

RACINE WATER UTILITY

2018

Adopted Budget

September 26, 2017
Adopted

RACINE WATER UTILITY
Adopted 2018 Budget

	2016 ACTUAL	2017 BUDGET	2017 PROJECTED	2018 BUDGET	17 VS 18 BUDGET
Operating Revenue	\$21,239,881	\$20,731,571	\$20,223,000	\$22,020,885	6.2%
O&M Expense (includes PILOT & OPEB)	\$13,441,384	\$14,065,000	\$13,611,000	\$14,319,000	1.8%
Depreciation	4,325,974	4,300,000	4,300,000	4,400,000	2.3%
Total Operating Expense	\$17,767,358	\$18,365,000	\$17,911,000	\$18,719,000	1.9%
Net Operating Income	\$3,472,523	\$2,366,571	\$2,312,000	\$3,301,885	39.5%
Interest Income	\$61,153	\$60,000	\$64,000	\$63,000	5.0%
REC Income	\$738,592	\$1,150,000	\$600,000	\$1,381,735	20.2%
Interest Expense	\$1,487,722	\$1,231,000	\$1,231,000	1,082,000	-12.1%
Net Income	\$2,784,546	\$2,345,571	\$1,745,000	\$3,664,620	56.2%
Distribution of 2018 Budget Net Income				\$3,664,620	
Plus Depreciation				4,400,000	
Plus OPEB				1,400,000	
Total Cash Available				\$9,464,620	
Less Bond Principal Payments				(5,069,799)	
Less Total Capital Improvement Projects				(8,166,000)	
Plus Contributed Capital Improvement Projects				1,740,000	
Less Appropriation to City of Racine				(264,137)	
Net Cash Balance				(\$2,295,316)	
Funding - New Bond Issue and/or Reserves					

Debt Service Coverage Ratio	Actual 2015	Actual 2016	Projected 2017	Budget 2018
Bond Requirement = 1.25	1.61	1.93	1.70	1.90
S&P including PILOT	1.11	1.40	1.17	1.35

RACINE WATER UTILITY
2018 Adopted Details of Revenue Budget

ACCOUNT	2016 Actual	2017 Budget	2017 thru 6/30	2017 Projected	Adopted 18 Budget	17 vs 18 Budget
<u>Operating Revenue</u>						
Misc. Metered Sales	\$127,529	\$100,000	\$4,247	\$125,000	\$125,000	
Residential	8,283,261	8,200,000	3,873,344	8,000,000	8,900,000	
Commercial	1,784,054	1,700,000	768,275	1,600,000	1,800,000	
Multi Family Residential	1,399,470	1,400,000	673,793	1,500,000	1,550,000	
Industrial	4,772,493	4,200,000	1,361,168	4,000,000	4,600,000	
Public Authority	808,725	800,000	382,997	800,000	900,000	
Wholesale	967,544	1,020,000	555,195	1,100,000	1,050,000	
Private Fire Protection	275,201	300,000	139,859	300,000	300,000	
Public Fire Protection	2,074,989	2,200,000	1,037,495	1,990,000	1,990,000	
Rents from Water Properties	233,819	250,000	134,111	250,000	250,000	
Return on Invest. On Meters	82,601	100,000	41,301	100,000	100,000	
Laboratory Test Fees	6,480	10,000	3,240	8,000	10,000	
Search Revenues	27,225	30,000	15,555	30,000	30,000	
Other Water Revenues	13,510	21,571	9,256	20,000	15,885	
Late Payment Fees	382,980	400,000	93,568	400,000	400,000	
TOTAL	\$21,239,881	\$20,731,571	\$9,093,404	\$20,223,000	\$22,020,885	6.2%
<u>Other Income</u>						
Interest Income	\$35,426	\$30,000	\$20,490	\$39,000	\$38,000	
Insurance Dividends	25,727	30,000	-	25,000	25,000	
Connection Charge Income	738,592	1,150,000	376,613	600,000	1,381,735	
TOTAL	\$799,745	\$1,210,000	\$397,103	\$664,000	\$1,444,735	19.4%
Total Revenues	\$22,039,626	\$21,941,571	\$9,490,507	\$20,887,000	\$23,465,620	6.9%

