

RACINE WASTEWATER UTILITY

2022

Proposed Budget

August 17, 2021
Proposed

RACINE WASTEWATER UTILITY Proposed 2022 Budget

	2020 ACTUAL	2021 BUDGET	2021 PROJECTED	2022 BUDGET	21 VS 22 BUDGET
Operating Revenue True Up	\$12,867,152	\$13,450,496 (\$1,277,999)	\$11,857,000	\$13,915,440 (\$939,532)	3.5%
Total Operating Revenue	\$12,867,152	\$12,172,497	\$11,857,000	\$12,975,908	6.6%
O&M Expenses Depreciation*	\$8,903,387 2,246,123	\$9,760,000 2,246,964	\$9,529,000 2,250,000	\$10,144,000 2,264,911	3.9% 0.8%
Total Operating Expense	\$11,149,510	\$12,006,964	\$11,779,000	\$12,408,911	3.3%
Net Operating Income	\$1,717,642	\$165,533	\$78,000	\$566,997	242.5%
Other Income					
Plant Capacity Income (COSS)	\$2,237,444	\$1,918,352	\$1,927,750	\$1,816,820	-5.3%
Household Hazard Waste	167,727	160,000	165,000	165,000	3.1%
Interest/Dividend Income	68,982	105,000	39,000	45,000	-57.1%
Other Expense					
Household Hazard Waste	\$176,941	\$195,000	\$190,000	\$195,000	0.0%
Interest Expense	\$668,325	\$489,000	\$489,000	333,000	-31.9%
Net Income	\$3,346,529	\$1,664,885	\$1,530,750	\$2,065,817	24.1%
Distribution of 2022 Budget Net Income				\$2,065,817	
Plus Depreciation				2,264,911	
Plus principal collected from SSR parties not included above				2,479,089	
Total Cash Available				\$6,809,817	
Less Bond Principal Payments				(6,521,601)	
Less Total Capital Improvement Projects				(10,416,000)	
Plus Contributed Capital Improvement Projects				8,080,000	
Net Cash Balance				(\$2,047,784)	
Funding - From State Loans and/or Reserves/Rates					

* Depreciation Depreciation shown only represents amount used in rate calculation per the agreement. Depreciation used for GAAP shown in the audit will be much higher.

Note: Following the 2002 Intergovernmental Sanitary Sewer Agreement, in 2022 \$516,361 from Utility reserves will be transferred to the City of Racine. (Zoo, Library, & Museum)

RACINE WASTEWATER UTILITY
2022 Proposed Details of Revenue Budget

ACCOUNT	2020	2021	2021	2021	2021	2022	2021 vs 22
	Actual	Budget	thru 6/30	Projected	2022 Budget	Budget	
<u>Operating Revenue</u>							
Residential	\$3,364,516	\$3,200,000	\$1,874,369	\$3,700,000	\$3,800,000	\$3,800,000	
Commercial	892,311	750,000	371,559	750,000	1,000,000	1,000,000	
Industrial	453,979	400,000	182,673	400,000	500,000	500,000	
Public Authority	352,756	350,000	109,158	350,000	400,000	400,000	
Multi Family	844,617	750,000	377,025	750,000	1,000,000	1,000,000	
Other Municipalities	6,507,759	6,200,000	1,462,670	5,400,000	5,700,000	5,700,000	
Lab Test Fees	94,329	100,000	12,918	90,000	100,000	100,000	
Pretreatment Permit Fees	77,978	70,000	81,679	82,000	90,000	90,000	
Hauled Waste Revenue	7,596	10,000	2,958	8,000	10,000	10,000	
Landfill Leachate Revenue	60,782	60,000	14,396	50,000	70,000	70,000	
Other Sewer Revenues	3,802	2,497	971	2,000	5,908	5,908	
Late Payment Fees	206,727	280,000	67,669	275,000	300,000	300,000	
TOTAL	\$12,867,152	\$12,172,497	\$4,558,045	\$11,857,000	\$12,975,908	\$12,975,908	6.6%
<u>Other Income</u>							
Interest Income	\$30,684	\$90,000	\$11,692	\$24,000	\$30,000	\$30,000	
Insurance Dividends	19,149	15,000	-	15,000	15,000	15,000	
Gain (Loss) of Disposal of Assets	1,350	-	-	-	-	-	
Plant Capacity Income	2,237,444	1,918,352	925,736	1,927,750	1,816,820	1,816,820	
TOTAL	\$2,288,627	\$2,023,352	\$937,428	\$1,966,750	\$1,861,820	\$1,861,820	-8.0%
Total Revenues	\$15,155,779	\$14,195,849	\$5,495,473	\$13,823,750	\$14,837,728	\$14,837,728	4.5%

