

# RACINE WATER UTILITY

2022

Proposed Budget

August 17, 2021  
Proposed

## RACINE WATER UTILITY Proposed 2022 Budget

	2020 ACTUAL	2021 BUDGET	2021 PROJECTED	2022 BUDGET	21 VS 22 BUDGET
<b>Operating Revenue</b>	\$21,422,304	\$22,782,123	\$21,882,000	\$22,782,123	0.0%
O&M Expense (includes PILOT)	\$13,731,492	\$14,063,000	\$13,079,000	\$14,202,000	1.0%
Depreciation	5,495,192	5,200,000	5,500,000	5,600,000	7.7%
<b>Total Operating Expense</b>	\$19,226,684	\$19,263,000	\$18,579,000	\$19,802,000	2.8%
<b>Net Operating Income</b>	<b>\$2,195,620</b>	<b>\$3,519,123</b>	<b>\$3,303,000</b>	<b>\$2,980,123</b>	-15.3%
<b>Interest/Dividend Income</b>	\$83,001	\$100,000	\$72,000	\$70,000	-30.0%
<b>REC &amp; Front Foot Income</b>	\$298,802	\$1,217,174	\$100,000	\$1,097,735	-9.8%
<b>Interest Expense</b>	\$1,563,085	\$1,437,000	\$1,993,000	1,698,000	18.2%
<b>Net Income</b>	<b>\$1,014,338</b>	<b>\$3,399,297</b>	<b>\$1,482,000</b>	<b>\$2,449,858</b>	-27.9%
Distribution of 2022 Budget Net Income				\$2,449,858	
Plus Depreciation				5,600,000	
Total Cash Available				\$8,049,858	
Less Bond Principal Payments				(3,590,144)	
Less Total Capital Improvement Projects				(15,828,000)	
Plus Contributed Capital Improvement Projects					
Less Appropriation to City of Racine				(278,783)	
Net Cash Balance				(\$11,647,070)	
Funding - New Bond Issue and/or Reserves					

Debt Service Coverage Ratio	Actual 2019	Actual 2020	Budget 2021	Budget 2022
Bond Requirement = 1.25	1.98	1.91	2.05	2.21
S&P including PILOT	1.44	1.36	1.50	1.62

**RACINE WATER UTILITY**  
**2022 Proposed Details of Revenue Budget**

ACCOUNT	2020 Actual	2021 Budget	2021 thru 6/30	2021 Projected	Proposed 2022 Budget	21 vs 22 Budget
<b><u>Operating Revenue</u></b>						
Misc. Metered Sales	\$146,420	\$170,000	\$2,990	\$150,000	\$150,000	
Residential	9,032,853	9,300,000	4,419,259	9,100,000	9,250,000	
Commercial	1,617,504	2,300,000	877,106	1,800,000	2,000,000	
Multi Family Residential	1,493,913	1,700,000	845,351	1,800,000	1,800,000	
Industrial	3,460,030	3,700,000	1,435,074	3,100,000	3,400,000	
Public Authority	809,997	1,100,000	437,802	900,000	1,000,000	
Wholesale	1,291,673	1,500,000	688,782	1,500,000	1,500,000	
Private Fire Protection	290,819	300,000	145,958	300,000	300,000	
Public Fire Protection	2,626,938	1,900,000	1,178,771	2,500,000	2,600,000	
Rents from Water Properties	240,168	250,000	147,584	250,000	250,000	
Return on Invest. On Meters	72,864	100,000	36,432	75,000	100,000	
Laboratory Test Fees	6,480	10,000	1,620	7,000	10,000	
Search Revenues	33,776	30,000	14,805	30,000	30,000	
Other Water Revenues	12,379	22,123	13,935	20,000	22,123	
Late Payment Fees	286,490	400,000	106,231	350,000	370,000	
<b>TOTAL</b>	<b>\$21,422,304</b>	<b>\$22,782,123</b>	<b>\$10,351,700</b>	<b>\$21,882,000</b>	<b>\$22,782,123</b>	<b>0.0%</b>
<b><u>Other Income</u></b>						
Interest Income	45,830	75,000	20,567	47,000	45,000	
Insurance Dividends	37,171	25,000		25,000	25,000	
Connection Charge Income	298,802	1,217,174	35,686		1,097,735	
<b>TOTAL</b>	<b>\$381,803</b>	<b>\$1,317,174</b>	<b>\$56,253</b>	<b>\$72,000</b>	<b>\$1,167,735</b>	<b>-11.3%</b>
<b>Total Revenues</b>	<b>\$21,804,107</b>	<b>\$24,099,297</b>	<b>\$10,407,953</b>	<b>\$21,954,000</b>	<b>\$23,949,858</b>	<b>-0.6%</b>

