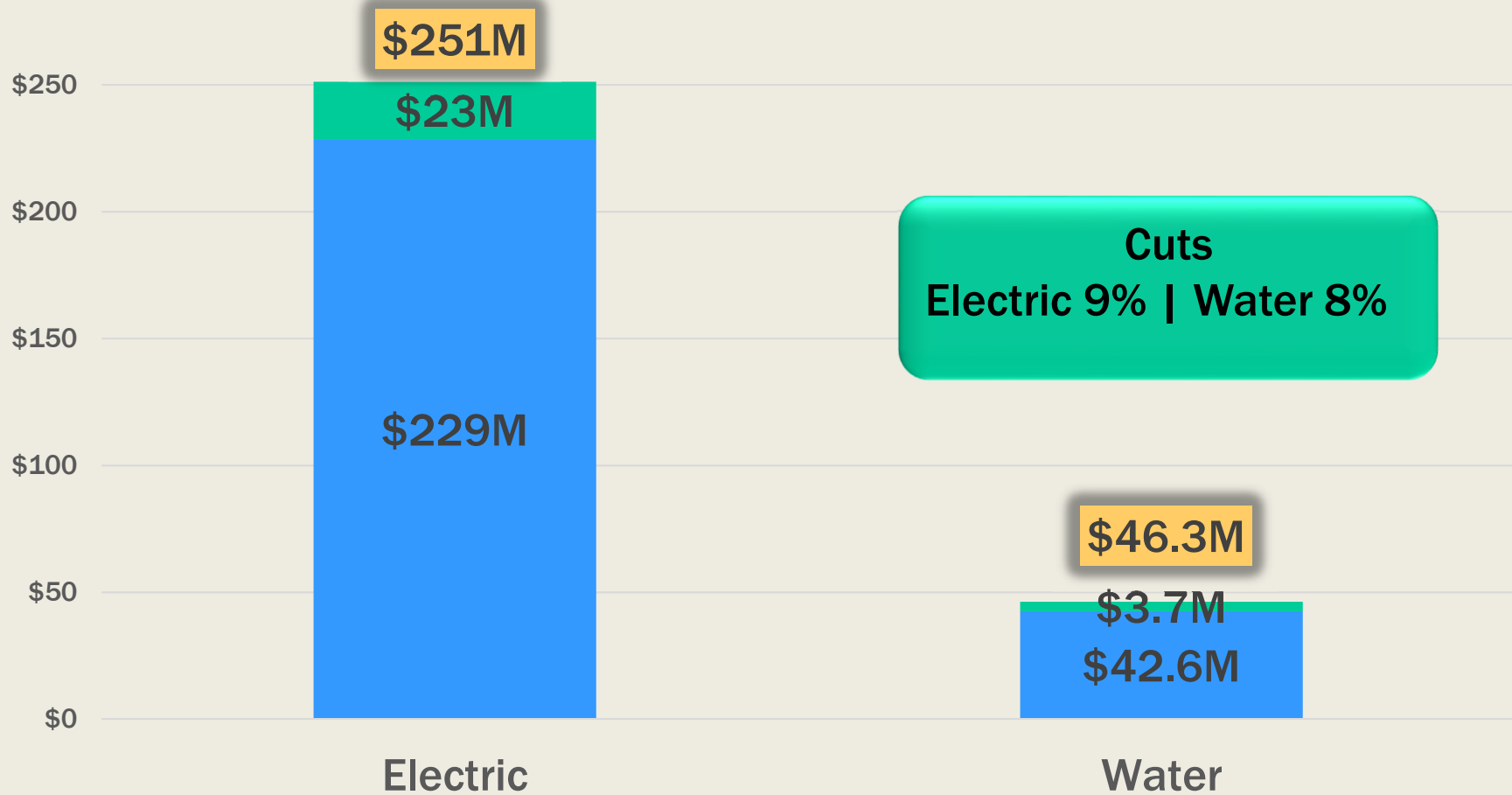
FY2020



BUDGET PRESENTATION

January 22, 2019

FY2020 BUDGET HIGHLIGHTS



WATER FUND BUDGET HIGHLIGHTS

Projected FY20

Begin

- \$6.8M Cash
- 106 Days

Use

- \$3.8M Cash
- 59 Days

End

- \$3M Cash
- 47 Days

WATER FUND BUDGET HIGHLIGHTS

- Revenues flat
- Expenses up \$6.1 million
 - **↑\$6M** Bond Projects (Water Filtration Project)
 - **↑\$1.4M** Other Capital
 - **↓\$400K** Operating / Auxiliary
 - **↓\$900K** Debt Service

