



Sheboygan Board of Water Commissioners

Sheboygan Water Utility
WI PSC Utility No. 5370
72 Park Avenue
Sheboygan, Wisconsin

2023 Budget

Budget provides for annual investment of **\$39,136,204** in all phases of Water Utility operations.

Revenues

| | |
|---|-------------------------|
| Budgeted annual revenue total for 2023 | \$13,564,834 |
| Estimated annual revenue total as of December 31, 2022 | \$20,585,906 (1) |
| Projected revenues for 2023 expected to increase (decrease) | -\$7,021,072 |

Expenditures

| | Estimated 2022 | Budget 2022 | Budget 2023 | Budget Increase (Decrease) | Percent Change |
|--------------------------------------|---------------------|---------------------|-------------------------|-------------------------------|-------------------|
| <u>Expenditure by Classification</u> | | | | | |
| Labor | \$1,935,526 | \$1,865,029 | \$2,146,440 | \$281,411 | 15.1% |
| Source of supply | \$14,000 | \$18,000 | \$18,000 | \$0 | 0.0% |
| Pumping | \$520,634 | \$597,120 | \$601,220 | \$4,100 | 0.7% |
| Water treatment | \$765,882 | \$781,000 | \$852,521 | \$71,521 | 9.2% |
| Transmission & distribution | \$503,159 | \$426,100 | \$439,300 | \$13,200 | 3.1% |
| Customer accounts | \$103,364 | \$70,150 | \$77,150 | \$7,000 | 10.0% |
| Administrative & general | \$2,296,332 | \$2,529,171 | \$3,215,686 | \$686,515 | 27.1% |
| Taxes | \$1,290,295 | \$1,441,800 | \$1,341,128 | -\$100,672 | -7.0% |
| Capital outlay | \$18,717,000 | \$19,777,000 (2) | \$29,754,500 (3) | \$9,977,500 | 50.5% |
| Interest on bonds | \$441,113 | \$441,113 | \$690,260 | \$249,147 | 56.5% (4) |
| Totals | \$26,587,306 | \$27,946,484 | \$39,136,204 | \$11,189,721 | 40.0% |

1) New water rates in effect 2/1/2022. Includes \$9.55M in one-time ARPA grants.

2) Includes \$18M for Raw Water Improvements (RWI) project construction/engineering.

3) Includes \$27.789M for RWI construction/engineering.

4) Increase due to new RWI debt.

Sheboygan's water rates remain among the lowest in the state for class AB utilities serving more than 5,000 customers.



CASH AND BUDGET SUMMARY

2023

| | Budget 2022 | Estimate 2022 | Budget 2023 |
|---|---------------------------|---------------------------|---------------------------|
| <u>REVENUES</u> | | | |
| Cash Balance January 1 (including bond reserves) | \$7,805,338 | \$8,963,486 (1) | \$9,349,430 |
| <u>Current Revenues</u> | | | |
| Total sales of water | \$8,767,695 | \$8,359,772 | \$8,276,174 |
| Other operating revenues (other sales) | \$2,268,637 | \$2,071,946 | \$2,061,777 |
| Non-operating revenues (rent, interest) | \$93,800 | \$119,188 | \$127,483 |
| Non-operating revenues (WDNR lead grants & SWU loan repayments) | \$710,000 | \$485,000 | \$1,074,400 |
| Contributions in aid of construction | \$25,000 | \$9,550,000 (5) | \$2,025,000 (6) |
| Total current revenues | \$11,865,132 | \$20,585,906 | \$13,564,834 |
| Total reserves available | \$19,670,470 | \$29,549,392 | \$22,914,264 |
| <u>EXPENDITURES</u> | | | |
| <u>Operation & Maintenance</u> | | | |
| Source of supply | \$19,500 | \$15,500 | \$19,500 |
| Pumping | \$825,008 | \$759,666 | \$870,132 |
| Water treatment | \$1,348,121 | \$1,315,203 | \$1,468,307 |
| Transmission & distribution maintenance | \$1,018,504 | \$1,160,232 | \$1,162,080 |
| Customer accounts | \$285,966 | \$306,965 | \$301,110 |
| Taxes | \$1,441,800 | \$1,290,295 | \$1,341,128 |
| Administrative & general (not including LSL grants) | \$1,639,471 | \$1,721,332 | \$1,719,186 |
| Total operation & maintenance | \$6,578,370 | \$6,569,192 | \$6,881,444 |
| <u>Other Expenditures</u> | | | |
| Capital outlay | \$19,777,000 | \$18,717,000 (3) | \$29,754,500 |
| Safe Drinking Water Loan proceeds (includes BAN payoff of \$3.2M in debt service) | -\$21,200,000 | -\$10,550,000 (4) | -\$25,789,000 |
| Water revenue bond proceeds | \$0 | \$0 | \$0 |
| Debt service (including principal and interest, and BAN payoff) | \$4,553,769 | \$4,603,770 (2) | \$1,780,897 |
| Non-operating grant - SWU LSL grants to customers | \$50,000 | \$50,000 | \$50,000 |
| Non-operating - SWU LSL loans to customers | \$550,000 | \$405,000 | \$897,600 |
| Non-operating grant - WDNR LSL grants to customers | \$550,000 | \$405,000 | \$862,400 |
| Total other expenditures | \$4,280,769 | \$13,630,770 | \$7,556,397 |
| Total expenditures | \$10,859,140 | \$20,199,962 | \$14,437,841 |
| <u>Cash & Receivables Balance -December 31</u> | <u>\$8,811,330</u> | <u>\$9,349,430</u> | <u>\$8,476,423</u> |
| (Total reserves - Total expenditures) | | | |