**RACINE WATER UTILITY**  
**2022 Proposed Operation & Maintenance Budget**

<b>ACCOUNT</b>	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 6/30/2021</b>	<b>2021 Projected</b>	<b>Proposed 2022</b>	<b>21 vs 22 Budget</b>
<b>A. PERSONNEL SERVICES</b>						
Salaries & Wages	\$3,610,331	\$3,998,000	\$1,604,611	\$3,400,000	\$4,106,000	2.7%
<b>B. CONTRACTUAL</b>						
Equipment Maintenance	\$122,431	\$177,000	\$29,010	\$150,000	\$180,000	1.7%
Building Maintenance	53,951	114,000	17,030	100,000	93,000	-18.4%
Vehicle Maintenance	70,082	50,000	36,589	73,000	55,000	10.0%
Telephone	24,235	25,000	11,210	22,000	26,000	4.0%
Natural Gas Service	92,350	125,000	77,275	119,000	125,000	0.0%
Electric Service	727,655	750,000	340,439	738,000	760,000	1.3%
Residuals Management	362,782	350,000	251,314	319,000	350,000	0.0%
Street Repairs by Others	387,275	375,000	551	380,000	400,000	6.7%
Main, Meter & Service Maint. by Other	540,230	163,000	110,381	200,000	105,000	-35.6%
Professional Services	510,240	398,000	227,916	425,000	325,000	-18.3%
Technology Support Contracts	107,710	110,000	97,375	150,000	120,000	9.1%
Water Tank Maintenance	321,890	300,000	149,685	299,000	260,000	-13.3%
<b>TOTAL</b>	<b>\$3,320,830</b>	<b>\$2,937,000</b>	<b>\$1,348,774</b>	<b>\$2,975,000</b>	<b>\$2,799,000</b>	<b>-4.7%</b>
<b>C. MATERIALS &amp; SUPPLIES</b>						
Operational Chemicals	\$312,070	\$343,000	\$140,370	\$281,000	\$380,000	10.8%
Pipe & Fittings	65,619	100,000	39,992	80,000	85,000	-15.0%
Meter Parts & Supplies	11,760	48,000	15,021	30,000	45,000	-6.3%
Gasoline & Diesel Fuels	46,043	65,000	31,413	63,000	75,000	15.4%
Office Supplies	26,831	25,000	14,474	26,000	26,000	4.0%
Custodial Supplies	15,610	17,000	7,192	14,000	17,000	0.0%
Laboratory Supplies	41,824	40,000	16,993	34,000	36,000	-10.0%
Equipment Supplies	74,097	82,000	42,805	86,000	89,000	8.5%
Building Supplies	70,797	62,000	39,557	79,000	62,000	0.0%
Construction Supplies	35,820	35,000	13,542	27,000	35,000	0.0%
Street Repair Supplies	87,146	90,000	42,704	85,000	100,000	11.1%
Postage	39,981	45,000	15,411	40,000	45,000	0.0%
Safety Supplies	22,056	22,000	7,171	14,000	22,000	0.0%
Computer & PLC Supplies	38,400	50,000	23,993	48,000	50,000	0.0%
<b>TOTAL</b>	<b>\$888,054</b>	<b>\$1,024,000</b>	<b>\$450,639</b>	<b>\$907,000</b>	<b>\$1,067,000</b>	<b>4.2%</b>