ELECTRIC FUND BUDGET HIGHLIGHTS

Projected FY20

Begin

- \$34.8M Cash
- 64 Days

Use

- \$2.3M Cash
- 4.5 Days

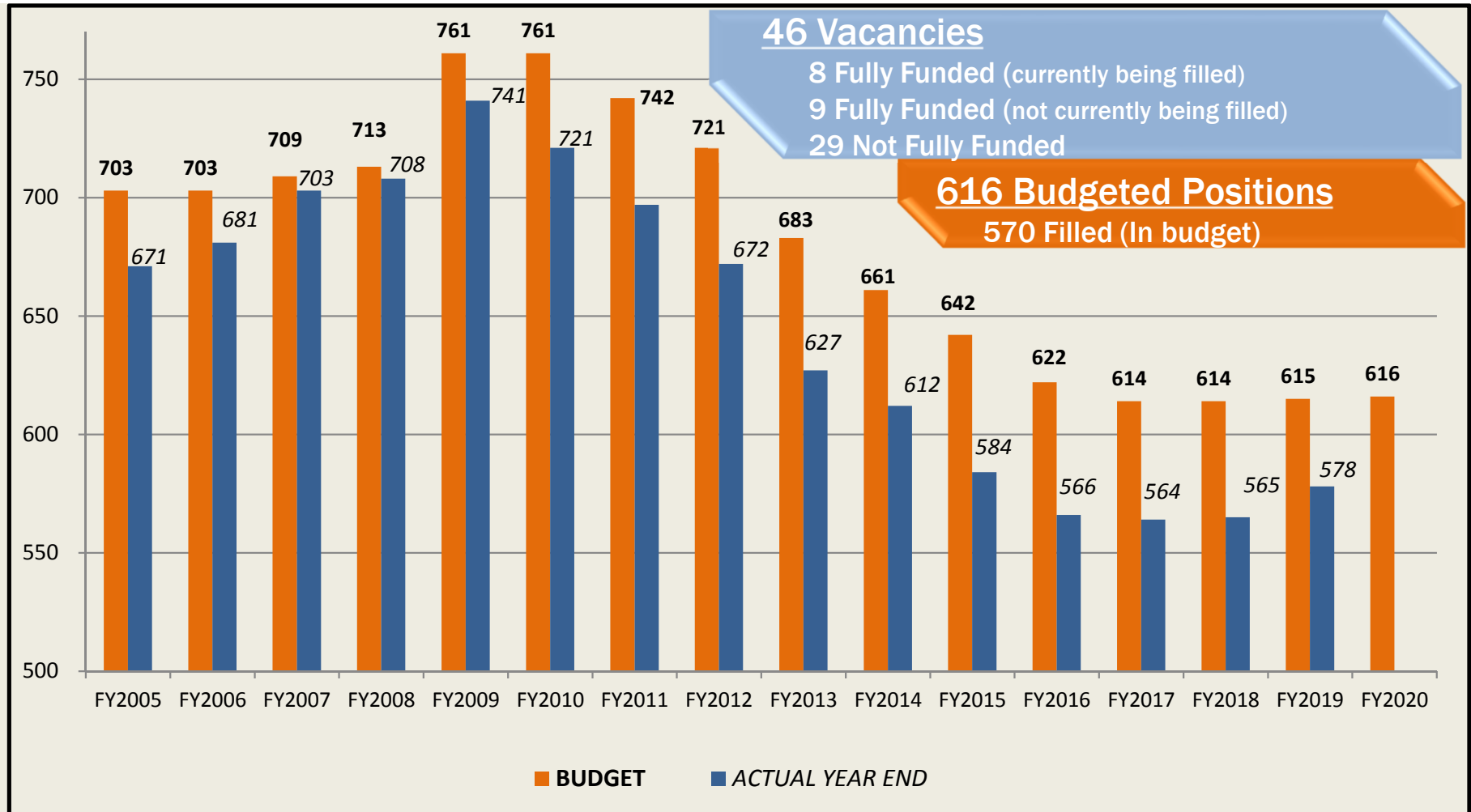
End

- \$32.5M Cash
- 59.5 Days

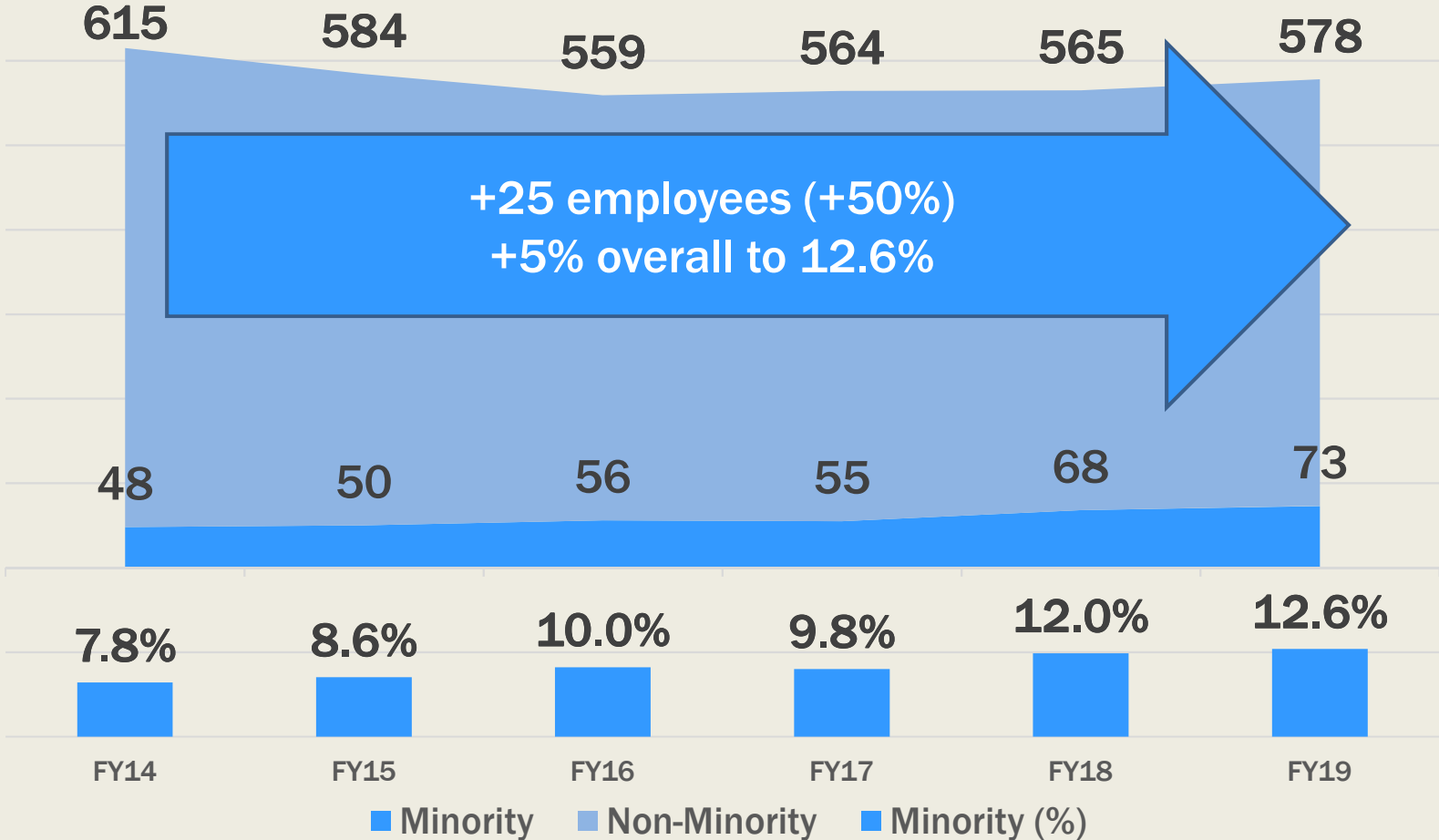
ELECTRIC FUND BUDGET HIGHLIGHTS

- **↑ \$6.8M (30%) Wholesale Sales**
- **↓ \$17.6M Expenses (\$16.1M Wind)**
- **↓ \$1M Capacity Revenues (down ~\$6M over 3 yrs.)**
- **↑ \$1M PILOT**
- **↑ \$1M Debt Service**

CWLP HEADCOUNT TREND



EMPLOYEE DEMOGRAPHICS



CWLP'S CONTRIBUTION TO CORPORATE FUND

Free Services

	FY2017	FY2018	FY2019 Projection	FY2020 Budget	
<ul style="list-style-type: none"> Street light maintenance & electricity for ~ 17,500 lights 	ELECTRIC FUND:				
	PILOT	\$7,965,387	\$7,958,106	\$8,162,904	\$9,115,614
	Free Services	\$4,449,904	\$4,510,896	\$4,522,739	\$4,534,582
<ul style="list-style-type: none"> Traffic light maintenance & electricity for ~ 300 intersections 	Shared Services Payment	NA	NA	\$1,126,610	\$1,182,941
	Electric Total	\$12,415,291	\$12,469,002	\$13,812,253	\$14,833,137
	WATER FUND:				
	PILOT	\$439,950	\$425,392	\$429,689	\$428,896
<ul style="list-style-type: none"> ISD services to City Corporate fund 	Free Services	\$411,827	\$394,847	\$388,425	\$382,002
	Shared Services Payment	NA	NA	\$234,990	\$246,740
	Water Total	\$851,777	\$820,239	\$1,053,104	\$1,057,638
<ul style="list-style-type: none"> Water for street cleaning, sewer flushing, and fire fighting 	CWLP Total	\$13,267,068	\$13,289,241	\$14,865,357	\$15,890,775
	Annual Increase		\$22,173	\$1,576,115	\$1,025,418
	Electric PILOT increasing from 3.35% to 3.75% per 2015 Ordinance				

