

RACINE WASTEWATER UTILITY

2023

Proposed Budget

August 16, 2022
Proposed

RACINE WASTEWATER UTILITY
2023 Proposed Details of Revenue Budget

<u>ACCOUNT</u>	2021	2022	2022	2022	2022	2023	2023	22 vs 23
	Actual	Budget	thru 6/30	Projected	Proposed	Budget	Budget	Budget
<u>Operating Revenue</u>								
Residential	\$4,218,832	\$3,800,000	\$1,777,645	\$4,250,000	\$5,000,000	\$5,000,000		
Commercial	827,584	1,000,000	369,951	850,000	1,000,000	1,000,000		
Industrial	408,056	500,000	168,982	450,000	600,000	600,000		
Public Authority	300,916	400,000	87,311	325,000	450,000	450,000		
Multi Family	742,375	1,000,000	361,799	800,000	1,000,000	1,000,000		
Other Municipalities	4,419,757	5,700,000	1,127,302	5,000,000	5,700,000	5,700,000		
Lab Test Fees	109,816	100,000	33,552	100,000	120,000	120,000		
Pretreatment Permit Fees	81,679	90,000	74,096	75,000	90,000	90,000		
Hauled Waste Revenue	6,555	10,000	2,662	10,000	10,000	10,000		
Landfill Leachate Revenue	51,309	70,000	9,095	40,000	60,000	60,000		
Other Sewer Revenues	5,152	5,908	2,000	5,000	6,858	6,858		
Late Payment Fees	279,953	300,000	82,496	300,000	350,000	350,000		
TOTAL	\$11,451,984	\$12,975,908	\$4,096,891	\$12,205,000	\$14,386,858	\$14,386,858		10.9%
<u>Other Income</u>								
Interest Income	\$19,433	\$30,000	\$16,829	\$35,000	\$40,000	\$40,000		
Insurance Dividends	10,727	15,000	-	12,000	15,000	15,000		
Gain (Loss) of Disposal of Assets	-							
Plant Capacity Income	1,927,750	1,816,820	888,618	\$1,816,820	\$1,769,791	\$1,769,791		
TOTAL	\$1,957,910	\$1,861,820	\$905,447	\$1,863,820	\$1,824,791	\$1,824,791		-2.0%
Total Revenues	\$13,409,894	\$14,837,728	\$5,002,338	\$14,068,820	\$16,211,649	\$16,211,649		9.3%

RACINE WASTEWATER UTILITY
2023 Proposed Operation & Maintenance Budget

ACCOUNT	2021 Actual	2022 Budget	2022 6/30/2022	2022 Projected	Proposed 2023 Budget	22 vs 23 Budget
<u>A. PERSONNEL SERVICES</u>						
Salaries & Wages	\$2,908,599	\$3,424,000	\$1,397,486	\$3,200,000	\$3,589,000	4.8%
<u>B. CONTRACTUAL</u>						
Professional Services	\$382,363	\$277,000	\$126,364	\$253,000	\$303,000	9.4%
Laboratory Prof. Services	59,129	43,000	30,962	42,000	44,000	2.3%
Pre-treat. Prof Services	4,495	6,000	6,908	8,000	7,000	16.7%
Building & Equipment Maint.	103,783	110,000	19,979	90,000	\$135,000	22.7%
Vehicle Maintenance	19,002	25,000	9,712	19,000	25,000	0.0%
Telephone	8,340	10,000	4,454	9,000	10,000	0.0%
Natural Gas	232,743	170,000	172,563	275,000	200,000	17.6%
Electric Service	787,253	950,000	449,314	899,000	950,000	0.0%
Water Service	344,534	320,000	89,506	350,000	350,000	9.4%
City Sewer & L.S. Maint.	5,432	18,000	1,982	4,000	10,000	-44.4%
Interceptor & L.S. Maint.	67,082	110,000	14,424	29,000	110,000	0.0%
Sludge & Grit Disposal	680,296	704,000	534,825	1,070,000	606,000	-13.9%
TOTAL	\$2,694,452	\$2,743,000	\$1,460,993	\$3,048,000	\$2,750,000	0.3%
<u>C. MATERIALS & SUPPLIES</u>						
Office Supplies	\$10,519	\$14,000	\$4,774	\$10,000	\$13,000	-7.1%
Gasoline & Diesel Fuel	23,585	23,000	15,312	31,000	27,000	17.4%
Lubricants	29,554	32,000	16,082	32,000	35,000	9.4%
Custodial Supplies	16,118	18,000	8,843	18,000	18,000	0.0%
Operational Chemicals	462,245	476,000	294,748	589,000	592,000	24.4%
Plant & System Supplies	55,149	56,000	49,246	98,000	56,000	0.0%
Equipment Supplies	108,743	220,000	50,277	101,000	224,000	1.8%
Sewer Maint. Supplies	8,505	10,000	5,379	11,000	10,000	0.0%
Pre-treat. Sampling Supplies	6,613	7,000	985	2,000	7,000	0.0%
Laboratory Supplies	56,496	62,000	19,380	39,000	62,000	0.0%
Pre-treat. Lab Supplies	17,901	25,000	6,554	13,000	25,000	0.0%
Computer & PLC Supplies	15,033	50,000	22,327	45,000	45,000	-10.0%
TOTAL	\$810,461	\$993,000	\$493,906	\$989,000	\$1,114,000	12.2%