**RACINE WATER UTILITY**  
**2022 Proposed Operation & Maintenance Budget**

ACCOUNT	2020 Actual	2021 Budget	2021 6/30/2021	2021 Projected	Proposed 2022	21 vs 22 Budget
<b>D. ADMINISTRATIVE &amp; GENERAL</b>						
Liability Payments	\$6,000	\$20,000	\$0	\$0	\$20,000	0.0%
Property & Liability Insurance	67,828	70,000	33,914	82,000	83,000	18.6%
Workers Compensation Ins.	118,788	125,000	65,763	127,000	135,000	8.0%
Medical Expenditures	1,408,798	1,700,000	811,655	1,623,000	1,700,000	0.0%
Life Insurance	15,492	18,000	7,073	14,000	17,000	-5.6%
Wisconsin Retirement	344,341	366,000	122,097	244,000	366,000	0.0%
Public Notice & Education	6,521	14,000	8,324	12,000	14,000	0.0%
Dues, Publications, & Travel	12,953	18,000	3,559	12,000	18,000	0.0%
Office Rent	31,887	33,000	16,583	33,000	34,000	3.0%
Storm Water Fees	12,393	14,000	7,899	14,000	15,000	7.1%
PSC Expenses	75,980	20,000	-	-	10,000	-50.0%
<b>TOTAL</b>	<b>\$2,100,981</b>	<b>\$2,398,000</b>	<b>\$1,076,867</b>	<b>\$2,161,000</b>	<b>\$2,412,000</b>	<b>0.6%</b>
<b>E. OTHER EXPENSES</b>						
Real Estate Tax	\$3,271,563	\$3,350,000	\$1,663,426	\$3,327,000	\$3,450,000	3.0%
FICA Tax	312,693	334,000	142,838	286,000	345,000	3.3%
PSC Remainder Tax	22,466	22,000	-	23,000	23,000	4.5%
<b>TOTAL</b>	<b>\$3,606,721</b>	<b>\$3,706,000</b>	<b>\$1,806,264</b>	<b>\$3,636,000</b>	<b>\$3,818,000</b>	<b>3.0%</b>
<b>SUMMARY</b>						
A. Personnel Service	\$3,610,331	\$3,998,000	\$1,604,611	\$3,400,000	\$4,106,000	2.7%
B. Contractual Service	3,320,830	2,937,000	1,348,774	2,975,000	2,799,000	-4.7%
C. Materials & Supplies	888,054	1,024,000	450,639	907,000	1,067,000	4.2%
D. Administrative & General	2,100,981	2,398,000	1,076,867	2,161,000	2,412,000	0.6%
E. Other Expenses	3,606,721	3,706,000	1,806,264	3,636,000	3,818,000	3.0%
<b>TOTALS</b>	<b>\$13,526,918</b>	<b>\$14,063,000</b>	<b>\$6,287,156</b>	<b>\$13,079,000</b>	<b>\$14,202,000</b>	<b>1.0%</b>

**RACINE WATER UTILITY**  
**Capital Improvement Program 2022 - 2026**  
**Proposed**

	2022	2023	2024	2025	2026	Total	Funding
<b>GENERAL PLANT</b>							
1 Roof Replacement	\$0	\$200,000	\$205,000	\$0	\$0	\$405,000	Revenue
2 Lab Countertop Dish-Glassware Cleaning Unit	\$8,000	\$0	\$0	\$0	\$0	8,000	Revenue
3 Generator Building Heating Unit	10,000	-	-	-	-	10,000	Revenue
4 Pretreatment Building Basin 1 Mixer Unit	25,000	-	-	-	-	25,000	Revenue
5 Filter Plant Valve Actuator Replacement	80,000	-	-	-	-	80,000	Revenue
6 Low Lift Pump/VFD/Motor Replacement	700,000	700,000	-	-	-	1,400,000	Revenue Bond
	\$823,000	\$900,000	\$205,000	\$0	\$0	\$1,928,000	
<b>AUTOMOTIVE</b>							
1 Utility Trucks	\$178,000	\$0	\$87,000	\$0	\$215,000	\$480,000	Revenue
2 Pickup/SUVs	35,000	35,000	-	-	-	70,000	Revenue
3 Vans	-	28,000	-	85,000	66,000	179,000	Revenue
4 Dump Trucks	-	200,000	-	-	-	200,000	Revenue
5 Electric Vehicle Charging Station	7,000	-	-	-	-	7,000	Revenue
5 Backhoe/Loader	-	-	-	-	-	-	Revenue
	\$220,000	\$263,000	\$87,000	\$85,000	\$281,000	\$936,000	
<b>WATER TREATMENT</b>							
1 SCADA & Process Controls	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	Revenue
2 Filter Plant Rehab (w/ Roof Trusses)	100,000	712,500	712,500	712,500	712,500	2,950,000	Revenue
3 Membrane Module Replacement	500,000	500,000	500,000	500,000	500,000	2,500,000	Revenue
4 Anthracite Media Replenishment	-	-	40,000	-	-	40,000	Revenue
5 On-line Water Quality Monitors	15,000	15,000	15,000	15,000	15,000	75,000	Revenue
	\$665,000	\$1,277,500	\$1,317,500	\$1,277,500	\$1,277,500	\$5,815,000	
<b>METERS</b>							
1 Meter Replacement	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000	Revenue
<b>DISTRIBUTION SYSTEM</b>							
1 Watermain Replacement	\$2,500,000	\$2,520,000	\$2,650,000	\$2,780,000	\$2,920,000	\$13,370,000	Revenue Bond
2 Hwy 20 WM-West Blvd to Marquette (DOT)	-	-	-	-	1,000,000	1,000,000	Revenue Bond
3 Green Bay Rd - Hwy 20 to Hwy 11 (DOT)	-	-	2,500,000	-	-	2,500,000	Revenue Bond
4 Closing Loops & 3" Main Repl	100,000	100,000	100,000	100,000	100,000	500,000	Revenue
5 Lead Service Replacement-Public Side Only	1,000,000	500,000	500,000	500,000	500,000	3,000,000	Revenue Bond
6 Valve Replacement	50,000	50,000	50,000	50,000	50,000	250,000	Revenue
7 Hydrant Replacement	25,000	25,000	25,000	25,000	25,000	125,000	Revenue
8 Locators - Meter Dept	7,000	-	-	-	-	7,000	Revenue
9 Trimble Handheld Units & Tablet	28,000	16,000	-	-	-	44,000	Revenue
10 Hydrant Backflow Preventers	10,000	10,000	-	-	-	20,000	Revenue
11 **Oversizing - Watermains (Regional OS)	-	100,000	100,000	100,000	100,000	400,000	REC
12 12" WM Water St (Marquette to Grand)	-	-	-	350,000	-	350,000	Revenue
13 12" WM Lake Ave (8th St to 10th St) (9)	-	-	-	-	380,000	380,000	Revenue
14 42" WM Main St to Perry Tank-3 phases (17.0)	10,000,000	-	-	-	-	10,000,000	Revenue Bond
	\$13,720,000	\$3,321,000	\$5,925,000	\$3,905,000	\$5,075,000	\$31,946,000	
<b>TOTAL COST</b>	<b>\$15,828,000</b>	<b>\$6,161,500</b>	<b>\$7,934,500</b>	<b>\$5,667,500</b>	<b>\$7,033,500</b>	<b>\$42,625,000</b>	