RACINE WASTEWATER UTILITY
2022 Proposed Operation & Maintenance Budget

ACCOUNT	2020 Actual	2021 Budget	2021 6/30/2021	2021 Projected	2022 Budget	21 vs 22 Budget
<u>A. PERSONNEL SERVICES</u>						
Salaries & Wages	\$3,118,045	\$3,241,000	\$1,211,426	\$2,800,000	\$3,424,000	5.6%
<u>B. CONTRACTUAL</u>						
Professional Services	\$501,162	\$277,000	\$186,900	\$374,000	\$277,000	0.0%
Laboratory Prof. Services	22,038	37,000	17,349	35,000	43,000	16.2%
Pre-treat. Prof Services	7,422	6,000	4,515	6,000	6,000	0.0%
Building & Equipment Maint.	80,992	110,000	22,463	45,000	110,000	0.0%
Vehicle Maintenance	15,715	25,000	8,752	18,000	25,000	0.0%
Telephone	8,552	10,000	3,989	8,000	10,000	0.0%
Natural Gas	110,655	170,000	141,373	180,000	170,000	0.0%
Electric Service	930,848	950,000	387,740	775,000	950,000	0.0%
Water Service	260,454	300,000	82,962	320,000	320,000	6.7%
City Sewer & L.S. Maint.	352	18,000	1,615	3,000	18,000	0.0%
Interceptor & L.S. Maint.	89,792	130,000	33,134	66,000	110,000	-15.4%
Sludge & Grit Disposal	665,674	688,000	444,075	700,000	704,000	2.3%
TOTAL	\$2,693,657	\$2,721,000	\$1,334,866	\$2,530,000	\$2,743,000	0.8%
<u>C. MATERIALS & SUPPLIES</u>						
Office Supplies	\$11,505	\$14,000	\$4,626	\$9,000	\$14,000	0.0%
Gasoline & Diesel Fuel	11,225	24,000	10,427	21,000	23,000	-4.2%
Lubricants	29,342	31,000	17,989	36,000	32,000	3.2%
Custodial Supplies	15,160	18,000	5,384	11,000	18,000	0.0%
Operational Chemicals	416,170	392,000	214,604	429,000	476,000	21.4%
Plant & System Supplies	73,796	56,000	44,072	88,000	56,000	0.0%
Equipment Supplies	301,809	220,000	36,347	73,000	220,000	0.0%
Sewer Maint. Supplies	6,226	10,000	5,754	12,000	10,000	0.0%
Pre-treat.Sampling Supplies	6,894	7,000	1,948	4,000	7,000	0.0%
Laboratory Supplies	53,731	58,000	25,071	50,000	62,000	6.9%
Pre-treat. Lab Supplies	18,836	22,000	11,226	22,000	25,000	13.6%
Computer & PLC Supplies	46,125	50,000	10,017	20,000	50,000	0.0%
TOTAL	\$990,818	\$902,000	\$387,463	\$775,000	\$993,000	10.1%