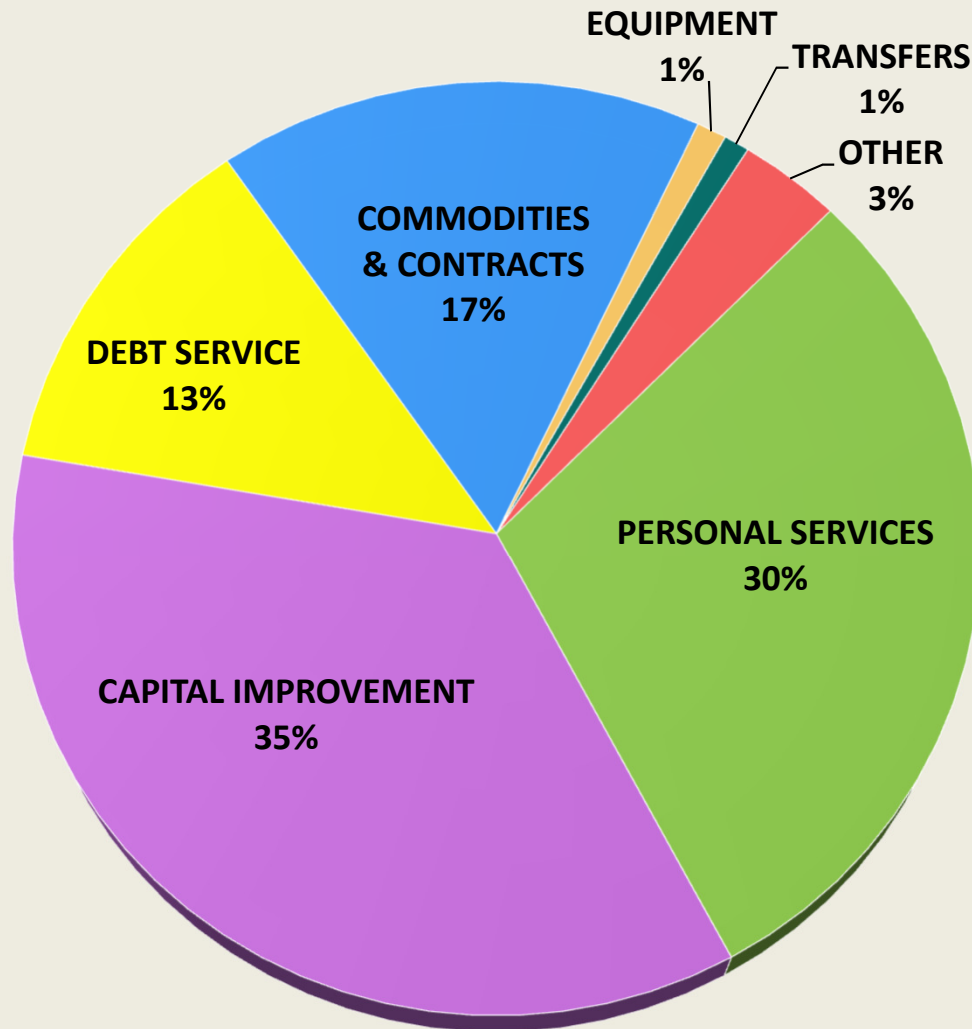
CWLP BUDGET HEARING

Water Fund Budget



January 22, 2019

FY2020 WATER FUND EXPENSES

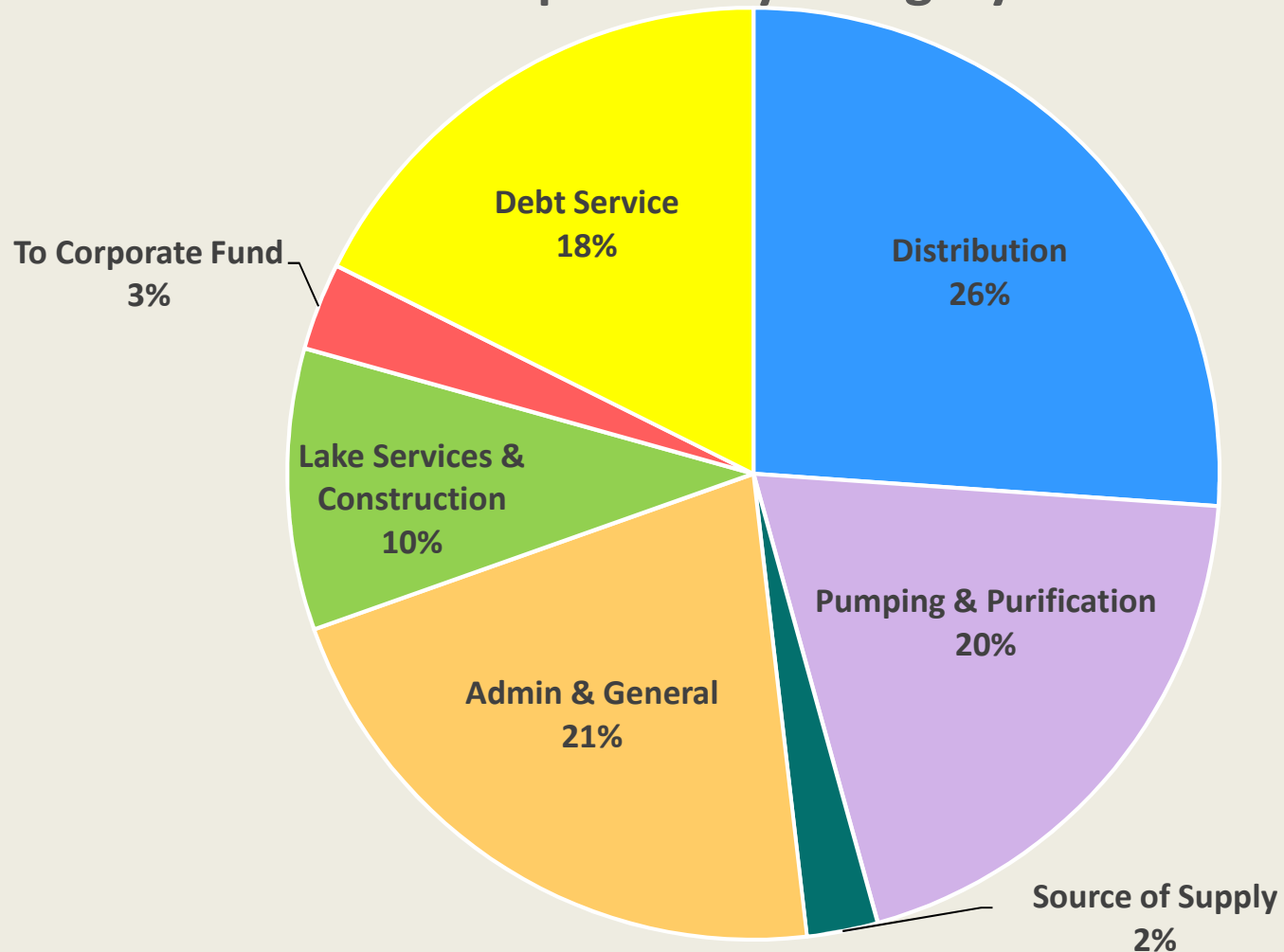


WATER FUND EXPENSES

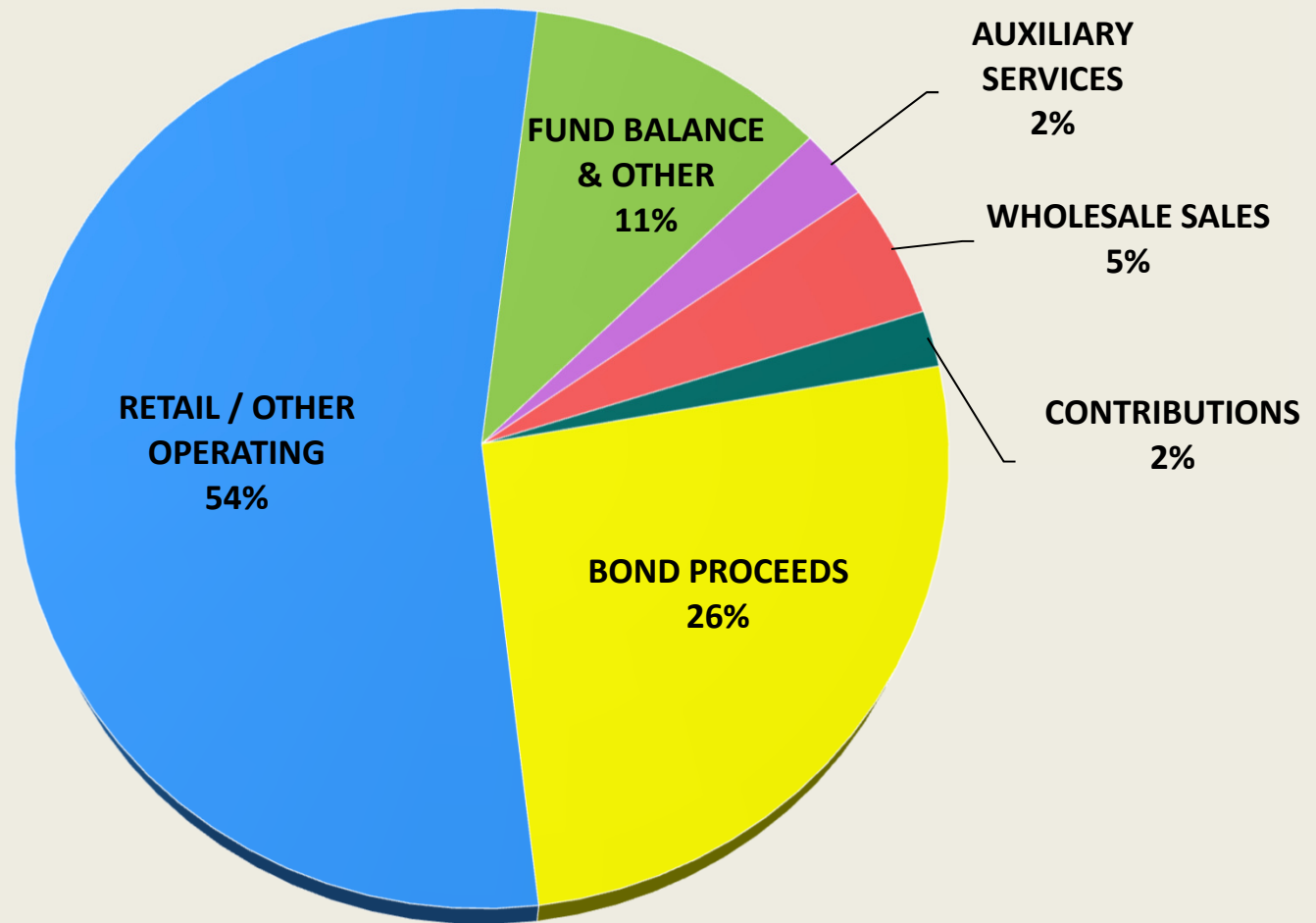
	BUDGETED EXPENSES			
	FY2020	FY2019	\$ VARIANCE	% VARIANCE
PERSONAL SERVICES	\$ 14,541,923	\$ 14,353,618	\$ 188,305	1.3%
CAPITAL IMPROVEMENTS	17,397,110	10,356,165	7,040,945	68.0%
COMMODITIES/CONTRACTS	8,213,759	8,621,391	(407,632)	-4.7%
DEBT SERVICE	6,165,018	7,057,398	(892,380)	-12.6%
EQUIPMENT	502,449	403,150	99,299	24.6%
TRANSFERS	432,325	425,762	6,563	1.5%
OTHER	1,725,506	1,629,900	95,606	5.9%
TOTAL	\$ 48,978,090	\$ 42,847,384	\$ 6,130,706	14.3%

FY2020 WATER FUND EXPENSES

Expenses by Category



FY2020 WATER FUND RESOURCES

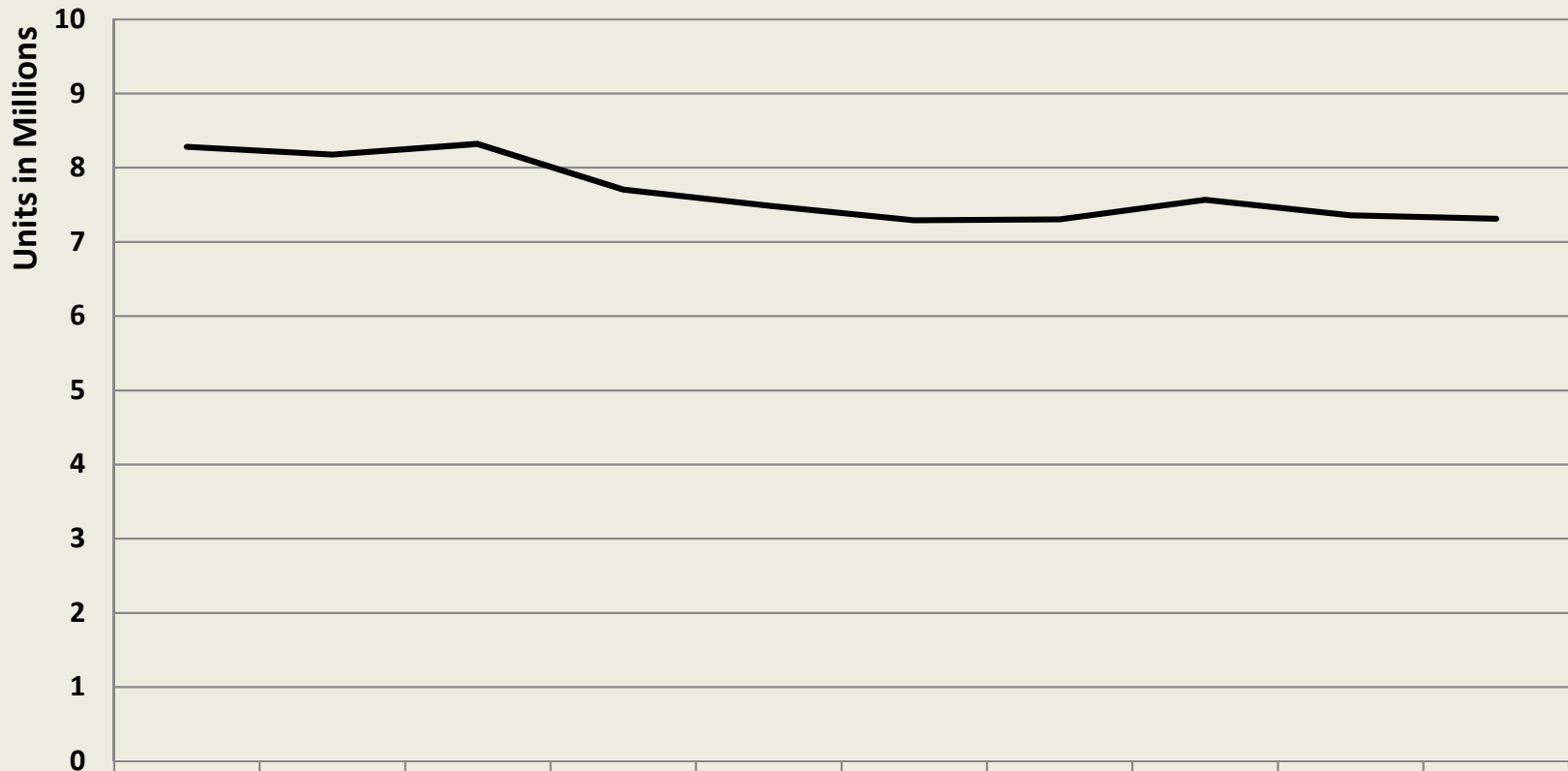


WATER FUND RESOURCES

	BUDGETED RESOURCES			
	FY2020	FY2019	\$ VARIANCE	%VARIANCE
RETAIL & OTHER OPERATING	\$ 26,395,044	\$ 26,432,848	\$ (37,804)	-0.1%
BOND PROCEEDS	12,693,073	6,664,406	6,028,667	90.5%
FUND BALANCE & OTHER	5,298,451	5,115,228	183,223	3.6%
WHOLESALE SALES	2,370,497	2,508,257	(137,760)	-5.5%
AUXILIARY SERVICES	1,268,988	1,255,884	13,104	1.0%
CONTRIBUTIONS	992,957	1,297,620	(304,663)	-23.5%
TOTAL	\$ 49,019,010	\$ 43,274,243	\$ 5,744,767	13.3%

