

RACINE WASTEWATER UTILITY

2007

ADOPTED BUDGET

September 26, 2006
Adopted

**RACINE WASTEWATER UTILITY
ADOPTED 2007 BUDGET**

9/26/06

| | 2005 ACTUAL | 2006 BUDGET | 2006 PROJECTED | 2007 BUDGET | 06 VS 07 BUDGET | 06 PROJ. VS. 07 BUDGET |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|--------------------|------------------------------|
| BASE OPERATING REVENUE | \$12,486,696 | \$12,947,892 | \$12,600,000 | \$13,067,976 | 0.9% | 3.7% |
| TRUE UP | | (\$359,075) | | (\$32,649) | | |
| TOTAL OPERATING REVENUE | | \$12,588,817 | \$12,600,000 | \$13,035,327 | | |
| OPERATING EXPENSE | | | | | | |
| O&M EXPENSE | \$6,968,657 | \$7,724,000 | \$7,583,000 | \$8,131,000 | 5.3% | 7.2% |
| DEPRECIATION* | 2,569,682 | 3,346,482 | 3,184,000 | 3,187,338 | -4.8% | 0.1% |
| TOTAL OPERATING EXPENSE | \$9,538,339 | \$11,070,482 | \$10,767,000 | \$11,318,338 | 2.2% | 5.1% |
| | | | | | | |
| RETURN ON INVESTMENT | \$2,948,357 | \$1,518,335 | \$1,833,000 | \$1,716,989 | 13.1% | -6.3% |
| | | | | | | |
| PLANT CAPACITY INCOME | \$2,283,862 | \$3,465,000 | \$2,217,533 | \$2,300,000 | -33.6% | 3.7% |
| HOUSEHOLD HAZARD WASTE Income | - | 195,000 | 140,000 | 140,000 | | |
| OTHER INCOME | 439,656 | 264,000 | 490,000 | 520,000 | 97.0% | 6.1% |
| | | | | | | |
| INCOME before INTEREST EXPENSE | \$5,671,875 | \$5,442,335 | \$4,680,533 | \$4,676,989 | -14.1% | -0.1% |
| | | | | | | |
| HOUSEHOLD HAZARD WASTE Expense | \$0 | \$244,000 | \$300,000 | \$168,000 | | |
| | | | | | | |
| INTEREST EXPENSE | \$2,163,637 | \$2,358,000 | \$2,288,000 | 2,197,000 | -6.8% | -4.0% |
| | | | | | | |
| NET INCOME | \$3,508,238 | \$2,840,335 | \$2,092,533 | \$2,311,989 | -18.6% | 10.5% |

Distribution of 2007 Budget Net Income

APPROPRIATION TO CITY OF RACINE

PRINCIPAL PAYMENT ON BONDS
CAPITAL PROJECTS

Subtotal

DEFICIT (2007 Budget Net Income minus Subtotal)
PLUS DEPRECIATION

NET CASH BALANCE

FUNDING - From State Loans, Fixed Charge, & Reserves

\$2,311,989

\$609,736

4,358,803

3,355,000

\$8,323,539

(\$6,011,550)

3,187,338

(\$2,824,212)