RACINE WATER UTILITY
2018 Adopted Operation & Maintenance Budget

ACCOUNT	2016 Actual	2017 Budget	2017 6/30/2017	2017 Projected	Adopted 18 Budget	17 vs 18 Budget
<u>A. PERSONNEL SERVICES</u>						
Salaries & Wages	\$3,292,105	\$3,418,000	\$1,463,023	\$3,300,000	\$3,493,000	2.2%
<u>B. CONTRACTUAL</u>						
Equipment Maintenance	\$68,383	\$82,000	\$27,927	\$80,000	\$123,000	50.0%
Building Maintenance	35,019	100,000	8,529	80,000	109,000	9.0%
Vehicle Maintenance	54,456	50,000	17,532	45,000	50,000	0.0%
Telephone	19,850	23,000	11,230	22,000	24,000	4.3%
Natural Gas Service	87,870	140,000	70,485	100,000	130,000	-7.1%
Electric Service	744,330	775,000	334,032	740,000	760,000	-1.9%
Residuals Management	314,386	300,000	165,708	290,000	300,000	0.0%
Street Repairs by Others	268,433	310,000	118,528	275,000	330,000	6.5%
Main, Meter & Service Maint. by Othe	13,989	20,000	2,323	5,000	20,000	0.0%
Professional Services	372,553	283,000	164,725	329,000	283,000	0.0%
Technology Support Contracts	70,890	103,000	69,608	80,000	97,000	-5.8%
Water Tank Maintenance	345,037	303,000	182,865	366,000	399,000	31.7%
TOTAL	\$2,395,196	\$2,489,000	\$1,173,492	\$2,412,000	\$2,625,000	5.5%
<u>C. MATERIALS & SUPPLIES</u>						
Operational Chemicals	\$325,998	\$346,000	\$151,517	\$303,000	\$348,000	0.6%
Pipe & Fittings	76,852	100,000	52,523	105,000	110,000	10.0%
Meter Parts & Supplies	51,217	50,000	14,349	45,000	53,000	6.0%
Gasoline & Diesel Fuels	43,711	75,000	25,845	52,000	65,000	-13.3%
Office Supplies	22,681	25,000	9,499	19,000	25,000	0.0%
Custodial Supplies	10,827	13,000	7,315	13,000	13,000	0.0%
Laboratory Supplies	26,597	35,000	8,208	25,000	32,000	-8.6%
Equipment Supplies	69,188	76,000	12,460	70,000	76,000	0.0%
Building Supplies	49,820	59,000	24,149	48,000	67,000	13.6%
Construction Supplies	34,267	40,000	9,490	30,000	40,000	0.0%
Street Repair Supplies	59,138	70,000	34,090	68,000	70,000	0.0%
Postage	46,383	44,000	20,184	44,000	45,000	2.3%
Safety Supplies	23,896	21,000	8,650	17,000	24,000	14.3%
Computer & PLC Supplies	26,024	40,000	13,305	27,000	35,000	-12.5%
TOTAL	\$866,598	\$994,000	\$391,584	\$866,000	\$1,003,000	0.9%

RACINE WATER UTILITY
2018 Adopted Operation & Maintenance Budget

ACCOUNT	2016 Actual	2017 Budget	2017 6/30/2017	2017 Projected	Adopted 18 Budget	17 vs 18 Budget
<u>D. ADMINISTRATIVE & GENERAL</u>						
Liability Payments	\$9,000	\$20,000	\$0	\$0	\$20,000	0.0%
Property & Liability Insurance	32,561	45,000	17,310	35,000	45,000	0.0%
Workers Compensation Ins.	109,683	125,000	58,628	117,000	140,000	12.0%
Medical Expenditures	1,826,634	1,450,000	722,128	1,444,000	1,500,000	3.4%
Net OPEB Obligation	1,081,743	1,500,000	-	1,400,000	1,400,000	-6.7%
Life Insurance	29,267	28,000	20,507	28,000	29,000	3.6%
Wisconsin Retirement	304,673	331,000	154,446	309,000	337,000	1.8%
Public Notice & Education	10,191	15,000	8,270	12,000	14,000	-6.7%
Dues, Publications, & Travel	18,095	18,000	7,037	14,000	18,000	0.0%
Office Rent	27,876	30,000	14,650	29,000	30,000	0.0%
Storm Water Fees	9,959	11,000	10,246	11,000	11,000	0.0%
PSC Expenses	-	30,000	23,169	32,000	10,000	-66.7%
TOTAL	\$3,459,680	\$3,603,000	\$1,036,391	\$3,431,000	\$3,554,000	-1.4%
<u>E. OTHER EXPENSES</u>						
Real Estate Tax	\$3,257,283	\$3,250,000	\$1,654,845	\$3,310,000	\$3,325,000	2.3%
FICA Tax	273,240	291,000	135,188	270,000	297,000	2.1%
PSC Remainder Tax	21,688	20,000	-	22,000	22,000	10.0%
TOTAL	\$3,552,211	\$3,561,000	\$1,790,033	\$3,602,000	\$3,644,000	2.3%
<u>SUMMARY</u>						
A. Personnel Service	\$3,292,105	\$3,418,000	\$1,463,023	\$3,300,000	\$3,493,000	2.2%
B. Contractual Service	2,395,196	2,489,000	1,173,492	2,412,000	2,625,000	5.5%
C. Materials & Supplies	866,598	994,000	391,584	866,000	1,003,000	0.9%
D. Administrative & General	3,459,680	3,603,000	1,036,391	3,431,000	3,554,000	-1.4%
E. Other Expenses	3,552,211	3,561,000	1,790,033	3,602,000	3,644,000	2.3%
TOTALS	\$13,565,791	\$14,065,000	\$5,854,523	\$13,611,000	\$14,319,000	1.8%