WATER RETAIL SALES TREND

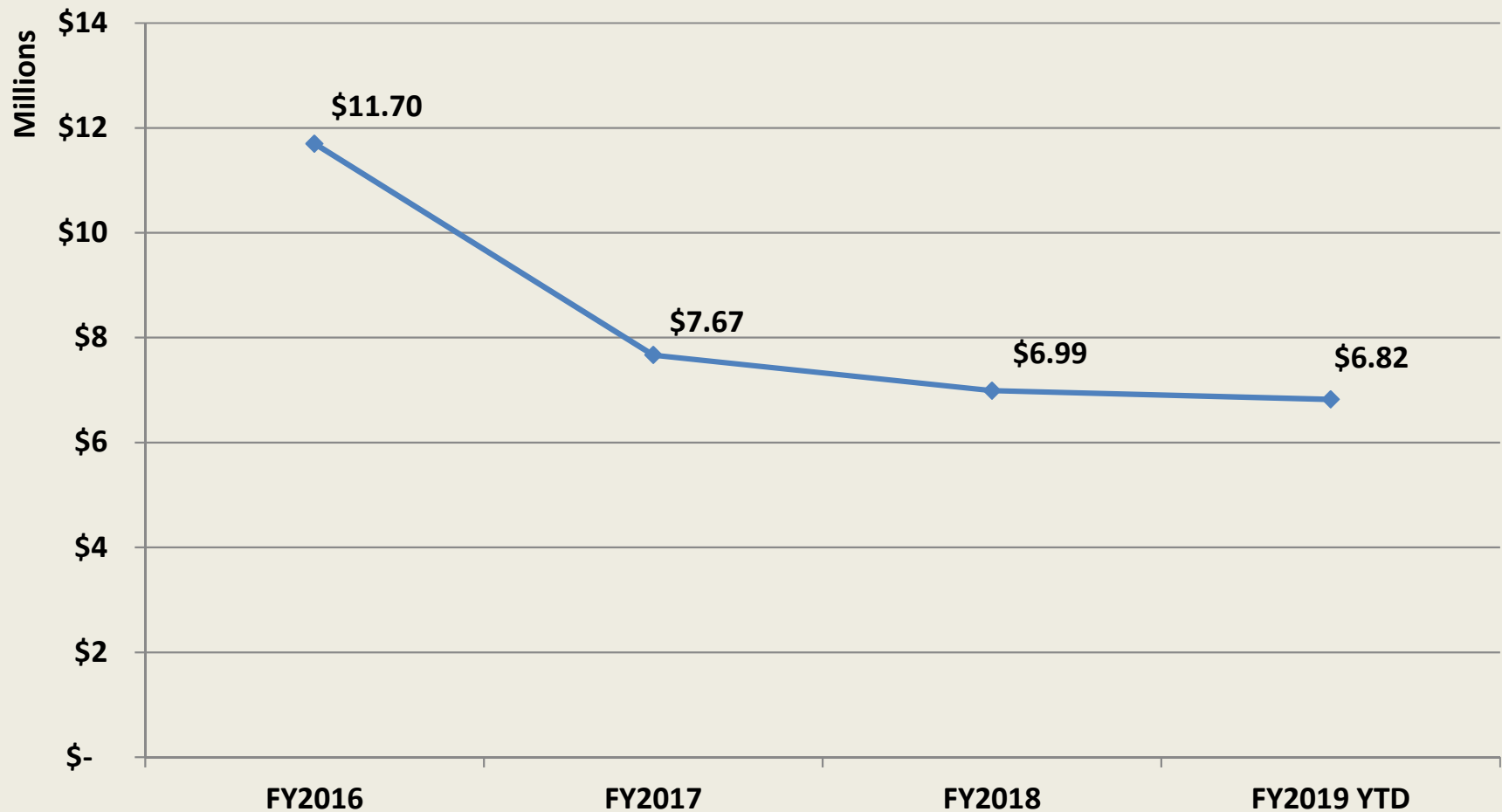
1 UNIT = 748 GALLONS



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Estimated FY19	Budgeted FY20
— RETAIL UNITS	8,280,262	8,176,708	8,320,275	7,705,445	7,489,343	7,291,588	7,305,191	7,566,393	7,357,626	7,310,706