*** 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.

**RACINE WASTEWATER UTILITY
2007 ADOPTED OPERATION AND MAINTENANCE BUDGET**

Proposed 8/29/06

| ACCOUNT | 2005 Actual | 2006 Budget | 2006 Thru 7/31 | 2006 Projected | Adopted 07 Budget | 06 vs 07 Budget | 06 Proj vs 07 Budget |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|-------------------------|
| <u>A. PERSONNEL SERVICES</u> | | | | | | | |
| Salaries & Wages | \$2,202,254 | 2,335,000 | \$1,258,965 | \$2,300,000 | 2,405,000 | 3.00% | 4.57% |
| Overtime | 102,246 | 97,000 | 42,914 | 94,000 | 96,000 | -1.03% | 2.13% |
| Extra Help | 29,650 | 35,000 | 15,442 | 26,000 | 32,000 | -8.57% | 23.08% |
| TOTAL | \$2,334,150 | \$2,467,000 | \$1,317,321 | \$2,420,000 | \$2,533,000 | 2.68% | 4.67% |
| <u>B. CONTRACTUAL</u> | | | | | | | |
| Professional Services | \$246,007 | 180,000 | \$68,922 | \$120,000 | 180,000 | 0.00% | 50.00% |
| Laboratory Prof. Services | 19,947 | 15,000 | 6,237 | 16,000 | 18,000 | 20.00% | 12.50% |
| Pre-treat. Prof Services | 3,486 | 2,000 | 1,512 | 3,000 | 3,000 | 50.00% | 0.00% |
| Equipment Maintenance | 181,726 | 207,000 | 144,105 | 227,000 | 227,000 | 9.66% | 0.00% |
| Building Maintenance | 9,449 | 10,000 | 2,818 | 10,000 | 10,000 | 0.00% | 0.00% |
| Vehicle Maintenance | 8,072 | 15,000 | 7,094 | 12,000 | 15,000 | 0.00% | 25.00% |
| Telephone | 9,538 | 12,000 | 5,670 | 11,000 | 11,000 | -8.33% | 0.00% |
| Natural Gas | 383,507 | 450,000 | 251,778 | 431,000 | 481,000 | 6.89% | 11.60% |
| Electric Service | 524,650 | 550,000 | 389,986 | 630,000 | 650,000 | 18.18% | 3.17% |
| Water Service | 120,807 | 120,000 | 87,158 | 170,000 | 175,000 | 45.83% | 2.94% |
| City Sewer & L.S. Maint. | 17,573 | 25,000 | 4,226 | 22,000 | 20,000 | -20.00% | -9.09% |
| Interceptor & L.S. Maint. | 61,449 | 75,000 | 19,920 | 75,000 | 65,000 | -13.33% | -13.33% |
| Household Hazard Waste | 0 | 244,000 | 21,579 | 300,000 | 168,000 | -31.15% | -44.00% |
| Sludge & Grit Disposal | 624,841 | 713,000 | 363,195 | 628,000 | 743,000 | 4.21% | 18.31% |
| TOTAL | \$2,211,051 | \$2,618,000 | \$1,374,200 | \$2,655,000 | \$2,766,000 | 5.65% | 4.18% |
| <u>C. MATERIALS & SUPPLIES</u> | | | | | | | |
| Office Supplies | \$11,317 | \$13,000 | \$7,303 | 13,000 | 13,000 | 0.00% | 0.00% |
| Gasoline & Diesel Fuel | 20,875 | 30,000 | 16,218 | 32,000 | 37,000 | 23.33% | 15.63% |
| Lubricants | 16,349 | 22,000 | 8,937 | 22,000 | 20,000 | -9.09% | -9.09% |
| Custodial Supplies | 17,303 | 11,000 | 6,724 | 13,000 | 12,000 | 9.09% | -7.69% |
| Operational Chemicals | 250,709 | 271,000 | 153,790 | 289,000 | 320,000 | 18.08% | 10.73% |
| Plant & System Supplies | 68,771 | 60,000 | 29,439 | 60,000 | 60,000 | 0.00% | 0.00% |
| Sewer Maint. Supplies | 1,330 | 3,000 | 2,658 | 4,000 | 3,000 | 0.00% | -25.00% |
| Pre-treat. Sampling Supplies | 4,467 | 4,000 | 1,108 | 4,000 | 4,000 | 0.00% | 0.00% |
| Laboratory Supplies | 25,206 | 25,000 | 9,824 | 25,000 | 25,000 | 0.00% | 0.00% |
| Pre-treat. Lab Supplies | 11,208 | 12,000 | 4,613 | 12,000 | 12,000 | 0.00% | 0.00% |
| Computer & PLC Supplies | 10,363 | 12,000 | 3,461 | 10,000 | 10,000 | -16.67% | 0.00% |
| TOTAL | \$437,899 | \$463,000 | \$244,076 | \$484,000 | \$516,000 | 11.45% | 6.61% |

