

**CITY OF SHEBOYGAN
R. O. 49-23-24**

BY BOARD OF WATER COMMISSIONERS.

OCTOBER 2, 2023.

To the Honorable, the Mayor and Common Council:

The Board of Water Commissioners, hereby, transmits a copy
of the 2024 Budget for the Sheboygan Water Utility.

Attachments



2024 Sheboygan Water Utility Budget

(Board approved September 18, 2023)

Sheboygan Board of Water Commissioners

72 Park Avenue

Sheboygan, WI 53081

WI PSC Utility No. 5370



Sheboygan Board of Water Commissioners 2024 Budget

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

Budget provides for annual investment of **\$24,967,318** in all phases of Water Utility operations.

Revenues

Budgeted annual revenue total for 2024	\$14,051,879 (1)
Estimated annual revenue total as of December 31, 2023	\$13,033,820
Projected revenues for 2024 expected to increase (decrease)	\$1,018,060

Expenditures

	Estimated 2023	Budget 2023	Budget 2024	Budget Increase (Decrease)	Percent Change	
<u>Expenditure by Classification</u>						
Labor	\$2,145,458	\$2,146,440	\$2,257,272	\$110,833	5.2%	
Source of supply	\$14,000	\$18,000	\$18,000	\$0	0.0%	
Pumping	\$546,404	\$601,220	\$611,920	\$10,700	1.8%	
Water treatment	\$909,465	\$927,521	\$952,008	\$24,488	2.6%	
Transmission & distribution	\$399,197	\$459,300	\$460,200	\$900	0.2%	
Customer accounts	\$113,271	\$77,150	\$107,550	\$30,400	39.4%	(2)
Administrative & general	\$2,700,443	\$3,265,686	\$3,378,400	\$112,714	3.5%	
Taxes	\$1,316,220	\$1,341,128	\$1,516,643	\$175,515	13.1%	(3)
Capital outlay	\$27,180,850	\$30,169,500	\$14,636,000 (4)	-\$15,533,500	-51.5%	(4)
Interest on Safe Drinking Water Loans/ water revenue bonds	\$690,260	\$690,260	\$1,029,324	\$339,064	49.1%	(5)
Totals	\$36,015,570	\$39,696,204	\$24,967,318	-\$14,728,887	-37.1%	

- 1) Increase due to additional WDNR LSL grants, and estimated new water rates in effect 2/2024
- 2) Increase due to an increase in credit card processing fees, postage, and overall inflation
- 3) Increase due to additional PILOT payment to City of Sheboygan due to raw water improvements (RWI) project
- 4) Decrease due to less cost on RWI project in 2024 than in 2023
- 5) Increase due to new RWI Safe Drinking Water loan

Sheboygan's water rates remain among the lowest in the state for class AB utilities serving more than 5,000 customers. Ongoing rate increases will be needed to pay for debt service and PILOT on the raw water improvements (RWI) project. The Water Utility operates entirely on water revenues and does not receive any tax-based municipal funding.