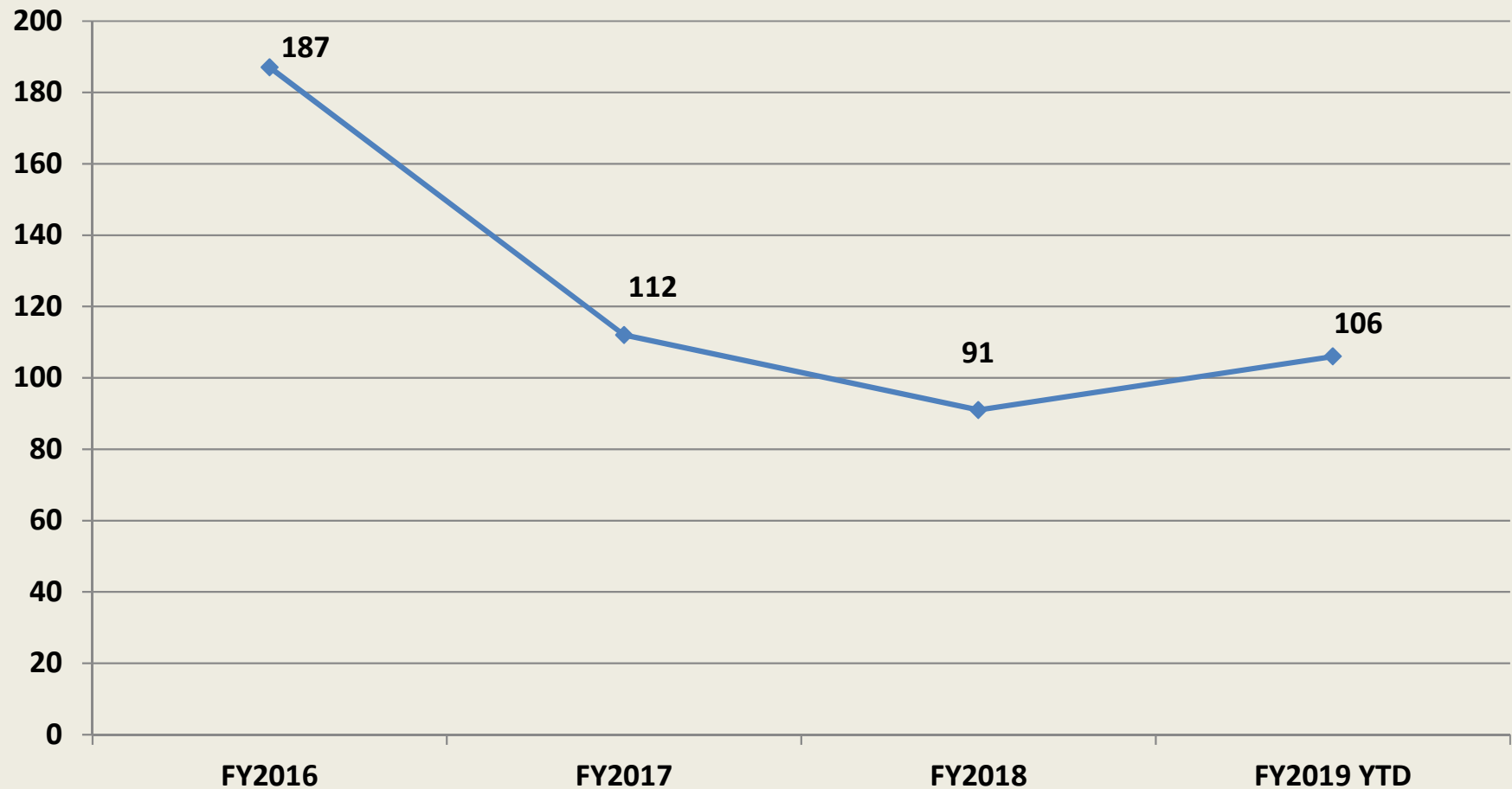
WATER FUND BALANCES

End of Year Cash Balance



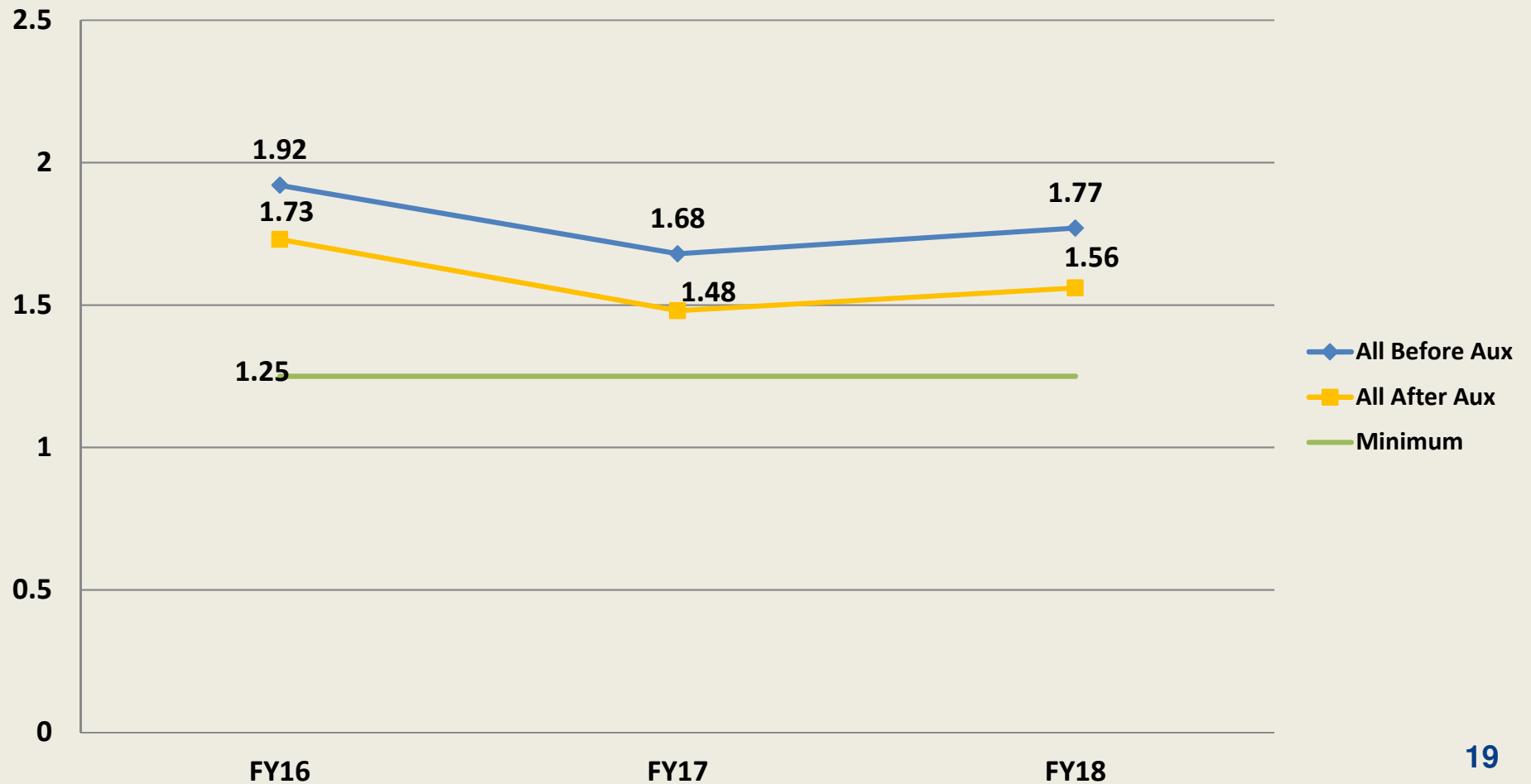
WATER FUND DAYS OF CASH

End of Year Days of Cash



WATER FUND DEBT COVERAGE

All-In Debt Coverage



WATER FUND VEHICLES

WATER FUND PROJECTS

- Water Purification Plant Equipment Upgrades
 - Filter Additions & Renovations - \$6.875M (Bonds)
 - Lime Pond Engineering - \$250,000
- New Water Distribution Complex
 - FY2020: Architectural Design & Land Acquisition - \$1M
- Mains, Meters, Hydrants/ Street Maintenance - \$2.56M
 - Upgrades \$755,000
 - Additions - \$630,000
 - Railroad Consolidation, Archer Elevator, Stanford Ave - \$450,000
 - Change 3,000 meters to AMR - \$400,000

WATER FUND PROJECTS

ANNUAL LONG TERM PROJECTS

- Best Management Practices – Lake Springfield Watershed
 - \$250k-\$300k per year for 10-20 years
 - Applying for grants

- Install Sewer on all Lake Properties
 - 311 properties still on septic, past averages 35-40 per year
 - \$250k-\$300k per year for 5-7 years ~ \$1.88M
 - Pending - Chapter 96 changes will speed up conversion process

- Installation of Automated Meter Reading
 - 31,030 meters out of 52,243 to install
 - \$375k-\$600k Per year for 8-9 years ~ \$7.5M
 - Increased spending would reduce labor costs & avoid technology changes

WATER FUND FUTURE PROJECTS

BONDED PROJECTS

- Supplemental Water Supply : \$110M - \$150M
 - FY20 Land Purchases - \$2.75 million
 - FY20 Legal / Appraisal - \$200,000
 - FY20 Engineering - \$2.75 million

- Water Main Replacement Programs
 - \$1M for 1 mile per year for next 20-30 years

- Lead Service Line Replacement Program
 - Future Requirement by USEPA and State Law
 - 8,000-12,000 lead service lines
 - \$40M - \$60M over next 10-20 years

WATER FUND CONCERNS

- Water sales flat, debt coverage dropping and cash position dropping
 - Less revenue available for infrastructure
 - Low customer charge – sensitive to changes in demand
- Lead Service Line Replacement Requirement
- Water Main Replacement Behind Schedule
 - 10% of Mains over 100 years old and 25% over 75 years old
- Water Meter Replacement Program
- Lime Sludge Handling/Ponds Relocation (CCR)
- Uncertainty of Supplemental Water Supply
- Relocation of Water Distribution Facility

WATER FUND ACCOMPLISHMENTS

- 3,887 AMR water meters installed
- 279 miles of water main surveyed for leaks
- 126 new water services, 1.29 miles of water main, 38 fire hydrants and 88 valves installed
- Patched over 150 tons of asphalt on lake roads, parking lots, and fishing areas
- Idlewild & Linden Ln – Repaired drainage system and paved road
- Stabilized 8,603 feet of shoreline
- Connected 14 lake lease homes to sanitary sewer