RACINE WASTEWATER UTILITY
2022 Proposed Operation & Maintenance Budget

ACCOUNT	2020 Actual	2021 Budget	2021 6/30/2021	2021 Projected	2022 Budget	21 vs 22 Budget
D. CUSTOMER ACCOUNT						
Metering, Billing & Collection	\$641,006	\$650,000	\$320,504	\$648,000	\$654,000	0.6%
E. ADMINISTRATION & GENERAL						
Dues, Publications & Travel	\$15,968	\$35,000	\$2,580	\$20,000	\$35,000	0.0%
FICA Tax	243,378	253,000	103,512	207,000	267,000	5.5%
Property & Liability Insurance	105,897	105,000	43,682	133,000	135,000	28.6%
Worker's Compensation Insur.	52,257	65,000	38,710	65,000	75,000	15.4%
Office Rent	31,401	33,000	16,083	32,000	33,000	0.0%
Wisconsin Retirement Expense	282,217	286,000	87,888	176,000	298,000	4.2%
Medical Expenses	859,662	1,100,000	1,166,757	1,720,000	1,100,000	0.0%
Life Insurance	12,020	15,000	5,091	10,000	14,000	-6.7%
Safety Programs & Supplies	18,834	14,000	14,419	29,000	24,000	71.4%
City Departmental Charges	83,000	85,000	43,000	86,000	88,000	3.5%
Training Programs	11,749	15,000	5,490	11,000	19,000	26.7%
Stormwater Fees	42,517	46,000	25,436	44,000	46,000	0.0%
DNR Permit Fee	136,788	142,000	139,541	140,000	143,000	0.7%
Airport Property Lease	50,846	52,000	51,491	103,000	53,000	1.9%
TOTAL	\$1,946,534	\$2,246,000	\$1,743,680	\$2,776,000	\$2,330,000	3.7%
SUMMARY						
A. Personnel Service	\$3,118,045	\$3,241,000	\$1,211,426	\$2,800,000	\$3,424,000	5.6%
B. Contractual Service	2,693,657	2,721,000	1,334,866	2,530,000	2,743,000	0.8%
C. Materials & Supplies	990,818	902,000	387,463	775,000	993,000	10.1%
D. Customer Accounts	641,006	650,000	320,504	648,000	654,000	0.6%
E. Administrative & General	1,946,534	2,246,000	1,743,680	2,776,000	2,330,000	3.7%
TOTALS	\$9,390,060	\$9,760,000	\$4,997,938	\$9,529,000	\$10,144,000	3.9%

RACINE WASTEWATER UTILITY
Capital Improvement Program 2022 - 2026
Proposed

	2022	2023	2024	2025	2026	Total
GENERAL PLANT						
1 Laboratory Equipment	\$85,000	\$80,000	\$40,000	\$60,000	\$0	\$265,000
2 Roof Replacement	350,000	350,000	-	-	-	700,000
3 PLC & SCADA Equipment	50,000	50,000	50,000	50,000	50,000	250,000
4 Fire Alarm Panels	10,000	-	-	-	-	10,000
5 Clarifier Equipment Rehab	50,000	50,000	50,000	50,000	50,000	250,000
6 Tank Drainage Pump #3	-	-	25,000	-	-	25,000
7 LINKO Pretreatment Software	10,000	-	-	-	-	10,000
8 Crane and Hoist Replacement	10,000	-	-	-	-	10,000
9 Microbiology ID Microscope-Laptop	6,000	-	-	-	-	6,000
10 Grit Removal Baffle System	-	65,000	65,000	-	-	130,000
11 Electric Maint Equip Transport Cart	10,000	-	-	-	-	10,000
12 Final Clarifier Launder Covers	300,000	300,000	300,000	-	-	900,000
13 **Property Development	2,000,000	-	-	-	-	2,000,000
14 **Facilities Plan Plant Upgrade	4,000,000	14,000,000	6,100,000	-	-	24,100,000
Subtotal	\$6,881,000	\$14,895,000	\$6,630,000	\$160,000	\$100,000	\$28,666,000
AUTOMOTIVE						
1 Pickup/Van/SUVs	\$0	\$0	\$0	\$35,000	\$30,000	\$65,000
2 Utility Trucks	116,000	-	-	-	-	116,000
3 Vactor	-	397,000	-	-	-	397,000
4 Sample Van	-	-	53,000	-	-	53,000
Subtotal	\$116,000	\$397,000	\$53,000	\$35,000	\$30,000	\$578,000
COLLECTION SYSTEM						
1 LS Controls/Building	\$0	\$100,000	\$0	\$100,000	\$0	\$200,000
2 LS #1 VFD upgrade pumps 5 & 6	24,000	-	-	-	-	24,000
3 SCADA Upgrade Licensing	72,000	-	-	-	-	72,000
4 **Johnson Park LS Upgrade (city)	80,000	-	-	-	-	80,000
5 **At North Beach Dev LS (city)	500,000	-	-	-	-	500,000
6 Field Meters and Samplers	36,000	7,000	7,000	7,000	7,000	64,000
7 Lift Station Generator Replacement	60,000	60,000	60,000	60,000	-	240,000
8 LS #9 Pump Replacement	15,000	-	-	-	-	15,000
9 Safety Site 10 Meter/Sensor	7,000	-	-	-	-	7,000
10 Interceptor Improvement Projects	625,000	705,000	725,000	125,000	625,000	2,805,000
11 **Chicory Rd Interceptor-Storage	1,000,000	14,000,000	-	-	-	15,000,000
12 **Goold-Main Storage-Sewer Improvement	1,000,000	14,000,000	5,000,000	-	-	20,000,000
Subtotal	\$3,419,000	\$28,872,000	\$5,792,000	\$292,000	\$632,000	\$39,007,000
TOTAL COST						
	\$10,416,000	\$44,164,000	\$12,422,000	\$487,000	\$762,000	\$68,251,000
**Total Contributed Capital Projects	8,080,000	41,897,000	10,600,000	-	-	60,577,000