CASH AND BUDGET SUMMARY 2024

	Budget 2023	Estimate 2023	Budget 2024
REVENUES			
Cash Balance January 1 (including bond reserves)	\$9,319,431	\$15,110,926 (1)	\$8,691,171
Current Revenues			
Total sales of water	\$8,276,174	\$8,456,163	\$9,724,588 (3)
Other operating revenues (other sales)	\$2,061,777	\$2,174,932	\$2,501,679 (3)
Non-operating revenues (rent, interest)	\$127,483	\$169,367	\$134,000
Non-operating revenues (WDNR LSL grants)	\$862,400	\$151,358 (2)	\$1,365,613
SWU LSL loan repayments	\$212,000	\$82,000	\$326,000
Contributions in aid of construction	\$2,025,000	\$2,000,000 (4)	\$0
Total current revenues	\$13,564,834	\$13,033,820	\$14,051,879
Total reserves available	\$22,884,265	\$28,144,746	\$22,743,050
EXPENDITURES			
Operation & Maintenance			
Source of supply	\$19,500	\$15,500	\$20,000
Pumping	\$870,132	\$785,964	\$868,895
Water treatment	\$1,543,307	\$1,475,165	\$1,544,672
Transmission & distribution maintenance	\$1,182,080	\$1,144,136	\$1,242,386
Customer accounts	\$301,110	\$322,725	\$327,476
Taxes	\$1,341,128	\$1,316,220	\$1,516,643
Administrative & general	\$1,769,186	\$1,592,961	\$1,653,921
Total operation & maintenance	\$7,026,444	\$6,652,672	\$7,173,994
Other Expenditures			
Capital outlay (including RWI engineering and construction)	\$30,169,500	\$27,180,850 (5)	\$14,636,000
Safe Drinking Water Loan proceeds (for RWI)	-\$25,789,000	-\$17,811,409 (6)	-\$12,685,940
Water revenue bond proceeds	\$0	\$0	\$0
Debt service (including principal and interest)	\$1,780,897	\$1,939,674	\$2,907,147 (7)
Non-operating grant - SWU LSL grants to customers	\$50,000	\$536,175 (8)	\$100,000
Non-operating - SWU LSL loans to customers	\$897,600	\$804,255	\$1,086,000
Non-operating grant - WDNR LSL grants to customers	\$862,400	\$151,358 (8)	\$942,000
Total other expenditures	\$7,971,397	\$12,800,903	\$6,985,207
Total expenditures	\$14,997,841	\$19,453,575	\$14,159,201
Cash & Receivables Balance -December 31 (total reserves - total expenditures)	\$7,886,424	\$8,691,171	\$8,583,850

1) Cash reported is actual Jan 1, 2023. Higher due to delayed ARPA spend-down in 2022. \$9.5M ARPA funds allocated in 2022 and \$4.52M spent in 2022.

2) Decrease due to change in WDNR LSL grant program; anticipate grant reimbursement of some 2023 LSL costs in 2024

3) Increase due to estimated new water rates

4) Includes \$2.0M directed spending federal grant

5) Decrease due to RWI construction delays

6) Decrease due to RWI construction delays and use of ARPA grants earlier

7) Increase due to impact of entire RWI safe drinking water loan

8) WDNR LSL program in flux during 2023, causing increased SWU LSL grants and decreased WDNR LSL grants



STATEMENT OF ESTIMATED REVENUES 2024

REVENUE SOURCE	Actual 2022	Budget 2023	Estimate 2023	Budget 2024
<u>Metered Sales to General Customers (approx. 4.8 billion gallons)</u>				
Residential	\$2,680,290	\$2,723,869	\$2,842,380	\$3,268,738
Multi-family	\$325,465	\$355,641	\$362,211	\$416,543
Commercial	\$625,216	\$647,561	\$608,445	\$699,711
Industrial	\$4,474,380	\$4,549,103	\$4,643,127	\$5,339,596
Totals	\$8,105,352	\$8,276,174	\$8,456,163	\$9,724,588 (1)
<u>Other Sales to Water Customers</u>				
Private fire protection	\$131,572	\$81,056	\$133,040	\$152,996
Public fire protection (% inc Falls & Kohler)	\$947,607	\$937,400	\$948,073	\$1,090,284
Sales to public authorities	\$133,714	\$121,469	\$114,107	\$131,223
Sales to Sheboygan Falls & Kohler	\$912,763	\$864,370	\$868,256	\$998,495
Totals	\$2,125,657	\$2,004,294	\$2,063,476	\$2,372,997 (1)
<u>Other Revenues</u>				
Late payment charges	\$123,240	\$26,483	\$94,506	\$108,682
Miscellaneous sales	\$14,698	\$31,000	\$16,950	\$20,000
Rental income from Georgia Ave	\$29,483	\$29,483	\$30,367	\$31,000
Billing & collecting charge to City	\$62,841	\$60,000	\$64,000	\$65,000
Non-operating revenues - SWU LSL revolving loan repayments	\$105,587	\$212,000	\$82,000	\$326,000
Grant revenues - WDNR LSL replacement (other billing & collecting costs accounted for by expense reduction)	\$253,642	\$862,400	\$151,358	\$1,365,613 (2)
Totals	\$589,491	\$1,221,366	\$439,181	\$1,916,295
Total Revenues	\$10,820,500	\$11,501,834	\$10,958,820	\$14,013,879
<u>Other Income</u>				
Interest	\$52,032	\$38,000	\$75,000	\$38,000
Contributions in aid of construction	\$4,524,187	\$2,025,000	\$2,000,000 (3)	\$0
Totals	\$4,576,219	\$2,063,000	\$2,075,000	\$38,000
REVENUES	Grand Totals	\$15,396,718	\$13,564,834	\$13,033,820
				\$14,051,879

1) Increase due to estimated new water rates

2) WDNR LSL grants anticipated for disadvantaged census tracts. Approx \$463,000 to reimburse costs in 2023.

