

RACINE WATER UTILITY

2025

Proposed Budget

August 20, 2024
Proposed

RACINE WATER UTILITY
2025 Proposed Details of Revenue Budget

ACCOUNT	2023	2024	2024	2024	2024	2025	24 vs 25
	Actual	Budget	thru 6/30	Projected	2025 Budget	Budget	Budget
<u>Operating Revenue</u>							
Misc. Metered Sales	\$210,596	\$200,000	\$4,159	\$200,000	\$200,000	\$200,000	
Residential	9,412,006	9,500,000	4,451,376	9,300,000	9,300,000	9,300,000	
Commercial	2,100,662	2,000,000	947,831	2,000,000	1,900,000	1,900,000	
Multi Family Residential	1,768,289	1,700,000	858,292	1,700,000	1,600,000	1,600,000	
Industrial	5,083,200	3,500,000	1,745,590	4,500,000	4,000,000	4,000,000	
Public Authority	956,676	900,000	447,744	900,000	900,000	900,000	
Wholesale	1,710,919	1,800,000	744,297	1,700,000	1,700,000	1,700,000	
Private Fire Protection	306,482	300,000	155,699	300,000	300,000	300,000	
Public Fire Protection	2,160,612	2,070,000	1,081,349	2,100,000	2,070,000	2,070,000	
Rents from Water Properties	303,658	300,000	187,425	300,000	300,000	300,000	
Return on Invest. On Meters	59,876	62,000	29,938	60,000	62,000	62,000	
Laboratory Test Fees	6,480	5,123	1,620	6,000	5,123	5,123	
Search Revenues	24,750	25,000	12,760	25,000	25,000	25,000	
Other Water Revenues	18,445	20,000	18,508	24,000	20,000	20,000	
Late Payment Fees	455,984	400,000	118,053	450,000	400,000	400,000	
TOTAL	\$24,578,635	\$22,782,123	\$10,804,641	\$23,565,000	\$22,782,123	\$22,782,123	0.0%
<u>Other Income</u>							
Interest Income	431,962	350,000	438,700	750,000	700,000	700,000	
Insurance Dividends	13,690	25,000	-	15,000	15,000	15,000	
Connection Charge Income	347,872	1,098,639	23,936	250,000	7,885	7,885	
TOTAL	\$793,524	\$1,473,639	\$462,636	\$1,015,000	\$722,885	\$722,885	-50.9%
Total Revenues	\$25,372,159	\$24,255,762	\$11,267,276	\$24,580,000	\$23,505,008	\$23,505,008	-3.1%

RACINE WATER UTILITY
2025 Proposed Operation & Maintenance Budget

ACCOUNT	2023 Actual	2024 Budget	2024 6/30/2024	2024 to Date	Proposed 2025	24 vs 25 Budget
A. PERSONNEL SERVICES						
Salaries & Wages	\$3,836,446	\$4,363,000	\$2,027,098	46%	\$4,493,000	3.0%
B. CONTRACTUAL						
Equipment Maintenance	\$130,833	\$227,000	\$15,955	7%	\$224,000	-1.3%
Building Maintenance	46,561	53,000	31,366	59%	53,000	0.0%
Vehicle Maintenance	60,270	60,000	33,702	56%	65,000	8.3%
Telephone	20,898	25,000	9,934	40%	25,000	0.0%
Natural Gas Service	119,702	135,000	74,069	55%	135,000	0.0%
Electric Service	872,284	850,000	419,862	49%	925,000	8.8%
Residuals Management	534,520	400,000	360,333	90%	440,000	10.0%
Street Repairs by Others	178,008	301,000	60,233	20%	256,000	-15.0%
Main, Meter & Service Maint. by Other	128,674	137,000	30,070	22%	167,000	21.9%
Professional Services	276,220	325,000	162,088	50%	360,000	10.8%
Technology Support Contracts	112,940	140,000	81,985	59%	213,000	52.1%
Water Tank Maintenance	282,524	314,000	71,108	23%	300,000	-4.5%
TOTAL	\$2,763,434	\$2,967,000	\$1,350,706		\$3,163,000	6.6%
C. MATERIALS & SUPPLIES						
Operational Chemicals	\$519,905	\$612,000	\$251,297	41%	\$622,000	1.6%
Pipe & Fittings	50,692	113,000	34,001	30%	110,000	-2.7%
Meter Parts & Supplies	14,033	43,000	9,981	23%	46,000	7.0%
Gasoline & Diesel Fuels	75,401	80,000	40,442	51%	85,000	6.3%
Office Supplies	24,574	30,000	20,381	68%	32,000	6.7%
Custodial Supplies	11,959	12,000	4,171	35%	12,000	0.0%
Laboratory Supplies	39,497	40,000	23,078	58%	43,000	7.5%
Equipment Supplies	104,054	99,000	48,410	49%	93,000	-6.1%
Building Supplies	71,885	65,000	37,404	58%	70,000	7.7%
Construction Supplies	34,145	50,000	14,167	28%	45,000	-10.0%
Street Repair Supplies	91,621	94,000	43,486	46%	98,000	4.3%
Postage	51,984	50,000	31,827	64%	60,000	20.0%
Safety Supplies	30,683	27,000	14,892	55%	27,000	0.0%
Computer & PLC Supplies	30,097	50,000	23,927	48%	54,000	8.0%
TOTAL	\$1,150,529	\$1,365,000	\$597,465		\$1,397,000	2.3%