1) Cash reported is actual Jan 1, 2022.

2) Includes \$3.1M payoff of BAN loan and estimated \$150k interest on new SDWL for RWI.

3) Includes estimated \$17M for RWI construction and engineering

4) Reduced due to \$9.55M ARPA funding from City of Sheboygan

5) Includes \$9.55M in ARPA grants from City of Sheboygan

6) Includes \$2.0M in federal directed spending funds



STATEMENT OF ESTIMATED REVENUES

2023

| | Actual | Budget | Estimate | Budget | |
|---|--------------|--------------|-----------------|-----------------|--------------|
| REVENUE SOURCE | 2021 | 2022 | 2022 | 2023 | |
| <u>Metered Sales to General Customers (approx. 4.8 billion gallons)</u> | | | | | |
| Residential | \$2,571,463 | \$3,070,100 | \$2,751,383 | \$2,723,869 | |
| Multi-family | \$299,574 | \$383,428 | \$359,233 | \$355,641 | |
| Commercial | \$580,551 | \$681,080 | \$654,102 | \$647,561 | |
| Industrial | \$3,974,406 | \$4,633,087 | \$4,595,054 | \$4,549,103 | |
| Totals | \$7,425,994 | \$8,767,695 | \$8,359,772 | \$8,276,174 | |
| <u>Other Sales to Water Customers</u> | | | | | |
| Private fire protection | \$126,139 | \$86,801 | \$81,874 | \$81,056 | |
| Public fire protection (% inc Falls & Kohler) | \$920,579 | \$1,057,573 | \$946,869 | \$937,400 | |
| Sales to public authorities | \$125,008 | \$116,884 | \$122,696 | \$121,469 | |
| Sales to Sheboygan Falls & Kohler | \$942,356 | \$945,883 | \$873,101 | \$864,370 | |
| Totals | \$2,114,081 | \$2,207,142 | \$2,024,540 | \$2,004,294 | |
| <u>Other Revenues</u> | | | | | |
| Late payment charges | \$52,946 | \$30,495 | \$26,750 | \$26,483 | |
| Miscellaneous sales | \$16,352 | \$31,000 | \$20,657 | \$31,000 | |
| Rental income from Georgia Ave | \$28,624 | \$28,800 | \$29,483 | \$29,483 | |
| Billing & collecting charge to City | \$64,395 | \$45,000 | \$60,705 | \$60,000 | |
| Non-operating revenues - SWU LSL Loan repayment | \$0 | \$160,000 | \$80,000 (3) | \$212,000 | |
| Grant revenues - WDNR LSL replacement restricted (other billing & collecting costs accounted for by expense reduction) | \$200,788 | \$550,000 | \$405,000 | \$862,400 (1) | |
| Totals | \$363,105 | \$845,295 | \$622,594 | \$1,221,366 | |
| Total Revenues | \$9,903,180 | \$11,820,132 | \$11,006,906 | \$11,501,834 | |
| <u>Other Income</u> | | | | | |
| Interest | \$15,082 | \$20,000 | \$29,000 | \$38,000 | |
| Contributions in aid of construction | \$0 | \$25,000 | \$9,550,000 (2) | \$2,025,000 | |
| Totals | \$15,082 | \$45,000 | \$9,579,000 | \$2,063,000 (4) | |
| REVENUES | Grand Totals | \$9,918,262 | \$11,865,132 | \$20,585,906 | \$13,564,834 |