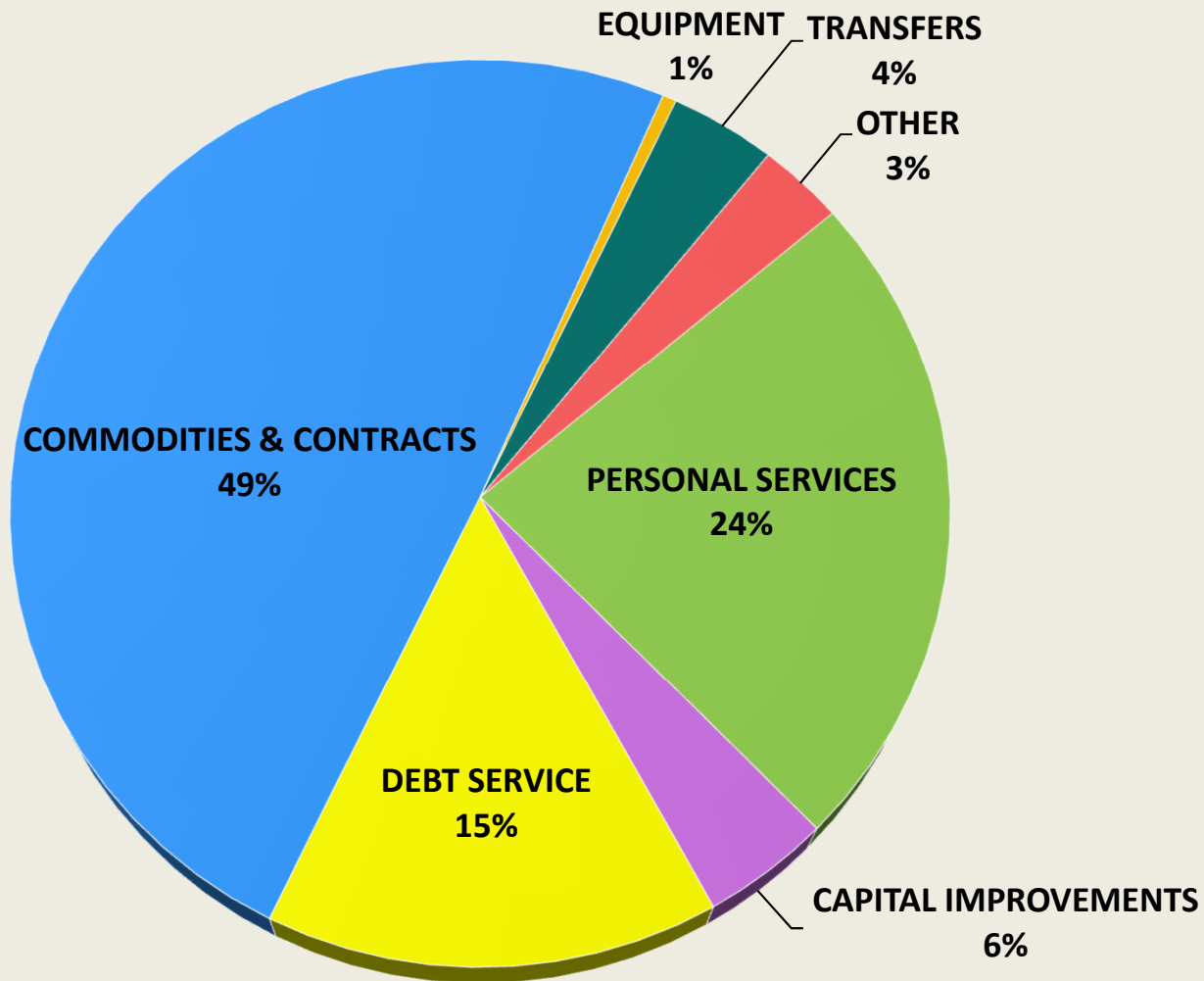
CWLP BUDGET HEARING

Electric Fund Budget



January 22, 2019

FY2020 ELECTRIC FUND EXPENSES



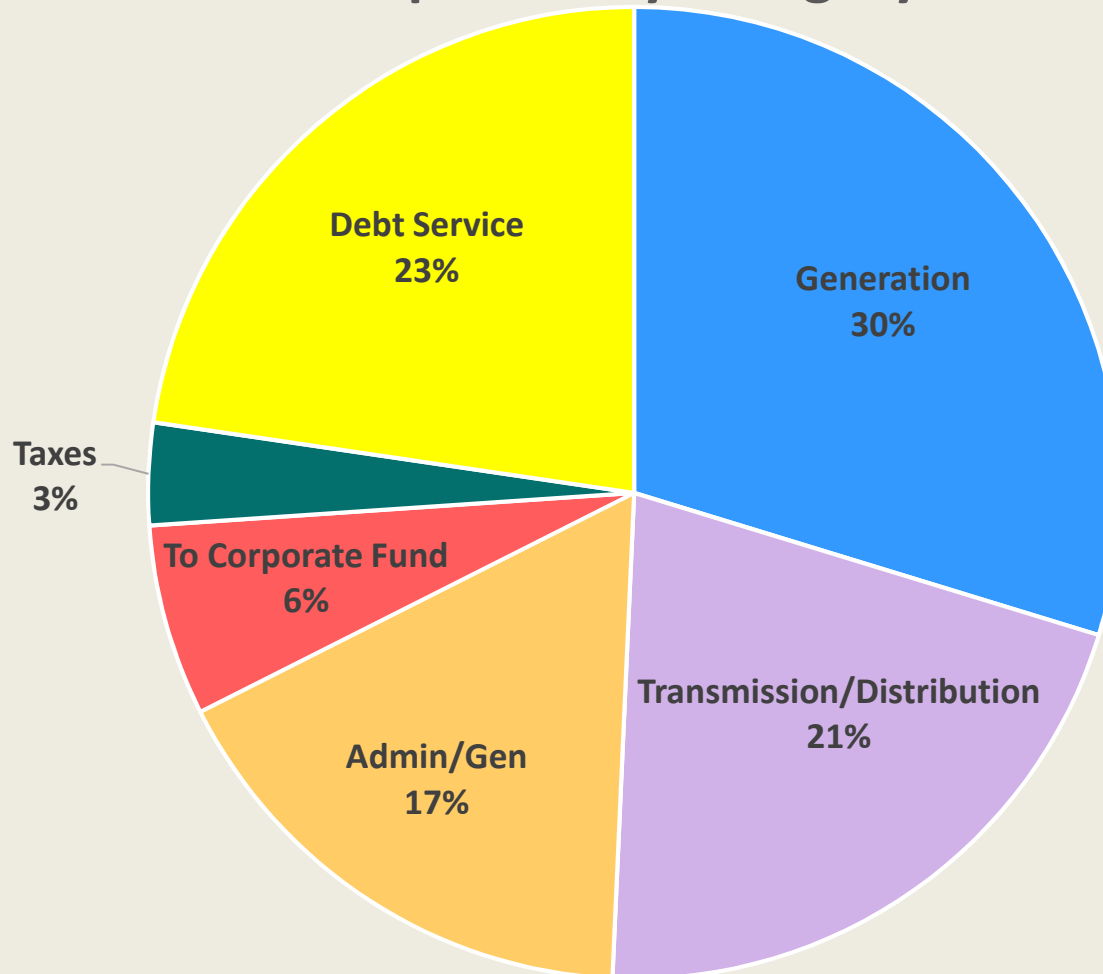
ELECTRIC FUND EXPENSES

BUDGETED EXPENSES

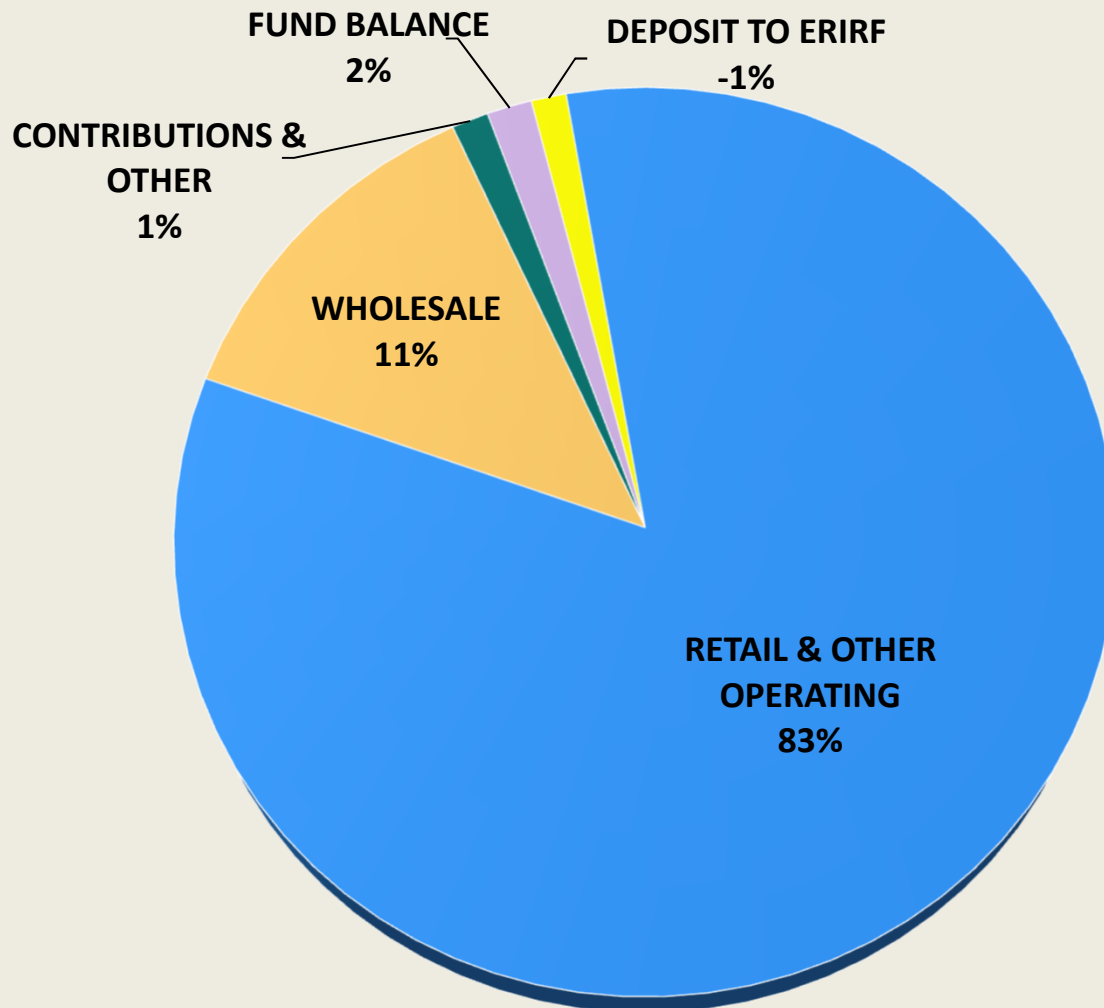
	FY2020	FY2019	\$ VARIANCE	% VARIANCE
PERSONAL SERVICES	\$ 57,628,609	\$ 57,983,571	\$ (354,962)	-0.6%
CAPITAL IMPROVEMENTS	10,473,597	10,767,672	(294,075)	-2.7%
DEBT SERVICE	36,680,475	35,452,725	1,227,750	3.5%
COMMODITIES & CONTRACTS	119,710,082	138,005,438	(18,295,356)	-13.3%
EQUIPMENT	1,187,618	2,445,350	(1,257,732)	-51.4%
TRANSFERS	9,115,614	8,162,904	952,710	11.7%
OTHER	7,413,823	6,989,204	424,619	6.1%
TOTAL	\$ 242,209,818	\$ 259,806,864	\$ (17,597,046)	-6.8%

FY2020 ELECTRIC FUND EXPENSES

Expenses by Category



FY2020 ELECTRIC FUND RESOURCES

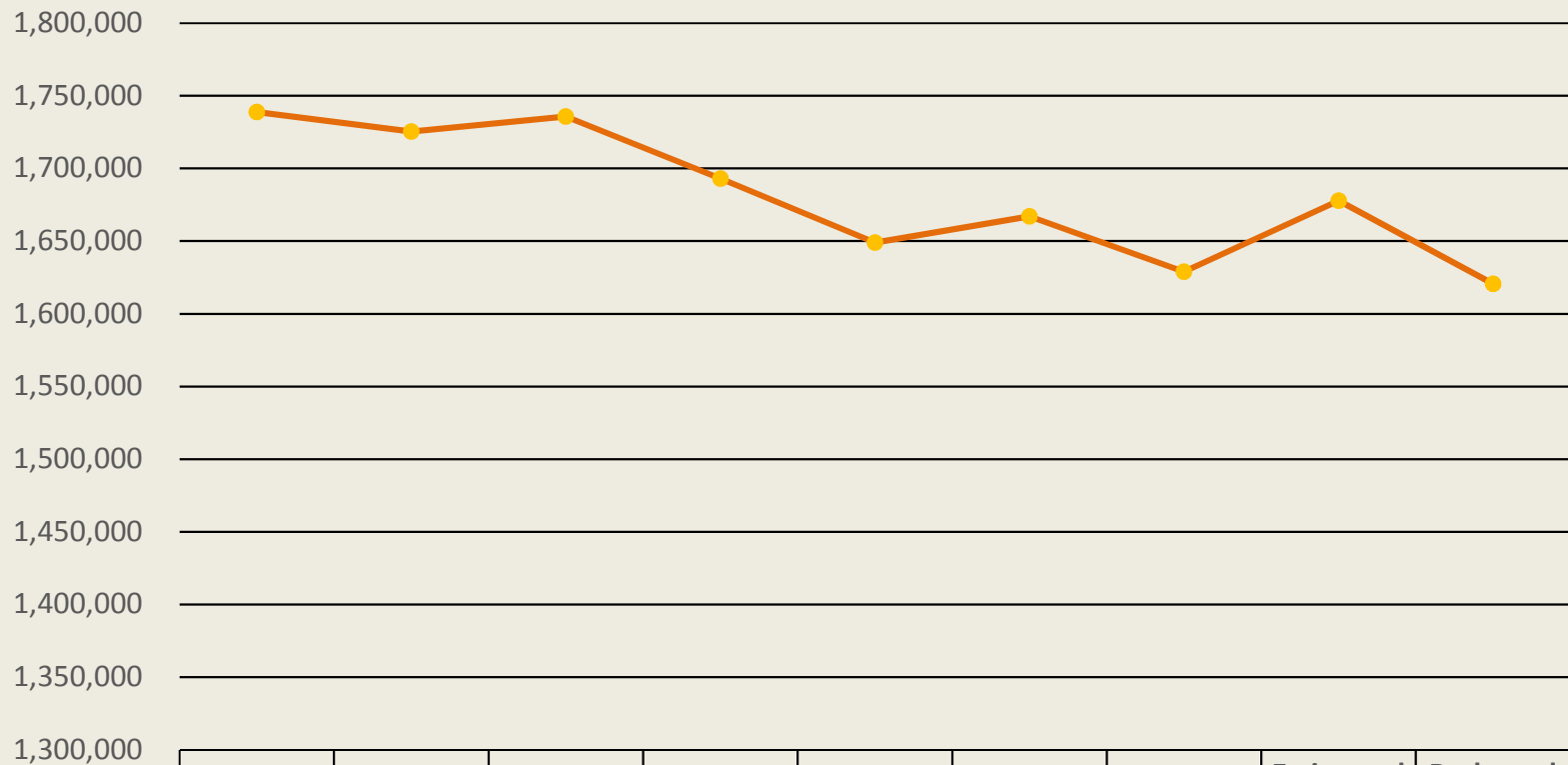


ELECTRIC FUND RESOURCES

	BUDGETED RESOURCES			
	FY2020	FY2019	\$ VARIANCE	% VARIANCE
RETAIL & OTHER OPERATING	\$206,583,062	\$231,893,528	\$ (25,310,466)	-10.9%
WHOLESALE	31,579,800	25,793,633	5,786,167	22.4%
FUND BALANCE	3,966,000	2,455,000	1,511,000	61.5%
CONTRIBUTIONS & OTHER	3,240,500	2,132,712	1,107,788	51.9%
DEPOSIT TO ERIRF	-3,079,119	-3,250,790	171,671	-5.3%
TOTAL	\$ 242,290,243	\$ 259,024,083	\$ (16,733,840)	-6.5%