3) \$2.0M federal directed spending grant



OPERATION AND MAINTENANCE EXPENSES 2024

	Actual 2022	Budget 2023	Estimate 2023	Budget 2024
<u>Source of Supply Expenses</u>				
<u>Operations</u>				
Labor	\$0	\$500	\$500	\$1,000
<u>Maintenance</u>				
Labor	\$0	\$1,000	\$1,000	\$1,000
Intakes	\$10,260	\$18,000	\$14,000	\$18,000
Totals	\$10,260	\$19,500	\$15,500	\$20,000
<u>Pumping Expenses</u>				
<u>Operations</u>				
Labor	\$86,534	\$77,000	\$70,000	\$73,500
Electricity & natural gas	\$500,650	\$500,000	\$477,756	\$520,000
Pumping equipment	\$0	\$3,120	\$0	\$3,120
Miscellaneous	\$29,627	\$27,000	\$19,841	\$29,600
Utilities	\$39,695	\$45,100	\$39,431	\$45,100
<u>Maintenance</u>				
Labor	\$144,144	\$191,912	\$169,559	\$183,475
Pumping equipment	\$0	\$20,000	\$5,000	\$5,000
Structures	\$5,263	\$6,000	\$4,376	\$9,100
Totals	\$805,913	\$870,132	\$785,964	\$868,895
<u>Water Treatment Expenses</u>				
<u>Operations</u>				
Labor	\$547,476	\$551,787	\$503,489	\$528,664
Water treatment equipment	\$372,742	\$390,000 (1)	\$381,846	\$390,000
Chemicals	\$370,578	\$380,521	\$476,931	\$496,008
Miscellaneous	\$2,981	\$88,000	\$2,000	\$3,000
Utilities	\$21,643	\$25,000	\$19,236	\$25,000
<u>Maintenance</u>				
Labor	\$53,981	\$64,000	\$62,211	\$64,000
Water treatment equipment	\$23,871	\$25,000	\$27,562	\$28,000
Structures	\$8,788	\$19,000	\$1,889	\$10,000
Totals	\$1,402,061	\$1,543,307	\$1,475,165	\$1,544,672

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



OPERATION AND MAINTENANCE EXPENSES 2024

	Actual 2022	Budget 2023	Estimate 2023	Budget 2024
<u>Transmission & Distribution Expenses</u>				
<u>Operations</u>				
Labor	\$313,097	\$362,290	\$341,107	\$358,162
Reservoirs & standpipes	\$1,434	\$17,000	\$26,213	\$17,000
Mains & hydrants	\$5,388	\$30,000	\$40,000	\$30,000
Meters	\$2,983	\$23,600	\$2,555	\$12,000
Customer services	\$115,118	\$118,000	\$115,000	\$118,000
Miscellaneous	\$41,629	\$52,000	\$26,525	\$52,000
Utilities	\$27,364	\$25,700	\$22,081	\$25,700
<u>Maintenance</u>				
Labor	\$357,610	\$360,491	\$403,833	\$424,024
Structures & improvements	\$14,564	\$8,500	\$20,772	\$21,000
Reservoirs & standpipes	\$843	\$20,000	\$10,000	\$15,000
Mains	\$178,647	\$125,000	\$105,129	\$125,000
Meters	\$3,982	\$4,500	\$273	\$4,500
Hydrants	\$17,118	\$30,000	\$30,000	\$35,000 (1)
Customer Services	\$992	\$5,000	\$649	\$5,000
<u>Totals</u>	\$1,080,767	\$1,182,080	\$1,144,136	\$1,242,386
<u>Customer Accounts Expenses</u>				
<u>Operations</u>				
Labor	\$171,848	\$223,960	\$209,454	\$219,926
Meter reading	\$13,718	\$11,000	\$21,503	\$11,000
Billing & collecting	\$61,168	\$40,000	\$61,600	\$70,400
Uncollectible accounts	\$3,229	\$8,000	\$8,000	\$8,000
Utilities	\$593	\$650	\$424	\$650
Postage	\$13,258	\$17,500	\$21,744	\$17,500
<u>Totals</u>	\$263,813	\$301,110	\$322,725	\$327,476
<u>Taxes</u>				
Local & school (payment in lieu of taxes (PILOT) to City)	\$1,029,303	\$1,206,128	\$1,159,170	\$1,355,268
Payroll	\$144,765	\$125,000	\$147,050	\$151,375
P.S.C. remainder assessment (mandatory to state regulator)	\$9,456	\$10,000	\$10,000	\$10,000
<u>Totals</u>	\$1,183,523	\$1,341,128	\$1,316,220	\$1,516,643
<u>Interest Expense Long Term Debt</u>				
Expense (bonds, SDWL, unfunded pension)				
<u>Totals</u>	\$435,450	\$690,260	\$690,260	\$1,029,324 (2)