- 1) WDNR LSL grants
- 2) \$9.55M ARPA grant
- 3) SWU LSL revolving loan payments from customers
- 4) \$2.0M federal directed spending grant



OPERATION AND MAINTENANCE EXPENSES
2023

| <u>Source of Supply Expenses</u> | <u>Actual</u> <u>2021</u> | <u>Budget</u> <u>2022</u> | <u>Estimate</u> <u>2022</u> | <u>Budget</u> <u>2023</u> |
|----------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|
| <u>Operations</u> | | | | |
| Labor | \$0 | \$500 | \$500 | \$500 |
| <u>Maintenance</u> | | | | |
| Labor | \$0 | \$1,000 | \$1,000 | \$1,000 |
| Intakes | \$8,990 | \$18,000 | \$14,000 | \$18,000 |
| Totals | \$8,990 | \$19,500 | \$15,500 | \$19,500 |
| <u>Pumping Expenses</u> | | | | |
| <u>Operations</u> | | | | |
| Labor | \$42,415 | \$45,317 | \$70,000 | \$77,000 |
| Electricity & natural gas | \$454,978 | \$500,000 | \$430,582 | \$500,000 |
| Pumping equipment | \$0 | \$3,120 | \$0 | \$3,120 |
| Miscellaneous | \$32,000 | \$27,000 | \$25,000 | \$27,000 |
| Utilities | \$34,964 | \$44,000 | \$41,961 | \$45,100 |
| <u>Maintenance</u> | | | | |
| Labor | \$169,748 | \$182,570 | \$169,031 | \$191,912 |
| Pumping equipment | \$11,216 | \$20,000 | \$17,000 | \$20,000 |
| Structures | \$8,079 | \$3,000 | \$6,091 | \$6,000 |
| Totals | \$753,399 | \$825,008 | \$759,666 | \$870,132 |
| <u>Water Treatment Expenses</u> | | | | |
| <u>Operations</u> | | | | |
| Labor | \$517,248 | \$503,121 | \$501,624 | \$551,787 |
| Water treatment equipment | \$336,768 | \$390,000 (1) | \$344,423 | \$390,000 |
| Chemicals | \$224,364 | \$280,000 | \$352,334 | \$380,521 |
| Miscellaneous | \$1,627 | \$45,000 | \$2,000 | \$13,000 |
| Utilities | \$13,060 | \$21,000 | \$24,230 | \$25,000 |
| <u>Maintenance</u> | | | | |
| Labor | \$52,300 | \$64,000 | \$47,697 | \$64,000 |
| Water treatment equipment | \$21,376 | \$25,000 | \$25,000 | \$25,000 |
| Structures | \$0 | \$20,000 | \$17,895 | \$19,000 |
| Totals | \$1,166,744 | \$1,348,121 | \$1,315,203 | \$1,468,307 |

1) Includes sludge disposal charges to WWTP (\$60k) and contractor (\$200k) along with maintenance, lab equipment