**RACINE WASTEWATER UTILITY
2007 ADOPTED OPERATION AND MAINTENANCE BUDGET**

Proposed 8/29/06

| ACCOUNT | 2005 Actual | 2006 Budget | 2006 Thru 7/31 | 2006 Projected | Adopted 07 Budget | 06 vs 07 Budget | 06 Proj vs 07 Budget |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|-------------------------|
| D. CUSTOMER ACCOUNT | | | | | | | |
| Metering, Billing & Collection | \$480,216 | \$512,000 | \$280,126 | 485,000 | \$525,000 | 2.54% | 8.25% |
| TOTAL | \$480,216 | \$512,000 | \$280,126 | \$490,000 | \$525,000 | 2.54% | 7.14% |
| E. ADMINISTRATION & GENERAL | | | | | | | |
| Dues, Publications & Travel | \$29,743 | \$30,000 | \$7,564 | \$30,000 | 30,000 | 0.00% | 0.00% |
| FICA Tax | 182,272 | 197,000 | 105,689 | 184,000 | 203,000 | 3.05% | 10.33% |
| Property & Liability Insurance | 79,862 | 93,000 | 35,462 | 82,000 | 95,000 | 2.15% | 15.85% |
| Worker's Compensation Insur. | 89,854 | 90,000 | 41,976 | 72,000 | 82,000 | -8.89% | 13.89% |
| Office Rent | 21,281 | 23,000 | 13,002 | 23,000 | 24,000 | 4.35% | 4.35% |
| Wisconsin Retirement Expense | 280,877 | 303,000 | 171,355 | 287,000 | 313,000 | 3.30% | 9.06% |
| Medical Expenses | 553,907 | 840,000 | 422,619 | 840,000 | 882,000 | 5.00% | 5.00% |
| Life Insurance | 17,657 | 18,000 | 9,045 | 18,000 | 19,000 | 5.56% | 5.56% |
| Safety Programs & Supplies | 2,586 | 4,000 | 2,039 | 4,000 | 4,000 | 0.00% | 0.00% |
| City Departmental Charges | 66,067 | 68,000 | 39,694 | 68,000 | 72,000 | 5.88% | 5.88% |
| Training Programs | 11,100 | 10,000 | 8,531 | 11,000 | 11,000 | 10.00% | 0.00% |
| Stormwater Fees | 10,584 | 18,000 | 16,852 | 17,000 | 18,000 | 0.00% | 5.88% |
| DNR Permit Fee | 164,367 | 173,000 | 157,758 | 158,000 | 165,000 | -4.62% | 4.43% |
| Airport Property Lease | 39,533 | 41,000 | 39,062 | 40,000 | 41,000 | 0.00% | 2.50% |
| TOTAL | \$1,549,690 | \$1,908,000 | \$1,070,648 | \$1,834,000 | \$1,959,000 | 2.67% | 6.82% |
| SUMMARY | | | | | | | |
| A. Personel Service | \$2,334,150 | \$2,467,000 | \$1,317,321 | \$2,420,000 | \$2,533,000 | 2.68% | 4.67% |
| B. Contractual Service | 2,211,051 | 2,618,000 | 1,374,200 | 2,655,000 | 2,766,000 | 5.65% | 4.18% |
| C. Materials & Supplies | 437,899 | 463,000 | 244,076 | 484,000 | 516,000 | 11.45% | 6.61% |
| D. Customer Accounts | 480,216 | 512,000 | 280,126 | 490,000 | 525,000 | 2.54% | 7.14% |
| E. Administrative & General | 1,549,690 | 1,908,000 | 1,070,648 | 1,834,000 | 1,959,000 | 2.67% | 6.82% |
| TOTALS | \$7,013,008 | \$7,968,000 | \$4,286,371 | \$7,883,000 | \$8,299,000 | 4.15% | 5.28% |
| | HHW | (244,000) | | HHW | (168,000) | | |
| | | \$7,724,000 | | | \$8,131,000 | 5.27% | |

