

RACINE WATER UTILITY

2024

Proposed Budget

August 15, 2023
Proposed

RACINE WATER UTILITY
2024 Proposed Details of Revenue Budget

ACCOUNT	2022	2023	2023	2023	2023	Proposed	23 vs 24
	Actual	Budget	thru 6/30	Projected	2024 Budget	Budget	Budget
<u>Operating Revenue</u>							
Misc. Metered Sales	\$204,591	\$200,000	\$4,366	\$200,000	\$200,000	\$200,000	
Residential	9,517,852	9,500,000	4,443,039	9,200,000	9,500,000	9,500,000	
Commercial	2,044,745	2,000,000	940,447	1,900,000	2,000,000	2,000,000	
Multi Family Residential	1,726,067	1,800,000	861,979	1,750,000	1,700,000	1,700,000	
Industrial	4,713,184	3,200,000	1,532,199	4,000,000	3,500,000	3,500,000	
Public Authority	947,084	1,000,000	433,396	900,000	900,000	900,000	
Wholesale	1,896,646	1,800,000	759,165	1,600,000	1,800,000	1,800,000	
Private Fire Protection	299,978	300,000	152,354	305,000	300,000	300,000	
Public Fire Protection	2,149,271	2,200,000	1,231,972	2,400,000	2,070,000	2,070,000	
Rents from Water Properties	322,823	250,000	182,318	364,000	300,000	300,000	
Return on Invest. On Meters	64,698	70,000	32,349	65,000	62,000	62,000	
Laboratory Test Fees	6,480	10,000	1,620	7,000	5,123	5,123	
Search Revenues	36,540	30,000	12,810	26,000	25,000	25,000	
Other Water Revenues	20,599	22,123	8,641	18,000	20,000	20,000	
Late Payment Fees	434,290	400,000	117,520	430,000	400,000	400,000	
TOTAL	\$24,384,848	\$22,782,123	\$10,714,175	\$23,165,000	\$22,782,123	\$22,782,123	0.0%
<u>Other Income</u>							
Interest Income	114,839	50,000	176,300	350,000	350,000	350,000	
Insurance Dividends	24,782	25,000	-	24,000	25,000	25,000	
Connection Charge Income	305,466	1,100,045	152,186	400,000	1,098,639	1,098,639	
TOTAL	\$445,087	\$1,175,045	\$328,486	\$774,000	\$1,473,639	\$1,473,639	25.4%
Total Revenues	\$24,829,935	\$23,957,168	\$11,042,661	\$23,939,000	\$24,255,762	\$24,255,762	1.2%

RACINE WATER UTILITY
2024 Proposed Operation & Maintenance Budget

ACCOUNT	2022	2023	2023	2023	Proposed	23 vs 24
	Actual	Budget	6/30/2023	Projected	2024	Budget
A. PERSONNEL SERVICES						
Salaries & Wages	\$3,583,285	\$4,294,000	\$1,921,659	\$4,000,000	\$4,363,000	1.6%
B. CONTRACTUAL						
Equipment Maintenance	\$147,989	\$226,000	\$57,345	\$160,000	\$227,000	0.4%
Building Maintenance	40,343	53,000	19,995	40,000	53,000	0.0%
Vehicle Maintenance	67,964	60,000	24,097	48,000	60,000	0.0%
Telephone	22,924	25,000	10,540	21,000	25,000	0.0%
Natural Gas Service	149,243	130,000	84,015	135,000	135,000	3.8%
Electric Service	812,445	810,000	407,275	830,000	850,000	4.9%
Residuals Management	337,471	360,000	386,991	450,000	400,000	11.1%
Street Repairs by Others	351,281	353,000	13,885	325,000	301,000	-14.7%
Main, Meter & Service Maint. by Other	203,695	137,000	72,975	135,000	137,000	0.0%
Professional Services	326,110	325,000	141,390	283,000	325,000	0.0%
Technology Support Contracts	153,873	140,000	91,410	150,000	140,000	0.0%
Water Tank Maintenance	259,629	283,000	141,159	282,000	314,000	11.0%
TOTAL	\$2,872,966	\$2,902,000	\$1,451,078	\$2,859,000	\$2,967,000	2.2%
C. MATERIALS & SUPPLIES						
Operational Chemicals	\$420,858	\$490,000	\$234,656	\$469,000	\$612,000	24.9%
Pipe & Fittings	121,492	106,000	20,377	100,000	113,000	6.6%
Meter Parts & Supplies	23,815	40,000	1,934	24,000	43,000	7.5%
Gasoline & Diesel Fuels	99,870	80,000	34,722	76,000	80,000	0.0%
Office Supplies	22,953	30,000	12,653	25,000	30,000	0.0%
Custodial Supplies	14,962	16,000	4,699	9,000	12,000	-25.0%
Laboratory Supplies	35,898	34,000	19,797	36,000	40,000	17.6%
Equipment Supplies	80,183	108,000	57,119	114,000	99,000	-8.3%
Building Supplies	61,052	64,000	35,399	71,000	65,000	1.6%
Construction Supplies	29,522	50,000	10,794	22,000	50,000	0.0%
Street Repair Supplies	123,700	100,000	39,514	79,000	94,000	-6.0%
Postage	44,224	50,000	25,595	51,000	50,000	0.0%
Safety Supplies	26,293	24,000	26,165	30,000	27,000	12.5%
Computer & PLC Supplies	57,723	50,000	26,992	54,000	50,000	0.0%
TOTAL	\$1,162,546	\$1,242,000	\$550,415	\$1,160,000	\$1,365,000	9.9%