OPERATION AND MAINTENANCE EXPENSES
2023

| | Actual 2021 | Budget 2022 | Estimate 2022 | Budget 2023 |
|--|---------------------------|---------------------------|---------------------------|-----------------------------|
| <u>Transmission & Distribution Expenses</u> | | | | |
| <u>Operations</u> | | | | |
| Labor | \$266,364 | \$355,405 | \$329,354 | \$362,290 |
| Reservoirs & standpipes | \$1,947 | \$17,000 | \$17,000 | \$17,000 |
| Mains & hydrants | \$30,259 | \$30,000 | \$40,000 | \$30,000 |
| Meters | \$1,873 | \$3,600 | \$4,618 | \$3,600 |
| Customer services | \$128,606 | \$120,000 | \$115,000 | \$118,000 |
| Miscellaneous | \$20,826 | \$40,000 | \$40,063 | \$52,000 |
| Utilities | \$20,285 | \$22,000 | \$22,783 | \$25,700 |
| <u>Maintenance</u> | | | | |
| Labor | \$310,395 | \$237,000 | \$327,719 | \$360,491 |
| Structures & improvements | \$4,382 | \$9,000 | \$7,000 | \$8,500 |
| Reservoirs & standpipes | \$65,627 | \$20,000 | \$55,000 | \$20,000 |
| Mains | \$258,324 | \$125,000 | \$164,709 | \$125,000 |
| Meters | \$6,850 | \$4,500 | \$6,987 | \$4,500 |
| Hydrants | \$39,307 | \$30,000 | \$25,000 | \$30,000 (1) |
| Customer Services | \$185 | \$5,000 | \$5,000 | \$5,000 |
| <u>Totals</u> | <u>\$1,155,229</u> | <u>\$1,018,504</u> | <u>\$1,160,232</u> | <u>\$1,162,080</u> |
| <u>Customer Accounts Expenses</u> | | | | |
| <u>Operations</u> | | | | |
| Labor | \$185,570 | \$215,816 | \$203,600 | \$223,960 |
| Meter reading | \$12,037 | \$4,000 | \$11,095 | \$11,000 |
| Billing & collecting | \$47,997 | \$40,000 | \$67,320 | \$40,000 |
| Uncollectible accounts | \$4,597 | \$8,000 | \$8,000 | \$8,000 |
| Utilities | \$727 | \$650 | \$621 | \$650 |
| Postage | \$13,728 | \$17,500 | \$16,328 | \$17,500 |
| <u>Totals</u> | <u>\$264,654</u> | <u>\$285,966</u> | <u>\$306,965</u> | <u>\$301,110</u> |
| <u>Taxes</u> | | | | |
| Local & school (payment in lieu of taxes to City) | \$1,164,036 | \$1,306,800 | \$1,159,170 | \$1,206,128 |
| Payroll | \$125,212 | \$125,000 | \$121,125 | \$125,000 |
| P.S.C. remainder assessment (mandatory to state regulator) | \$10,156 | \$10,000 | \$10,000 | \$10,000 |
| <u>Totals</u> | <u>\$1,299,404</u> | <u>\$1,441,800</u> | <u>\$1,290,295</u> | <u>\$1,341,128</u> |
| <u>Interest Expense Long Term Debt</u> | | | | |
| Expense (bonds, SDW loans, unfunded pension) | <u>\$321,934</u> | <u>\$441,113</u> | <u>\$441,113</u> | <u>\$690,260 (2)</u> |