## 2022 Budget Highlights – Waterworks 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 (2.7% Increase)

- **Salaries and Wages:** Increase \$108,000 (2.7%); Cost of living up about 1% from previous year, union maximum increase set at 2.30% per Act 10 regulations. Employee increases are not a uniform percentage, as the higher percentage applies to employees with the lowest wages to advance toward market wage comparable. Some labor is split among projects (such as engineering rolled into individual contract work) and not attributed to the salary account. There is also a merging of services (such as metering and billing) with that labor distributed among the water utility, wastewater utility, and storm water utility to conserve costs. Modest costs added in policy adjustments for employee retainage.

### B. Contractual Services (4.7% Decrease)

- **Professional Services:** Decrease \$73,000; Consultant work for DNR pipe corrosion chemical optimization study (LCR) and related lab testing winding down.
- **Main, Meter, and Service Maintenance:** Decrease \$58,000; Consultant completed system leak detection program (continue partial inspection going forward).
- **Water Tank Maintenance:** Decrease \$40,000; Mall tank taken out of service.
- **Street Repair Supplies:** Increase \$25,000; Higher material costs for gravel and other.

### C. Materials and Supplies (4.2% Increase)

- **Operational Chemicals:** Increase \$37,000; Higher chemical costs and delivery charges. This is a common theme with supplies for increased materials and driver shortages.

### D. Administration and General (0.6% Increase)

- **Medical Expenses:** No change. Costs are variable and 2021 is on budget.
- **Property & Liability Insurance:** Increase \$13,000; Cost passed on from City.
- **PSC Expenses:** Decrease \$10,000; No rate case in 2022.

### E. Other Expenses (3.0% Increase)

- **Real Estate Tax (PILOT):** Increase \$100,000; Payment to City with estimated tax rate; 24% of total budget.

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**Summary** – The presented budget shows an overall minor increase of \$139,000 (1.0%) over the 2021 budget. The following items have the largest dollar increase:

- Salaries, Real Estate Taxes (PILOT), and Operational Chemicals.

The following items have the largest dollar decrease:

- Professional Services, Main-Meter-Service Maintenance, and Water Tank Maintenance.

The job market has changed dramatically in 2021 with retirements continuing, resignations increasing, and the labor market getting very tight and competitive. Salary support initiatives may need to be extended pending further market developments. The Utility has no control over PILOT payments, which accounts for almost a quarter of the entire budget. The current market has also seen material and transportation costs rising as a trend.