RACINE WATER UTILITY
2025 Proposed Operation & Maintenance Budget

ACCOUNT	2023 Actual	2024 Budget	2024 6/30/2024	2024 to Date	Proposed 2025	24 vs 25 Budget
D. ADMINISTRATIVE & GENERAL						
Liability Payments	\$4,269	\$15,000	\$0	0%	\$15,000	0.0%
Property & Liability Insurance	92,824	94,000	48,750	52%	100,000	6.4%
Workers Compensation Ins.	112,856	115,000	41,022	36%	120,000	4.3%
Medical Expenditures	1,488,745	1,450,000	905,483	62%	1,600,000	10.3%
Life Insurance	13,923	15,000	7,912	53%	15,000	0.0%
Wisconsin Retirement	293,809	353,000	157,554	45%	362,000	2.5%
Public Notice & Education	17,036	15,000	5,703	38%	15,000	0.0%
Dues, Publications, & Travel	17,219	16,000	1,919	12%	16,000	0.0%
Office Rent	35,976	37,000	19,316	52%	40,000	8.1%
Storm Water Fees	15,996	18,000	4,249	24%	20,000	11.1%
PSC Expenses	3,378	35,000	1,554	4%	35,000	0.0%
TOTAL	\$2,096,032	\$2,163,000	\$1,193,463		\$2,338,000	8.1%
E. OTHER EXPENSES						
Real Estate Tax	\$3,061,948	\$3,650,000	\$1,608,853	44%	\$3,400,000	-6.8%
FICA Tax	325,570	366,000	172,786	47%	381,000	4.1%
PSC Remainder Tax	21,637	26,000	-	0%	26,000	0.0%
TOTAL	\$3,409,155	\$4,042,000	\$1,781,639		\$3,807,000	-5.8%
SUMMARY						
A. Personnel Service	\$3,836,446	\$4,363,000	\$2,027,098		\$4,493,000	3.0%
B. Contractual Service	2,763,434	2,967,000	1,350,706		3,163,000	6.6%
C. Materials & Supplies	1,150,529	1,365,000	597,465		1,397,000	2.3%
D. Administrative & General	2,096,032	2,163,000	1,193,463		2,338,000	8.1%
E. Other Expenses	3,409,155	4,042,000	1,781,639		3,807,000	-5.8%
TOTALS	\$13,255,596	\$14,900,000	\$6,950,370		\$15,198,000	2.0%