1) Includes \$20,000 for stripping and painting ~200 fire hydrants

2) Increase due to RWI SDWL



**OPERATION AND MAINTENANCE EXPENSES
2024**

	Actual 2022	Budget 2023	Estimate 2023	Budget 2024
<u>Administrative & General Expenses</u>				
<u>Operations</u>				
Labor	\$393,605	\$313,500	\$384,305	\$403,521
Office supplies	\$20,337	\$18,000	\$22,802	\$23,000
Utilities	\$3,179	\$4,000	\$2,520	\$4,000
Outside services & lawyers (cross connection, health ins. review)	\$91,490	\$130,000	\$119,933	\$130,000
Auditors (including rate case applications)	\$11,800	\$15,000	\$30,000	\$30,000
<u>Property Insurance</u>				
Property and contractors' equipment	\$40,818	\$38,000	\$43,117	\$44,000
Auto	\$7,366	\$7,000	\$7,667	\$8,000
Crime	\$869	\$1,000	\$903	\$1,000
<u>Injuries & Damage Insurance</u>				
Workmen's Comp	\$17,452	\$31,200	\$39,892	\$39,305
General liability, public officials, umbrella	\$29,464	\$30,000	\$30,000	\$30,000
<u>Other Expenses</u>				
Health insurance (including dental, vision, prescriptions)	\$687,470	\$863,586	\$717,203	\$745,195 (1)
Wisconsin Retirement System	\$110,784	\$232,000	\$102,000	\$112,000
Life insurance	\$5,771	\$4,900	\$4,617	\$4,900
Regulatory commission expense	\$1,143	\$30,000	\$30,000	\$20,000
Miscellaneous & administrative expense	\$45,449	\$45,000	\$45,000	\$45,000
Non-operating grant expense (WDNR LSL grants to customers)	\$253,642	\$862,400	\$151,358	\$942,000 (2)
Lead service line (LSL) replacement (SWU grants to customers)	\$7,126	\$50,000	\$536,175	\$100,000
Lead service line (LSL) replacement (SWU loans to customers)	\$0	\$897,600	\$804,255	\$1,086,000
<u>Maintenance</u>				
Office equipment maintenance	\$3,581	\$1,000	\$1,000	\$2,000
Office facilities maintenance	\$13,338	\$5,000	\$12,000	\$12,000
Totals	\$1,744,684	\$3,579,186	\$3,084,749	\$3,781,921
EXPENDITURES (NOT INCLUDING CAPITAL OUTLAY)	Grand Totals	\$6,926,471	\$9,526,704	\$8,834,720
		\$10,331,318		

1) The Utility switched to a fully-insured health insurance plan in August 2022.

2) Lead service line (LSL) projects: Lincoln Ave, Barrett to 3rd; S. 11th, Union to Indiana; Swift Ave, 8th to 12th; Dillingham, 8th to 12th