ELECTRIC RETAIL SALES TREND

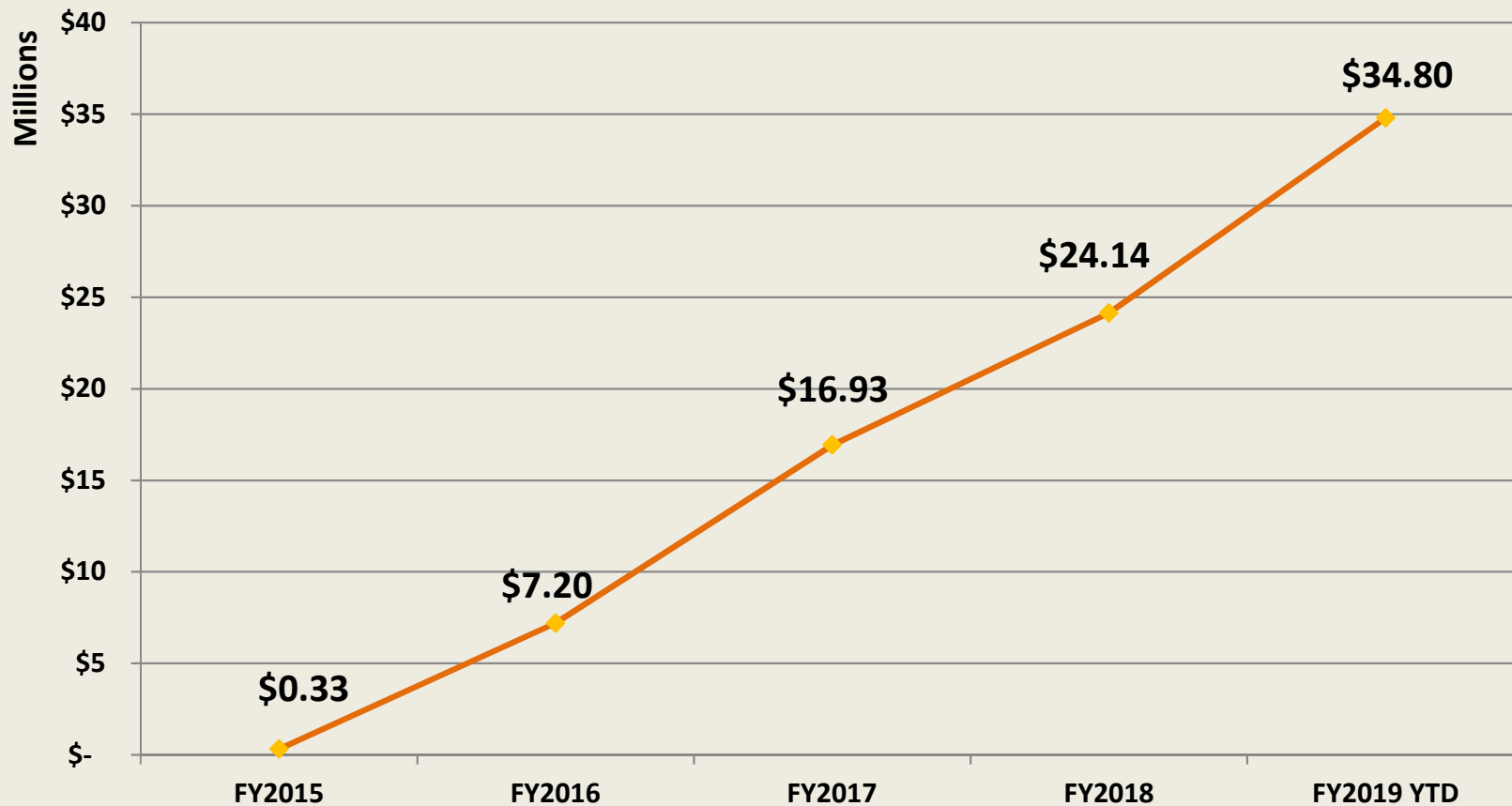
Retail MWH



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Estimated FY19	Budgeted FY20
● Retail MWH	1,738,880	1,725,328	1,735,828	1,693,051	1,649,039	1,666,960	1,629,072	1,677,944	1,620,588

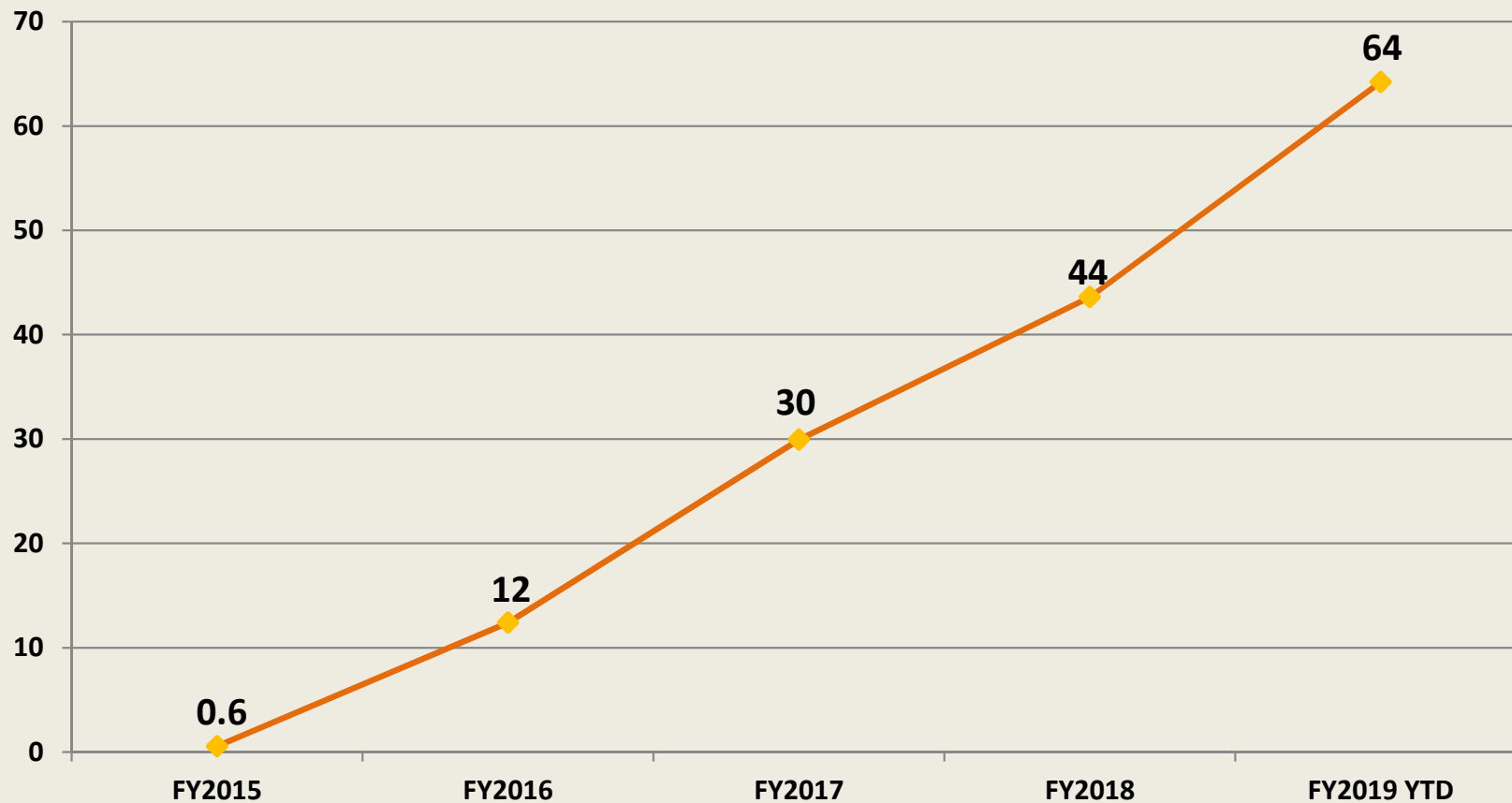
ELECTRIC FUND BALANCES

End of Year Cash Balance

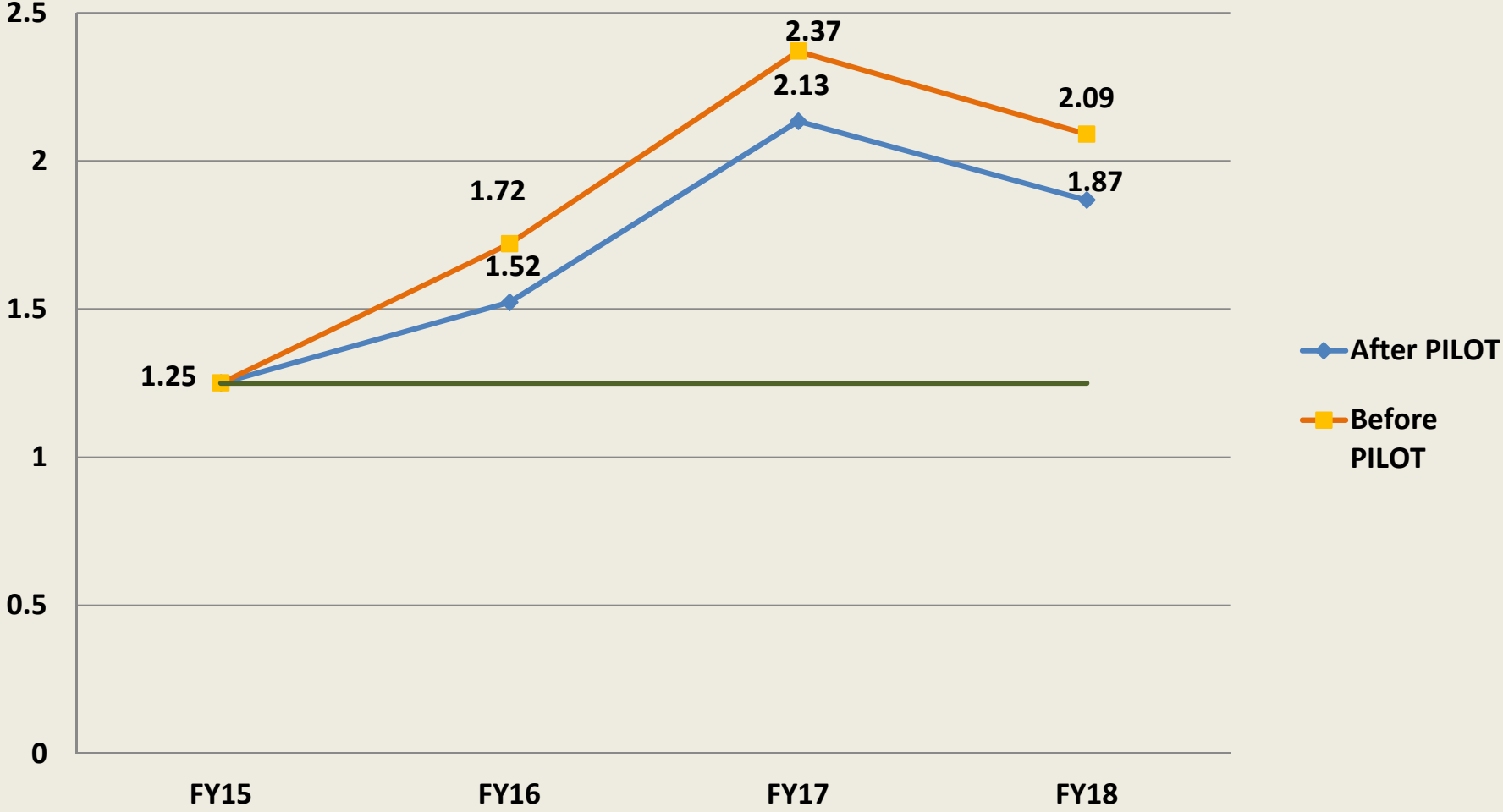


ELECTRIC FUND DAYS OF CASH

End of Year Days of Cash



ELECTRIC FUND DEBT COVERAGE



ELECTRIC FUND VEHICLES

ELECTRIC FUND PROJECTS

- Transmission & Distribution Projects
 - Overhead Projects
 - Line Clearance - \$2,750,000
 - Pole Replacement Program - \$315,000
 - LED Street Lighting Upgrade - \$225,000
 - Iron Bridge / Woodside Pole Relocation - \$75,000
 - Dispatch Center & MCW Data Center Relocation
 - Architectural Design & Land Acquisition - \$550,000