Footnote: HHW budget will be offset by a corresponding non operating revenue

**RACINE WASTEWATER UTILITY
CAPITAL IMPROVEMENT PROGRAM 2007 - 2011
ADOPTED**

Adopted 9/26/06

| | 2007 | 2008 | 2009 | 2010 | 2011 | Total | Funding |
|--|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|-----------|
| GENERAL PLANT | | | | | | | |
| 1 Laboratory Equipment | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$25,000 | |
| 2 Process Pump & Piping | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 | |
| 3 Process Metering Equipment | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | |
| 4 Computer Improvements | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 75,000 | |
| 5 Roof Replacement | - | 350,000 | - | - | - | 350,000 | |
| 6 Land Acquisition | 1,000,000 | - | - | 250,000 | - | 1,250,000 | |
| 7 Railing Replacement | 50,000 | 50,000 | 50,000 | 50,000 | - | 200,000 | |
| 8 Windows & Doors | 10,000 | 10,000 | - | - | - | 20,000 | |
| 9 Pre-treatment Sampling Equip | 5,000 | - | - | - | - | 5,000 | |
| 10 Pipe Insulation | 30,000 | 30,000 | 30,000 | 30,000 | - | 120,000 | |
| Subtotal | \$1,160,000 | \$505,000 | \$145,000 | \$395,000 | \$65,000 | \$2,270,000 | |
| AUTOMOTIVE ** | | | | | | | |
| ** Automotive figures do not include any value received from the sale of the old vehicle. Estimated purchase price only. | | | | | | | |
| 1 Replace Pickups | \$90,000 | \$44,000 | \$32,000 | \$60,000 | \$45,000 | \$271,000 | |
| 2 Van | 25,000 | 25,000 | - | 60,000 | 25,000 | 135,000 | |
| 3 Replace Vector or Rodder | - | 65,000 | - | 326,000 | - | 391,000 | |
| Subtotal | \$115,000 | \$134,000 | \$32,000 | \$446,000 | \$70,000 | \$797,000 | |
| COLLECTION SYSTEM | | | | | | | |
| 1 Flow Monitoring / Scada | 50,000 | 50,000 | 30,000 | 30,000 | 30,000 | 190,000 | |
| 2 Overflow Elimination | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 375,000 | 100% City |
| 3 Test & Rehabilitate for I & I | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 375,000 | 100% City |
| 4 Inspect/Rehab Catch Basin | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 | 100% City |
| 5 M.H. Design & Inspection | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 | 100% City |
| 6 M.H. Rehab. Construction | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 1,250,000 | 100% City |
| 7 Root River Interceptor | - | 500,000 | 250,000 | 250,000 | - | 1,000,000 | CleanWFL |
| 8 Confined Space Safety Equip. | 10,000 | - | - | - | - | 10,000 | |
| 9 Lift Station #2 Force Main | - | 150,000 | - | - | - | 150,000 | |
| 10 Lift Station #5 Pump | 10,000 | - | - | - | - | 10,000 | |
| 11 Lift Station #9 Pump | - | 20,000 | - | - | - | 20,000 | |
| 12 Root Saw & Vector Nozzle | 10,000 | - | - | - | - | 10,000 | |
| 13 Basin Z Improvements | 2,000,000 | - | - | - | - | 2,000,000 | CleanWFL |
| Subtotal | 2,630,000 | 1,270,000 | 830,000 | 830,000 | 580,000 | \$4,100,000 | |
| TOTAL COST | \$3,905,000 | \$1,909,000 | \$1,007,000 | \$1,671,000 | \$715,000 | \$7,167,000 | |
| CITY RESIDENT CHARGES | 550,000 | 550,000 | 550,000 | 550,000 | 550,000 | 2,750,000 | |
| TOTAL COST | \$3,355,000 | \$1,359,000 | \$457,000 | \$1,121,000 | \$165,000 | \$4,417,000 | |