CAPITAL OUTLAY 2024

	Actual 2022	Budget 2023	Actual & Estimate 2023	Budget 2024
<u>New Construction and Meters</u>				
Distribution mains, hydrants, and related construction (not including LSL)				
2024 Taylor Drive: Union Ave to 400' north				\$250,000
2024 Sheboygan River crossing near Garton toy site				\$250,000
2024 Lincoln Ave: Barrett to N. 1st				\$70,000
2024 S. 12th St: upsize if extended to proposed golf course				\$80,000
2024 10 valves/10 hydrants replaced				\$100,000
2024 excavation safety/shoring equipment upgrades				\$12,000
2024 water meters (including for 20-year replacement program)				\$250,000
2024 Orion radio transmitters (400 replacement units)				\$82,000
2023 Distribution mains, hydrants, and related construction (not including LSL)		\$1,100,000	\$960,000	
2023 Meters (860) of all sizes (does not include bolts and gaskets, large meter testing)		\$80,000	\$80,000	
2023 Orion radio generators (500) for 1/2 & 5/8" meters		\$80,000	\$80,000	
2023 Replacement of 10 hydrants and 10 street valves		\$100,000	\$100,000	
2022 Distribution mains, hydrants, and related construction (not including LSL)	\$1,571,214			
2022 Meters (860) of all sizes, including bolts and gaskets, large meter testing	\$143,886			
2022 Orion radio generators (500) for 1/2 & 5/8" meters	\$65,336			
2022 Replacement of 10 hydrants and 10 street valves	\$48,305			
Total new construction and meters	\$1,828,740	\$1,360,000	\$1,220,000	\$1,094,000
<u>Other capital outlay</u>				
<u>Source of Supply</u>				
2024 RWI: intake pipeline, well, pump station - construction/engineering				\$12,400,000
2023 RWI: intake pipeline, well, pump station - construction/engineering		\$27,789,000	\$25,340,350	
2022 RWI: intake pipeline, well, pump station - construction/engineering	\$9,330,839			
2022 Retaining wall project	\$31,587			
<u>Pumping</u>				
2022 Wash pump #1 - Switch gear and motor replacement	\$0			
2022 High lift vertical turbine pump	\$14,214			
<u>Equipment</u>				
2024 filter actuator replacements (filters 7-11)				\$50,000
2022 Wilgus Ave Pumpstation Generator Replacement	\$0			
<u>Structures</u>				
2024 security camera upgrades at Taylor Hill, Erie and Georgia stations				\$20,000
2024 water treatment plant tuckpointing				\$15,000
<u>Water Treatment</u>				
<u>Equipment</u>				
2024 filter rehabilitation (IMS 200 caps and media for filters 3 and 4)				\$300,000
2023 Sodium hypochlorite bulk tank replacement (inc piping and fittings)		\$150,000	\$0	\$150,000
2023 Phosphate system upgrade (additional bulk tank)		\$12,000	\$12,000	
2023 Filter effluent actuator replacements (six)		\$45,000	\$45,000	
2023 UV battery backup upgrades		\$10,000	\$10,000	
2023 filter replacements/rehab (#6 and media/caps for 2 additional filters)		\$650,000	\$400,000	
2022 Chemical systems - phosphate level sensors	\$6,754			
2022 Filter #5 rehab	\$142,311			



CAPITAL OUTLAY 2024

Heating Equipment

2022 Heating Upgrades(Add redundant heating in UV and chemical bulk areas) \$12,880

SCADA Equipment

2024 Erie Avenue PLC replacement \$50,000

2022 Software update and PC replacement \$26,873

Lab Equipment

2022 DR5000 spectrophotometer replacement \$12,764

Office Furniture & Equipment

2024 computer replacements \$14,000

2024 employee benefits web portal \$10,000

2024 asset management software (VUEWORKS integration w Casselle) \$25,000

2024 SQL server replacement \$28,000

2023 Computer replacements (4) \$8,500 \$8,500

2022 Neogov software \$0

Transportation Equipment

2024 #1 quad axle dump truck replacement \$300,000

2024 water treatment plant truck replacement \$40,000

2024 service tech truck replacement \$40,000

2023 Replacement of trucks (10 and 17) \$100,000 \$100,000

2023 Replacement of 2008 Utility passenger vehicle \$35,000 \$35,000

2022 #10 truck replacement (2010) to fuel efficient vehicle \$0

Power Operated Equipment

Engineering Department

2024 ESRI GIS licenses (10) and training \$10,000

2024 GPS surveying unit \$25,000

2024 asset management software: Vueworks (continued in 2025) \$80,000

2023 ESRI GIS licenses and training \$10,000 \$10,000

Total other capital outlay \$9,578,223 \$28,809,500 \$25,960,850 \$13,542,000

Total all capital expenditures \$11,406,963 \$30,169,500 \$27,180,850 \$14,636,000