



2023 Sheboygan Water Utility Budget

(Board approved October 17, 2022)

Sheboygan Board of Water Commissioners

72 Park Avenue

Sheboygan, WI 53081

WI PSC Utility No. 5370



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 **\$39,696,204** in all phases of Water Utility operations.

Revenues

| | |
|-------------------------------------------------------------|--------------------------------|
| Budgeted annual revenue total for 2023 | <u>\$13,564,834</u> (1) |
| Estimated annual revenue total as of December 31, 2022 | <u>\$20,585,906</u> (2) |
| Projected revenues for 2023 expected to increase (decrease) | <u>-\$7,021,072</u> |

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 | \$927,521 | \$146,521 | 18.8% |
| Transmission & distribution | \$503,159 | \$426,100 | \$459,300 | \$33,200 | 7.8% |
| Customer accounts | \$103,364 | \$70,150 | \$77,150 | \$7,000 | 10.0% |
| Administrative & general | \$2,326,332 | \$2,529,171 | \$3,265,686 | \$736,515 | 29.1% |
| Taxes | \$1,290,295 | \$1,441,800 | \$1,341,128 | -\$100,672 | -7.0% |
| Capital outlay | \$18,717,000 | \$19,777,000 (3) | \$30,169,500 (4) | \$10,392,500 | 52.5% |
| Interest on bonds | \$441,113 | \$441,113 | \$690,260 | \$249,147 | <u>56.5%</u> (5) |
| Totals | <u>\$26,617,306</u> | <u>\$27,946,484</u> | <u>\$39,696,204</u> | <u>\$11,749,721</u> | 42.0% |

1) Includes \$2.0M in federal direct spending grants

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

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

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

5) 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) | \$9,319,430 |
| <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 | \$22,884,264 |
| <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 | \$1,543,307 |
| Transmission & distribution maintenance | \$1,018,504 | \$1,160,232 | \$1,182,080 |
| 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 | \$1,751,332 | \$1,769,186 |
| Total operation & maintenance | \$6,578,370 | \$6,599,192 | \$7,026,444 |
| <u>Other Expenditures</u> | | | |
| Capital outlay | \$19,777,000 | \$18,717,000 (3) | \$30,169,500 |
| 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 | \$7,971,397 |
| Total expenditures | \$10,859,140 | \$20,229,962 | \$14,997,841 |
| <u>Cash & Receivables Balance -December 31</u> | <u>\$8,811,330</u> | <u>\$9,319,430</u> | <u>\$7,886,423</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

| REVENUE SOURCE | Actual 2021 | Budget 2022 | Estimate 2022 | Budget 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 (4) |
| Totals | \$15,082 | \$45,000 | \$9,579,000 | \$2,063,000 |
| 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

| | Actual 2021 | Budget 2022 | Estimate 2022 | Budget 2023 |
|-----------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <u>Source of Supply Expenses</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 |
| <u>Totals</u> | <u>\$8,990</u> | <u>\$19,500</u> | <u>\$15,500</u> | <u>\$19,500</u> |
| <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 |
| <u>Totals</u> | <u>\$753,399</u> | <u>\$825,008</u> | <u>\$759,666</u> | <u>\$870,132</u> |
| <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 | \$88,000 |
| 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 |
| <u>Totals</u> | <u>\$1,166,744</u> | <u>\$1,348,121</u> | <u>\$1,315,203</u> | <u>\$1,543,307</u> |

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 | \$23,600 |
| 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> | \$1,155,229 | \$1,018,504 | \$1,160,232 | \$1,182,080 |
| <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> | \$264,654 | \$285,966 | \$306,965 | \$301,110 |
| <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> | \$1,299,404 | \$1,441,800 | \$1,290,295 | \$1,341,128 |
| <u>Interest Expense Long Term Debt</u> | | | | |
| Expense (bonds, SDW loans, unfunded pension) | \$321,934 | \$441,113 | \$441,113 | \$690,260 (2) |

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

2) Increase due to RWI SDWL



OPERATION AND MAINTENANCE EXPENSES

2023

| | Actual | Budget | Estimate | Budget |
|----------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2022 | 2022 | 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 | \$102,500 | \$130,000 |
| 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 prescrip, 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 |
| <u>Totals</u> | <u>\$1,735,724</u> | <u>\$2,789,471</u> | <u>\$2,611,332</u> | <u>\$3,579,186</u> |
| EXPENDITURES (NOT INCLUDING CAPITAL) | | | | |
| <u>Grand Totals</u> | <u>\$6,706,079</u> | <u>\$8,169,484</u> | <u>\$7,900,306</u> | <u>\$9,526,704</u> |

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) | | | | \$1,100,000 (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 | \$1,360,000 |
| <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 upside 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 |
| | 2023 filter replacements/rehab (2-3) | | | | \$650,000 |
| 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 trucks (10 and 17) | | | | \$100,000 |
| | 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>\$28,809,500</u> |
| <u>Total all capital expenditures</u> | | <u>\$3,280,228</u> | <u>\$19,777,000</u> | <u>\$18,717,000</u> | <u>\$30,169,500</u> |