RACINE WATER UTILITY
Capital Improvement Program 2025 - 2029
Proposed

	2025	2026	2027	2028	2029	Total
<u>GENERAL PLANT</u>						
1	\$0	\$195,000	\$0	\$200,000	\$10,000	\$405,000
2	61,000	-	-	-	-	61,000
3	30,000	-	-	-	-	30,000
4	20,000	15,000	-	-	-	35,000
5	30,000	-	-	-	-	30,000
6	8,000	-	-	-	-	8,000
7	10,000	-	-	-	-	10,000
8	35,000	-	-	-	-	35,000
9	70,000	-	-	-	-	70,000
10	40,000	-	-	-	-	40,000
11	-	75,000	75,000	75,000	-	225,000
12	50,000	50,000	-	-	-	100,000
13	100,000	-	-	-	-	100,000
	\$454,000	\$335,000	\$75,000	\$275,000	\$10,000	\$1,149,000
<u>AUTOMOTIVE</u>						
1	\$101,000	\$160,000	\$0	\$0	\$123,000	\$384,000
2	35,000	42,000	40,000	57,000	60,000	234,000
3	136,000	92,000	91,000	40,000	47,000	406,000
4	-	184,000	-	203,000	-	387,000
5	170,000	-	-	-	-	170,000
	\$442,000	\$478,000	\$131,000	\$300,000	\$230,000	\$1,581,000
<u>WATER TREATMENT</u>						
1	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
2	75,000	-	-	-	-	75,000
3	10,000,000	2,000,000	-	-	-	12,000,000
4	400,000	400,000	400,000	300,000	300,000	1,800,000
5	-	-	-	-	40,000	40,000
6	120,000	300,000	3,000,000	-	-	3,420,000
7	20,000	20,000	20,000	20,000	20,000	100,000
	\$10,665,000	\$2,770,000	\$3,470,000	\$370,000	\$410,000	\$17,685,000
<u>DISTRIBUTION SYSTEM</u>						
1	\$2,000,000	\$3,500,000	\$3,610,000	\$3,720,000	\$3,830,000	\$16,660,000
2	2,615,000	-	-	-	-	2,615,000
3	100,000	100,000	100,000	100,000	100,000	500,000
4	5,300,000	5,000,000	5,000,000	5,000,000	5,000,000	25,300,000
5	60,000	65,000	70,000	75,000	80,000	350,000
6	30,000	35,000	40,000	45,000	50,000	200,000
7	400,000	400,000	400,000	400,000	400,000	2,000,000
8	-	-	50,000	-	-	50,000
9	15,000	-	-	-	-	15,000

RACINE WATER UTILITY
Capital Improvement Program 2025 - 2029
Proposed

	2025	2026	2027	2028	2029	Total
10 Boring Machine Replacement	8,000	-	-	-	-	8,000
11 Hydrant Backflow Preventers	-	10,000	-	10,000	-	20,000
12 Newman Rd BS VFD Replacement (2 Units)	55,000	-	-	-	-	55,000
13 GPS Survey Equipment	20,000	-	-	-	-	20,000
14 **Oversizing - Watermains (Regional OS)	300,000	100,000	100,000	100,000	100,000	700,000
15 42" WM Main St to Perry Tank-phase 4 (17.0)	-	5,000,000	-	-	-	5,000,000
	\$10,903,000	\$14,210,000	\$9,370,000	\$9,450,000	\$9,560,000	\$53,493,000
TOTAL COST	\$22,464,000	\$17,793,000	\$13,046,000	\$10,395,000	\$10,210,000	\$73,908,000
**Total Contributed Capital Projects	300,000	100,000	100,000	100,000	100,000	700,000

2025 Budget Highlights – Waterworks Commission

The following is a brief summary to explain major costs changes in the budget for 2025.

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 (3.0% Increase)

- **Salaries and Wages: Increase \$130,000;** Cost of living up about 3.3% from previous year but decreasing. Reflects a 2.0% base increase plus step/merit per pay plan. 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 5% through July; after the utility lost 12% of staff in 2022 and 24% of staff in 2021. Retirements continue but resignations for other jobs more frequent. 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 (6.6% Increase)

- **Electric Service: Increase \$75,000;** WE Energies rate increase.
- **Residuals Management: Increase \$40,000;** Contractor bid increase 40% (supplies, disposal).
- **Street Repair by Others: Decrease \$45,000;** More contracted project work.
- **Technology Support Contracts: Increase \$73,000;** Consultant cost hike; Updated GIS software.

C. Materials and Supplies (2.3% Increase)

- **Operational Chemicals: Increase \$10,000;** Higher chemical costs but stabilizing. Required switch to higher dosage phosphate chemical for corrosion control.
- **Postage: Increase \$10,000;** Rising postage costs; Required distribution for lead program.

D. Administration and General (8.1% Increase)

- **Medical Expenses: Increase \$150,000.** Costs are variable and rising.
- **Property and Liability Insurance: Increase \$6,000;** City charge; Review self-insured benefit.

E. Other Expenses (5.8% Decrease)

- **Real Estate Tax (PILOT): Decrease \$250,000;** Payment to City with estimated tax rate which decreased in 2023/2024; 22.0% of total budget.

Summary – The presented O&M budget shows an overall increase of \$298,000 (2.0%) over the 2024 budget. The following items have the largest dollar increase:

- Medical Expenditures, Wages, Electric Service, Technology Support Contracts.

The following items have the largest dollar decrease:

- Payment in Lieu of Taxes (PILOT), 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. Medical costs vary and again rising after a few good years now accounting for 11% of the total budget. Pumping water is energy intensive and recent WE Energy rate spikes have a large impact with 6% of the total budget. The Utility has no control over PILOT payments to the City, which accounts for about a quarter of the entire budget, but has reduced due to recent tax cuts.