Note: ** Denotes that the project cost is to be split on a Cost of Service share (COSS) basis among SSR parties per the Sewer Agreement

2022 Budget Highlights – Wastewater Commission

The following is a brief summary to explain major costs changes in the budget for 2022.

NOTE: Some budgets experienced minor changes up or down depending on special projects and various time frequencies for maintenance of certain equipment.

A. Personnel Services (5.6% Increase)

- **Salaries and Wages:** Increase \$183,000 (5.6%); Cost of living up about 1% from previous year. Employee increases are not a uniform percentage, as the higher percentage applies to employees with the lowest wages to advance toward market wage comparable. The current year has seen critical employee losses of about 40% through July. Retirements expected but almost 25% of total staff resigned for other jobs. Modest costs added in policy adjustments for employee retainage. Due to the high loss, retention increases were given to several employees in an attempt to slow the exodus. A revised salary market study is also expected to increase wages about 1%. As city benefits were reduced, employees staying long-term is not as certain and the job market is very competitive for employees to look elsewhere.

B. Contractual Services (0.8% Increase)

- **Professional Services:** No change; Roofing inspections cyclical (due 2021).
- **Natural Gas:** No change; Higher plant usage as backup to biogas usage and air permit restrictions offset by continued low prices.
- **Electric Service:** No change; Minimal change in usage; Small rate increase expected.
- **Water Service:** Increase \$20,000; Rate case increase.
- **Sludge and Grit Disposal:** Increase \$16,000; Low fuel costs keep biosolids hauling low, but increased cost for digester cleaning services.

C. Materials and Supplies (10.1% Increase)

- **Operational Chemicals:** Increase \$84,000; Higher chemical costs and delivery charges. This is a common theme with supplies for increased materials and driver shortages.
- **Laboratory Supplies:** Increase \$4,000; Supply costs rising.

D. Customer Account Services (0.6% Increase)

- Increase \$4,000; Cost for new Water Utility Beacon software.

E. Administration and General (3.7% Increase)

- **Medical Expenses:** No change. Costs are variable and high 2021 costs attributed to 2 stop loss cases and not believed to be a trend.
- **Property & Liability Insurance:** Increase \$30,000; Cost passed on from City.

Summary – The presented budget shows an overall increase of \$384,000 (3.9%) over the 2021 budget. The following items have the largest dollar increase:

- Salaries, Operational Chemicals, and Property & Liability Insurance.

The following items have the largest dollar decrease, but most are little changed:

- Interceptor & Lift Station Maintenance, Life Insurance, and Fuel.

The job market has changed dramatically in 2021 with retirements continuing, resignations increasing drastically, and the labor market getting very tight and competitive. Salaries account for about half of the overall increase. Salary support initiatives may need to be extended pending further market developments. The current market has also seen material and transportation costs rising as a trend.