RACINE WATER UTILITY
2024 Proposed Operation & Maintenance Budget

ACCOUNT	2022	2023	2023	2023	2023	Proposed	23 vs 24
	Actual	Budget	6/30/2023	Projected	Projected	2024	Budget
D. ADMINISTRATIVE & GENERAL							
Liability Payments	\$9,175	\$15,000	\$0	\$0	\$0	\$15,000	0.0%
Property & Liability Insurance	87,490	88,000	44,507	89,000	89,000	94,000	6.8%
Workers Compensation Ins.	129,080	130,000	56,428	113,000	113,000	115,000	-11.5%
Medical Expenditures	1,153,789	1,500,000	684,521	1,369,000	1,369,000	1,450,000	-3.3%
Life Insurance	12,869	15,000	6,742	13,000	13,000	15,000	0.0%
Wisconsin Retirement	264,039	369,000	146,651	293,000	293,000	353,000	-4.3%
Public Notice & Education	13,139	14,000	13,535	20,000	20,000	15,000	7.1%
Dues, Publications, & Travel	11,913	16,000	4,544	9,000	9,000	16,000	0.0%
Office Rent	34,313	36,000	18,277	37,000	37,000	37,000	2.8%
Storm Water Fees	15,238	16,000	3,491	15,000	15,000	18,000	12.5%
PSC Expenses	-	35,000	-	5,000	5,000	35,000	0.0%
TOTAL	\$1,731,045	\$2,234,000	\$978,696	\$1,963,000	\$1,963,000	\$2,163,000	-3.2%
E. OTHER EXPENSES							
Real Estate Tax	\$3,136,414	\$3,650,000	\$1,594,073	\$3,188,000	\$3,188,000	\$3,650,000	0.0%
FICA Tax	307,548	358,000	163,183	326,000	326,000	366,000	2.2%
PSC Remainder Tax	23,995	26,000	-	25,000	25,000	26,000	0.0%
TOTAL	\$3,467,956	\$4,034,000	\$1,757,256	\$3,539,000	\$3,539,000	\$4,042,000	0.2%
SUMMARY							
A. Personnel Service	\$3,583,285	\$4,294,000	\$1,921,659	\$4,000,000	\$4,000,000	\$4,363,000	1.6%
B. Contractual Service	2,872,966	2,902,000	1,451,078	2,859,000	2,859,000	2,967,000	2.2%
C. Materials & Supplies	1,162,546	1,242,000	550,415	1,160,000	1,160,000	1,365,000	9.9%
D. Administrative & General	1,731,045	2,234,000	978,696	1,963,000	1,963,000	2,163,000	-3.2%
E. Other Expenses	3,467,956	4,034,000	1,757,256	3,539,000	3,539,000	4,042,000	0.2%
TOTALS	\$12,817,798	\$14,706,000	\$6,659,105	\$13,521,000	\$13,521,000	\$14,900,000	1.3%

2024 Budget Highlights – Waterworks Commission

The following is a brief summary to explain major costs changes in the budget for 2024.

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 (1.6% Increase)

- **Salaries and Wages:** Increase \$69,000; Cost of living up about 6.3% from previous year but decreasing. LAW 732 union disbanded in 2023 and will be incorporated into the non-rep pay plan in 2024 (3.0% base increase plus step/merit). Some labor is split among projects (such as engineering rolled into contract work). 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. The current year has seen employee losses to have stabilized to about 7% through July; after the utility lost 12% of staff in 2022 and 24% of staff in 2021. Retirements continue but half of total staff losses are resignations for other jobs. As city post-retirement benefits were eliminated in 2021, employees staying long-term is less likely and the job market is very competitive for employees to look elsewhere.

B. Contractual Services (2.2% Increase)

- **Electric Service:** Increase \$40,000; WE Energies rate increase and more utility facilities.
- **Residuals Management:** Increase \$40,000; Contractor bid increase 40% (supplies, disposal).
- **Street Repair by Others:** Decrease \$52,000; More contracted project work.
- **Water Tank Maintenance:** Increase \$31,000; Updated service costs.

C. Materials and Supplies (9.9% Increase)

- **Operational Chemicals:** Increase \$122,000; Higher chemical costs and delivery charges continue. Upcoming switch to higher strength phosphate chemical for corrosion control.
- **Pipe and Fittings:** Increase \$7,000; Higher cost on parts.

D. Administration and General (3.2% Decrease)

- **Medical Expenses:** Decrease \$50,000. Costs are variable and 2022/2023 is below budget.
- **Property and Liability Insurance:** Increase \$6,000; City charge.

E. Other Expenses (0.2% Increase)

- **Real Estate Tax (PILOT):** No Change; Payment to City with estimated tax rate which decreased in 2023; 24.5% of total budget.

Summary – The presented O&M budget shows an overall increase of \$194,000 (1.3%) over the 2023 budget. The following items have the largest dollar increase:

- Operational Chemicals, Wages, Electric Service, Residuals Management.

The following items have the largest dollar decrease:

- Medical Expenses and Street Repair by Others.

The job market changed dramatically starting in 2021 with retirements continuing, resignations risen, and the labor market is very competitive. Staff turnover has leveled off, but still higher than historical. The current supply market has also seen material and transportation costs rising significantly as a trend starting second half of 2021. Chemical costs in particular continue to rise rapidly. The Utility has no control over PILOT payments to the City, which accounts for about a quarter of the entire budget.