ADOPTED 2007 WASTEWATER UTILITY RATES

9/26/2006

Adopted

CLASS I - RESIDENTIAL

| <u>AREA</u> | <u>2006</u> | <u>2007</u> | <u>% CHANGE</u> | <u>Overall % Change</u> |
|---|--|--|----------------------|-----------------------------|
| A. City of Racine plus quarterly fixed charge | \$2.05 \$16.00 | \$2.10 \$17.00 | 2.4% 6.3% | 3.3% |
| B. Elmwood Park North Bay plus quarterly fixed charge | \$2.05 \$2.05 \$16.00 | \$2.10 \$2.10 \$17.00 | 2.4% 2.4% 6.3% | 3.3% |
| C. Mt. Pleasant (interceptor) Sturtevant | \$1,165.58 \$1,165.58 | \$1,218.20 \$1,218.20 | 4.5% 4.5% | 4.5% 4.5% |
| D. Mt. Pleasant Caledonia North Park | \$1,397.69 \$1,397.69 \$1,397.69 | \$1,477.93 \$1,477.93 \$1,477.93 | 5.7% 5.7% 5.7% | 5.7% 5.7% 5.7% |

The percentage change is shown as a comparison to the previous years rates. The actual rate increase imposed by individual sewer utilities will vary depending on how they deal with existing surpluses and future projects within their respective Utilities.

The 2007 Rate calculations include a negative \$32,649 True Up for year 2005.

ADOPTED 2007 WASTEWATER UTILITY RATES

9/26/2006

Adopted

CLASS II - INDUSTRIAL

| <u>AREA</u> | | <u>2006</u> | <u>2007</u> | <u>% CHANGE</u> |
|---|----------------|-------------|-------------|-----------------|
| A. City of Racine | | | | |
| +\$17.00/quarter fixed charge | | | | |
| Total Flow Charge | \$/100 cu. ft. | \$1.3179 | \$1.3409 | 1.75% |
| BOD | \$/1000 lbs. | \$279.40 | \$290.27 | 3.89% |
| Suspended Solids | \$/1000 lbs. | \$232.01 | \$244.17 | 5.24% |
| Phosphorus | \$/1000 lbs. | \$3,745.75 | \$3,879.77 | 3.58% |
| B. Elmwood, North Bay | | | | |
| +\$17.00/quarter fixed charge | | | | |
| Total Flow | \$/100 cu. ft. | \$1.2560 | \$1.2787 | 1.81% |
| BOD | \$/1000 lbs. | \$279.40 | \$290.27 | 3.89% |
| Suspended Solids | \$/1000 lbs. | \$232.01 | \$244.17 | 5.24% |
| Phosphorus | \$/1000 lbs. | \$3,745.75 | \$3,879.77 | 3.58% |
| C. Mt. Pleasant - Sturtevant Interceptor | | | | |
| Total Flow | \$/100 cu. ft. | \$0.4359 | \$0.4489 | 2.97% |
| BOD | \$/1000 lb. | \$279.40 | \$290.27 | 3.89% |
| Suspended Solids | \$/1000 lb. | \$232.01 | \$244.17 | 5.24% |
| Phosphorus | \$/1000 lb. | \$3,745.75 | \$3,879.77 | 3.58% |
| D. Other Rural | | | | |
| Total Flow | \$/100 cu. ft. | \$0.5678 | \$0.5979 | 5.31% |
| BOD | \$/1000 lbs. | \$279.40 | \$290.27 | 3.89% |
| Suspended Solids | \$/1000 lbs. | \$232.01 | \$244.17 | 5.24% |
| Phosphorus | \$/1000 lbs. | \$3,745.75 | \$3,879.77 | 3.58% |