1) Includes \$10,000 for stripping and painting 100 fire hydrants

2) Increase due to RWI SDWL



OPERATION AND MAINTENANCE EXPENSES
2023

| | Actual 2021 | Budget 2022 | Estimate 2022 | Budget 2023 |
|---|---------------------|--------------------|--------------------|--------------------|
| <u>Administrative & General Expenses</u> | | | | |
| <u>Operations</u> | | | | |
| Labor | \$248,803 | \$260,300 | \$285,000 | \$313,500 |
| Office supplies | \$13,500 | \$12,000 | \$18,765 | \$18,000 |
| Utilities | \$3,399 | \$4,000 | \$2,438 | \$4,000 |
| Outside services & lawyers (cross connection, health ins. review) | \$70,926 | \$52,000 | \$72,500 | \$80,000 |
| Auditors | \$11,450 | \$13,000 | \$28,319 | \$15,000 |
| <u>Property Insurance</u> | | | | |
| Property and contractors' equipment | \$37,506 | \$35,000 | \$38,259 | \$38,000 |
| Auto | \$6,700 | \$7,000 | \$7,018 | \$7,000 |
| Crime | \$869 | \$1,000 | \$830 | \$1,000 |
| <u>Injuries & Damage Insurance</u> | | | | |
| Workmen's Comp | \$23,062 | \$35,000 | \$28,854 | \$31,200 |
| General liability, public officials, umbrella | \$25,409 | \$30,000 | \$30,000 | \$30,000 |
| <u>Other Expenses</u> | | | | |
| Hospitalization (actual claims inc prescip, TPA, reduced by emp contribs) | \$1,034,802 | \$832,271 | \$893,600 | \$863,586 (1) |
| Retirement | -\$98,012 | \$272,000 | \$222,000 | \$232,000 |
| Life | \$5,367 | \$4,900 | \$5,747 | \$4,900 |
| Regulatory commission expense | \$28,558 | \$30,000 | \$30,000 | \$30,000 |
| Miscellaneous & administrative expense | \$44,770 | \$45,000 | \$45,000 | \$45,000 |
| Non-operating grant expense (WDNR LSL grants to customers) | \$176,303 | \$550,000 (2) | \$405,000 | \$862,400 |
| Private lead service line (LSL) replacement (SWU grants to customers) | \$7,495 | \$50,000 | \$50,000 | \$50,000 |
| Private lead service line (LSL) replacement (SWU loans to customers) | \$83,781 | \$550,000 | \$405,000 | \$897,600 |
| <u>Maintenance</u> | | | | |
| Office equipment maintenance | \$3,581 | \$1,000 | \$1,000 | \$1,000 |
| Office facilities maintenance | \$7,454 | \$5,000 | \$12,000 | \$5,000 |
| Totals | \$1,735,724 | \$2,789,471 | \$2,581,332 | \$3,529,186 |
| EXPENDITURES (NOT INCLUDING CAPITAL) | Grand Totals | \$6,706,079 | \$8,169,484 | \$7,870,306 |
| | | | | \$9,381,704 |

1) On Aug. 1, 2022, the Utility moved from a self-insured to fully-insured health insurance plan.

2) LSL projects include St. Clair 12th to 13th; Clara 10th to 11th;

Lincoln Barrett to N. 3rd; St. Clair 9th to 12th and 13th to 14th; Clara 8th to 10th and 11th to 12th



CAPITAL OUTLAY
2023

| | Actual 2021 | Budget 2022 | Actual & Estimate 2022 | Budget 2023 |
|--|--------------------|--------------------|------------------------------|--------------------|
| <u>New Construction and Meters</u> | | | | |
| 2023 Distribution mains, hydrants, and related construction (not including LSL) | | | | \$1,300,000 (1) |
| 2023 Meters (860) of all sizes, including bolts and gaskets, large meter testing | | | | \$80,000 |
| 2023 Orion radio generators (500) for 1/2 & 5/8" meters | | | | \$80,000 |
| 2023 Replacement of 10 hydrants and 10 street valves | | | | \$100,000 |
| 2022 Distribution mains, hydrants, and related construction (not including LSL) | | \$1,200,000 | \$1,200,000 | |
| 2022 Meters (860) of all sizes, including bolts and gaskets, large meter testing | | \$102,000 | \$102,000 | |
| 2022 Orion radio generators (500) for 1/2 & 5/8" meters | | \$60,000 | \$60,000 | |
| 2022 Replacement of 10 hydrants and 10 street valves | | \$100,000 | \$100,000 | |
| 2021 Distribution mains, hydrants, and related construction (not including LSL) | \$1,127,753 | | | |
| 2021 Engineering work for Sheboygan River crossing (N. 11th St.) | \$26,952 | | | |
| 2021 Meters (all sizes, including bolts and gaskets, large meter testing) | \$89,942 | | | |
| 2021 400 Orion radio generators for 1/2 & 5/8" meters | \$17,424 | | | |
| 2021 Replacement of 10 hydrants and 10 street valves | \$54,195 | | | |
| 2021 Hose bib backflow preventers (1011-style units) | \$10,483 | | | |
| Total new construction | \$1,326,749 | \$1,462,000 | \$1,462,000 | \$1,560,000 |
| <u>Other capital outlay</u> | | | | |
| <u>Source of Supply</u> | | | | |
| 2023 RWI: Intake pipeline, well, pump station - construction/engineering | | | | \$27,789,000 |
| 2022 RWI: intake pipeline, well, pump station - construction/engineering | | \$18,000,000 | \$17,000,000 (2) | |
| 2021 RWI: intake pipeline, well, pump station - final design | \$1,813,625 | | | |
| <u>Pumping</u> | | | | |
| 2023 | | | | \$0 |
| 2022 Wash pump #1 - Switch gear and motor replacement | | \$95,000 | \$95,000 | |
| 2021 Behrens Parkway pit pump upgrade design | \$17,591 | | | |
| 2020 Electric actuator - backwash basin | \$17,507 | | | |
| <u>Equipment</u> | | | | |
| 2023 | | | | \$0 |
| 2022 Wilgus Ave Pumpstation Generator Replacement | | \$110,000 | \$110,000 | |
| <u>Structures</u> | | | | |
| 2021 Engineering work for retaining wall rehab | \$27,155 | | | |