RACINE WATER UTILITY
Capital Improvement Program 2018 - 2022
Adopted

	2018	2019	2020	2021	2022	Total
<u>GENERAL PLANT</u>						
1 Roof Replacement	\$0	\$0	\$85,000	\$0	\$0	\$85,000
2 Filter Plant Freight Elevator Replacement	-	-	400,000	-	-	400,000
3 High Lift Venturi Meter Replacement	100,000	-	-	-	-	100,000
4 Hubbard Street Reconstruction	-	-	350,000	-	-	350,000
5 Filter Plant Valve Actuator Replacement	-	108,000	108,000	39,000	39,000	294,000
6 Security Electronic Lock Replacement	30,000	-	-	-	-	30,000
	\$130,000	\$108,000	\$943,000	\$39,000	\$39,000	\$1,259,000
<u>AUTOMOTIVE</u>						
1 Utility Trucks	\$0	\$52,000	\$66,000	\$80,000	\$171,000	\$369,000
2 Pickup/SUVs	34,000	81,000	46,000	43,000	38,000	242,000
3 Vans	25,000	26,000	-	-	-	51,000
4 Dump Trucks	120,000	-	-	-	-	120,000
	\$179,000	\$159,000	\$112,000	\$123,000	\$209,000	\$782,000
<u>WATER TREATMENT</u>						
1 SCADA & Process Controls	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
2 Security Cameras	20,000	20,000	-	-	-	40,000
3 Filter Plant Rehab (w/ Roof Trusses)	500,000	500,000	500,000	500,000	-	2,000,000
4 Membrane Module Replacement	500,000	500,000	500,000	500,000	500,000	2,500,000
5 On-site Chlorine Generator System	-	-	-	50,000	600,000	650,000
6 Anthracite Media Replenishment	35,000	-	-	35,000	-	70,000
7 On-line Water Quality Monitors	15,000	15,000	15,000	15,000	15,000	75,000
	\$1,100,000	\$1,065,000	\$1,045,000	\$1,130,000	\$1,145,000	\$5,485,000
<u>METERS</u>						
1 Meter replacement	\$500,000	\$400,000	\$300,000	\$300,000	\$300,000	\$1,800,000
<u>ADMINISTRATIVE</u>						
1 Office Equipment	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$55,000

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Capital Improvement Program 2018 - 2022
Adopted

	2018	2019	2020	2021	2022	Total
<u>DISTRIBUTION SYSTEM</u>						
1 Watermain Replacement	\$2,050,000	\$2,000,000	\$2,100,000	\$2,210,000	\$2,320,000	\$10,680,000
2 Hwy 11 WM-Kentucky to Kearney (DOT)	-	600,000	-	-	-	\$600,000
3 Hwy 20 WM-West Blvd to Roosevelt (DOT)	-	-	-	1,600,000	-	\$1,600,000
4 12" WM Water St (Marquette to Grand)	350,000	-	-	-	-	\$350,000
5 12" WM Clark St (14th St to 16th St)	275,000	-	-	-	-	\$275,000
6 Closing Loops & 3" Main Repl.	-	100,000	100,000	100,000	100,000	400,000
7 Lead Service Replacement	700,000	300,000	300,000	300,000	300,000	1,900,000
8 Valve Replacement	50,000	50,000	50,000	50,000	50,000	250,000
9 Hydrant Replacement	25,000	25,000	25,000	25,000	25,000	125,000
10 Trimble Handheld Units	-	13,000	-	-	-	13,000
11 Concrete Saw and Trailer	27,000	-	-	-	-	27,000
12 PVC Tapping Machine	25,000	-	-	-	-	25,000
13 Perry Tank Roof Structure Replacement	1,400,000	-	-	-	-	1,400,000
14 Telemetry System Improvements	25,000	-	-	-	-	25,000
15 Wholesale Acquisition - Yorkville	200,000	-	-	-	-	200,000
16 **20" WM ext under I94 to Yorkville (6.4)	700,000	-	-	-	-	700,000
17 **Oversizing - Watermains (Regional)	100,000	100,000	100,000	100,000	100,000	500,000
18 **12" WM 11th St (Wis to Lake Ave N) (9)	230,000	-	-	-	-	230,000
19 **16" WM 8th St (Main to Lake Ave) (10)	85,000	-	-	-	-	85,000
20 **16" WM I94 front Hwy 20-Town Line (44)	-	-	60,000	-	-	60,000
21 **Hwy V Storage Tank [42]	-	-	-	-	3,239,000	3,239,000
22 **16" WM Hwy C from Hwy V to I94 [39]	-	-	-	755,000	-	755,000
23 **16" WM Hwy V ext 1,850ft S to Hwy11 [4]	-	-	80,000	-	-	80,000
	\$6,242,000	\$3,188,000	\$2,815,000	\$5,140,000	\$6,134,000	\$23,519,000

TOTAL COST	\$8,166,000	\$4,930,000	\$5,225,000	\$6,742,000	\$7,837,000	\$32,900,000
**Total Contributed Capital Projects	1,740,000	100,000	240,000	855,000	3,339,000	5,649,000

Note: (OS) Denotes that the project cost represents Contributions in Aid of Capital (CIAC) by a developer or municipal project initiation trigger with the Utility paying **Oversizing** costs, per the Retail Water Agreement