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R. O. No. 78 - 22 - 23. By BOARD OF WATER COMMISSIONERS.
November 7, 2022.

To the Honorable, the Mayor and Common Council:

The Board of Water Commissioners, hereby, transmits a copy of the
2023 Water Utility Budget for the Sheboygan Water Utility.

BOARD OF WATER COMMISSIONERS



Gerald R. Van De Kreeke, President



Thomas E. Howe, Secretary



Richard Dale, Member

Attachments



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



City of Sheboygan Water Utility
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 <u>2022</u>	Budget <u>2022</u>	Budget <u>2023</u>	Budget Increase <u>(Decrease)</u>	Percent <u>Change</u>
<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)
<u>Totals</u>	<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**

<u>REVENUES</u>	Budget 2022	Estimate 2022	Budget 2023
<u>Cash Balance January 1 (including bond reserves)</u>	<u>\$7,805,338</u>	<u>\$8,963,486 (1)</u>	<u>\$9,319,430</u>
 <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	 <u>\$11,865,132</u>	 <u>\$20,585,906</u>	 <u>\$13,564,834</u>
 Total reserves available	 <u>\$19,670,470</u>	 <u>\$29,549,392</u>	 <u>\$22,884,264</u>
 <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	 <u>\$6,578,370</u>	 <u>\$6,599,192</u>	 <u>\$7,026,444</u>
 <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	 <u>\$4,280,769</u>	 <u>\$13,630,770</u>	 <u>\$7,971,397</u>
 Total expenditures	 <u>\$10,859,140</u>	 <u>\$20,229,962</u>	 <u>\$14,997,841</u>
 <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	Budget	Estimate	Budget
	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 (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

<u>Source of Supply Expenses</u>	Actual 2021	Budget 2022	Estimate 2022	Budget 2023
<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	<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
Totals	<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
Totals	<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	Budget	Estimate	Budget
	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
<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
Totals	<u>\$1,155,229</u>	<u>\$1,018,504</u>	<u>\$1,160,232</u>	<u>\$1,182,080</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
Totals	<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
Totals	<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)				
Totals	<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	Budget	Estimate	Budget
	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
<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 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
	<u>Totals</u>	<u>\$1,735,724</u>	<u>\$2,789,471</u>	<u>\$2,611,332</u>
		<u>\$1,735,724</u>	<u>\$2,789,471</u>	<u>\$2,611,332</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>\$6,706,079</u>	<u>\$8,169,484</u>	<u>\$7,900,306</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	Budget	Actual & Estimate	Budget
	2021	2022	2022	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	\$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				\$150,000
2023				\$12,000
2023				\$45,000
2023				\$10,000
2023				\$650,000
2021	\$29,221			
<u>Water Treatment (continued)</u>				
<u>Structures</u>				
2021		\$24,714		
2021		\$0		
<u>Heating Equipment</u>				
2022		\$25,000	\$25,000	
<u>SCADA Equipment</u>				
<u>Lab Equipment</u>				
2022		\$10,000	\$10,000	
<u>Office Furniture & Equipment</u>				
2023				\$8,500
2022		\$35,000	\$15,000	
2021	\$0			
2021	\$7,091			
2021	\$2,500			
2021	\$7,788			
<u>Transportation Equipment</u>				
2023				\$100,000
2023				\$35,000
2022		\$40,000	\$0	
<u>Power Operated Equipment</u>				
<u>Engineering Department</u>				
2023				\$10,000
2021	\$6,287			
2021	\$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>