1) Includes N. 25th Street from Superior to Cleveland; S. Taylor Dr at S of Union; Lincoln Ave from Barrett to 1st; S. 12th upslze for golf course

2) Includes \$13.3M in construction costs per CD Smith.



CAPITAL OUTLAY
2023

| | Actual 2021 | Budget 2022 | Actual & Estimate 2022 | Budget 2023 |
|--|---------------------------|----------------------------|------------------------------|----------------------------|
| <u>Water Treatment</u> | | | | |
| <u>Equipment</u> | | | | |
| 2023 Sodium hypochlorite bulk tank replacement (inc piping and fittings) | | | | \$150,000 |
| 2023 Phosphate system upgrade (additional bulk tank) | | | | \$12,000 |
| 2023 Filter effluent actuator replacements (six) | | | | \$45,000 |
| 2023 UV battery backup upgrades | | | | \$10,000 |
| 2021 Sludge pit pump #1 replacement | \$29,221 | | | |
| <u>Water Treatment (continued)</u> | | | | |
| <u>Structures</u> | | | | |
| 2021 Roofing replacement A-10 (chlorine bulk storage) | \$24,714 | | | |
| 2021 East basin structural repairs (liner and concrete) | \$0 | | | |
| <u>Heating Equipment</u> | | | | |
| 2022 Heating Upgrades(Add redundant heating in UV and chemical bulk areas) | | \$25,000 | \$25,000 | |
| <u>SCADA Equipment</u> | | | | |
| <u>Lab Equipment</u> | | | | |
| 2022 DR5000 spectrophotometer replacement | | \$10,000 | \$10,000 | |
| <u>Office Furniture & Equipment</u> | | | | |
| 2023 Computer replacements (4) | | | | \$8,500 |
| 2022 Neogov software | | \$35,000 | \$15,000 | |
| 2021 Copy machine replacement | \$0 | | | |
| 2021 Computer replacements (4) | \$7,091 | | | |
| 2021 Website maintenance & security upgrades | \$2,500 | | | |
| 2021 Data server replacement | \$7,788 | | | |
| <u>Transportation Equipment</u> | | | | |
| 2023 Replacement of three trucks (10, 17, and 6) | | | | \$135,000 |
| 2023 Replacement of 2008 Utility passenger vehicle | | | | \$35,000 |
| 2022 #10 truck replacement (2010) to fuel efficient vehicle | | \$40,000 | \$0 | |
| <u>Power Operated Equipment</u> | | | | |
| <u>Engineering Department</u> | | | | |
| 2023 ESRI GIS licenses and training | | | | \$10,000 |
| 2021 ESRI GIS licenses and training | \$6,287 | | | |
| 2021 Replacement of GPS survey unit | \$0 | | | |
| <u>Total other capital</u> | <u>\$1,953,479</u> | <u>\$18,315,000</u> | <u>\$17,255,000</u> | <u>\$28,194,500</u> |
| <u>Total all capital expenditures</u> | <u>\$3,280,228</u> | <u>\$19,777,000</u> | <u>\$18,717,000</u> | <u>\$29,754,500</u> |