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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.

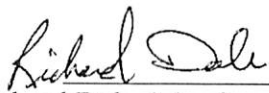
BOARD OF WATER COMMISSIONERS



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



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

Expenditures

	Estimated 2022	Budget 2022	Budget 2023	Budget Increase (Decrease)	Percent Change
Expenditure by Classification					
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	56.5% (5)
Totals	\$26,617,306	\$27,946,484	\$39,696,204	\$11,749,721	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	<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)	<u>\$1,639,471</u>	<u>\$1,751,332</u>	<u>\$1,769,186</u>
 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

	Actual	Budget	Estimate	Budget	
REVENUE SOURCE	2021	2022	2022	2023	
Metered Sales to General Customers (approx. 4.8 billion gallons)					
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	
Other Sales to Water Customers					
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	
Other Revenues					
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	
Other Income					
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	\$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	\$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	\$1,166,744	\$1,348,121	\$1,315,203	\$1,543,307

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	\$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	\$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
Totals	\$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
Totals	\$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 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	\$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
Totals	\$1,735,724	\$2,789,471	\$2,611,332	\$3,579,186
EXPENDITURES (NOT INCLUDING CAPITAL)	Grand Totals	\$6,706,079	\$8,169,484	\$7,900,306
				\$9,526,704

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)				\$1,100,000 (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 upsize 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>