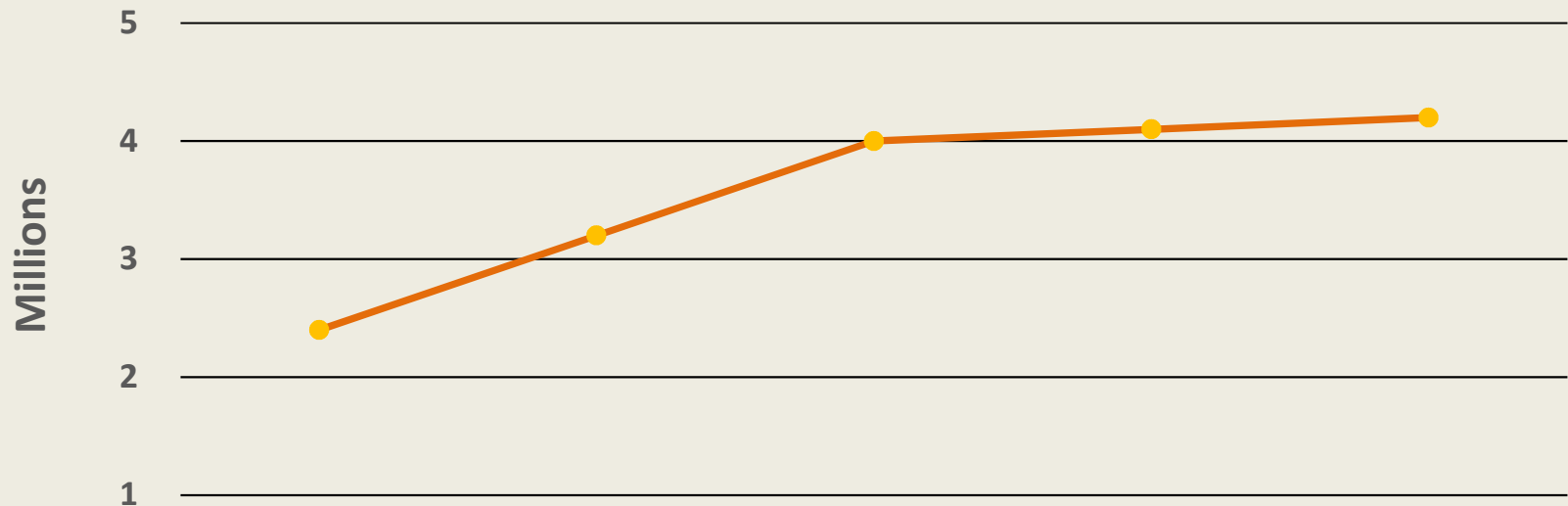
ELECTRIC FUND PROJECTS

- Transmission & Distribution Projects
 - Underground Rebuilds
 - Northbrook / Hidden Valley - \$350,000
 - Hanover Hills - \$230,000
 - Johnson Park - \$135,000
 - Grand Valley Village - \$50,000
 - Integrated Resource Plan
 - Renewable Energy RFP
 - Cost of Service Study

ELECTRIC FUND PROJECTS

- Power Plant Projects
 - Unit 4 & 33 Mill Rebuilds - \$1.1 million
 - Unit 4 Turbine Valve Rebuild - \$500,000
 - Unit 4 Air Heater Basket Replacement - \$300,000
 - Unit 33 Stack Improvements - \$275,000
 - Interstate Generator Breaker Replacement - \$275,000

CWLP'S SHARE OF MISO PROJECTS

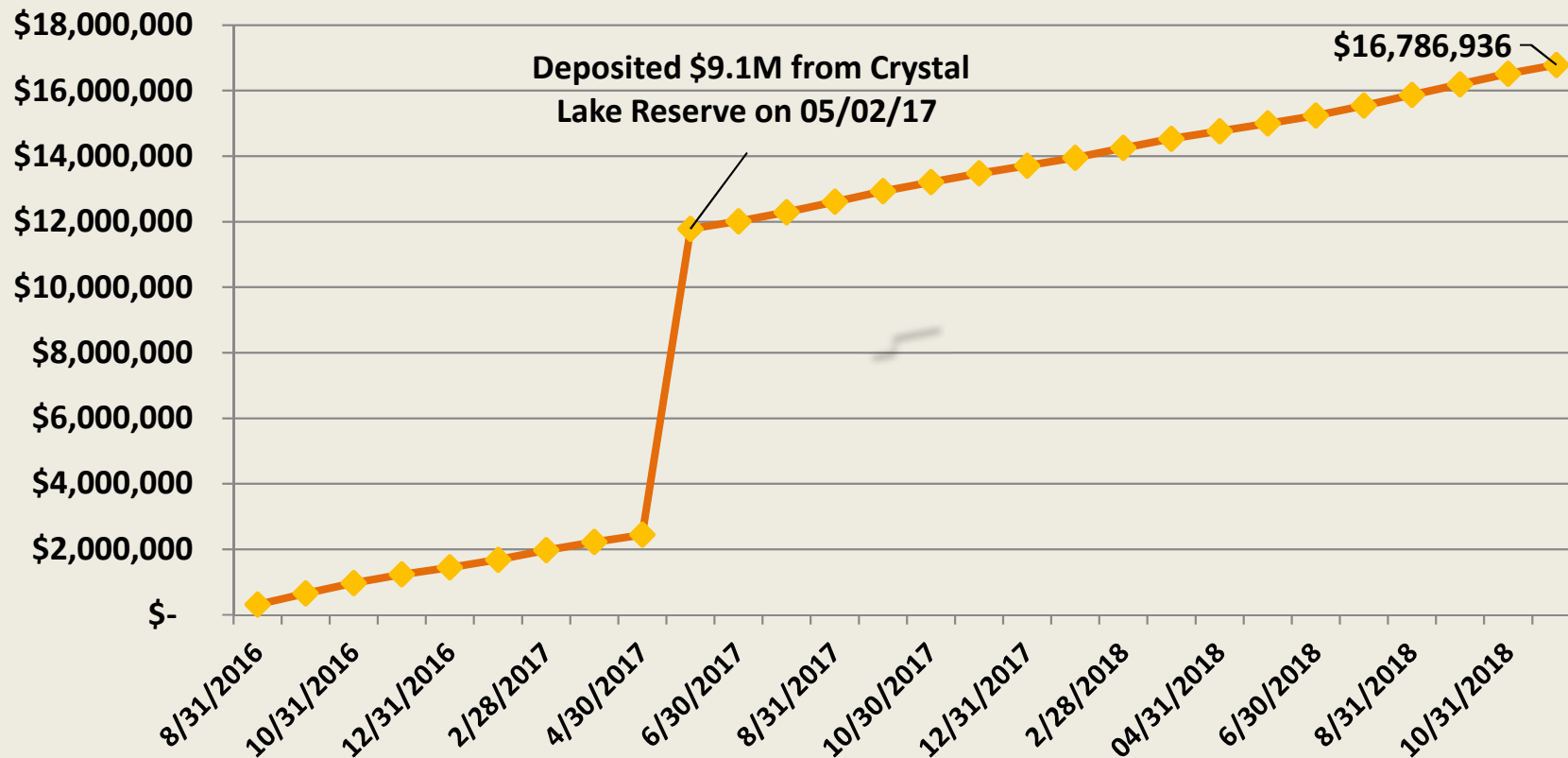


	FY16	FY17	FY18	FY19	FY20
● Budgeted Amount	2,400,000	3,200,000	4,000,000	4,100,000	4,200,000

- No cost recovery mechanism – IOU's can recover via rates
- Transmission lines for socializing wind power

ELECTRIC FUND ERIRF BALANCE

Environmental and Regulatory Initiatives and Rebate Fund



ELECTRIC FUND CONCERNS

- Aging Infrastructure
 - 36 subdivisions average 45 years old
 - 16,000 poles 50 years or older (41,000 total)
 - 49 high voltage (69Kv) breakers 40 years old or older (104 total)
- Continuing load decline lowers revenue
- Lack of Distributed Energy Rate
- Increase in MISO Transmission costs
- Environmental Regulations
 - Coal Combustion Residual (Ash Ponds)
- Dispatch Center & MCW Data Center relocation

ELECTRIC FUND ACCOMPLISHMENTS

- Customer Outage Map
- Electric Vehicle Rate & High Load Factor Rate
- Over 800 LED installations and 300 pole change outs
- Ash Street Underpass Rebuild
- Indian Hills Underground Rebuild
- Passed NERC Compliance Audit
- 250kw Solar farm, mySOLAR program
- ISD - Permitting, Land & Licensing for Cityworks

ACCOMPLISHMENTS

Energy Services & Community Programs

- 135 Efficiency Rebates (Heat Pumps, HE Toilets)
- 8 Helping Homes Low Income Efficiency Retrofits
- 86 Home Energy Audits
- 154 Technical Assistance, Usage Analysis
- 335 Customer Assistance, Workshops and Events
- 30% mySolar Subscribed from December 2018 launch
- 112 Families Received Project RELIEF bill assistance
- \$22,976 Customer Donations for Round Up to help the Homeless

CWLP BUDGET HEARING

The End



January 22, 2019