RACINE WASTEWATER UTILITY
2023 Proposed Operation & Maintenance Budget

ACCOUNT	2021 Actual	2022 Budget	2022 6/30/2022	2022 Projected	Proposed 2023 Budget	22 vs 23 Budget
D. CUSTOMER ACCOUNT						
Metering, Billing & Collection	\$659,336	\$654,000	\$329,668	\$659,000	\$665,000	1.7%
E. ADMINISTRATION & GENERAL						
Dues, Publications & Travel	\$16,834	\$35,000	\$6,683	\$25,000	\$30,000	-14.3%
FICA Tax	226,301	267,000	103,112	206,000	280,000	4.9%
Property & Liability Insurance	133,613	135,000	57,438	130,000	134,000	-0.7%
Worker's Compensation Insur.	70,452	75,000	39,124	78,000	77,000	2.7%
Office Rent	32,163	33,000	16,890	34,000	35,000	6.1%
Wisconsin Retirement Expense	194,348	298,000	89,992	180,000	301,000	1.0%
Medical Expenses	1,203,544	1,100,000	474,656	949,000	1,000,000	-9.1%
Life Insurance	9,807	14,000	4,722	9,000	12,000	-14.3%
Safety Programs & Supplies	21,389	24,000	12,016	24,000	26,000	8.3%
City Departmental Charges	86,000	88,000	45,150	90,000	94,000	6.8%
Training Programs	7,030	19,000	4,508	9,000	28,000	47.4%
Stormwater Fees	37,909	46,000	25,777	40,000	46,000	0.0%
DNR Permit Fee	139,541	143,000	137,473	138,000	142,000	-0.7%
Airport Property Lease	51,491	53,000	50,873	51,000	52,000	-1.9%
TOTAL	\$2,230,421	\$2,330,000	\$1,068,413	\$1,963,000	\$2,257,000	-3.1%
SUMMARY						
A. Personnel Service	\$2,908,599	\$3,424,000	\$1,397,486	\$3,200,000	\$3,589,000	4.8%
B. Contractual Service	2,694,452	2,743,000	1,460,993	3,048,000	2,750,000	0.3%
C. Materials & Supplies	810,461	993,000	493,906	989,000	1,114,000	12.2%
D. Customer Accounts	659,336	654,000	329,668	659,000	665,000	1.7%
E. Administrative & General	2,230,421	2,330,000	1,068,413	1,963,000	2,257,000	-3.1%
TOTALS	\$9,303,270	\$10,144,000	\$4,750,466	\$9,859,000	\$10,375,000	2.3%

RACINE WASTEWATER UTILITY
Capital Improvement Program 2023 - 2027
Proposed

	2023	2024	2025	2026	2027	Total	
GENERAL PLANT							
1	Laboratory Equipment	\$50,000	\$110,000	\$40,000	\$0	\$0	\$200,000
2	Roof Replacement	445,000	305,000	-	-	-	750,000
3	Office Furnishings Upgrade	-	6,000	-	-	-	6,000
4	PLC & SCADA Equipment	50,000	50,000	50,000	50,000	50,000	250,000
5	Computer Replacements	5,000	5,000	10,000	-	-	20,000
6	Clarifier Equipment Rehab	50,000	50,000	50,000	50,000	50,000	250,000
7	Tank Drainage Pump #3	-	35,000	-	-	-	35,000
8	LINKO Pretreatment Software	10,000	-	-	-	-	10,000
9	Grounds Maintenance Equipment	31,000	-	-	-	-	31,000
10	Vector Dump Pad Expansion	40,000	-	-	-	-	40,000
11	Grit Removal Baffle System	65,000	65,000	-	-	-	130,000
12	Grinder and Pump Installation	55,000	-	-	-	-	55,000
13	Garage Building Roof Structure Replace	120,000	-	-	-	-	120,000
14	Final Clarifier Scum Collection Replace	-	300,000	-	-	-	300,000
15	Final Clarifier Launder Covers	-	300,000	300,000	300,000	-	900,000
16	Solids Analysis Probes	25,000	-	-	-	-	25,000
17	**Property Development	-	2,000,000	-	-	-	2,000,000
18	**Facilities Plan Plant Upgrade	10,500,000	12,200,000	-	500,000	8,500,000	31,700,000
	Subtotal	\$11,446,000	\$15,426,000	\$450,000	\$900,000	\$8,600,000	\$36,822,000
AUTOMOTIVE							
1	Pickup/Van/SUVs	\$0	\$0	\$39,000	\$34,000	\$47,000	\$120,000
2	Vector	434,000	-	-	-	-	434,000
3	Sample Van	-	60,000	-	-	-	60,000
	Subtotal	\$434,000	\$60,000	\$39,000	\$34,000	\$47,000	\$614,000
COLLECTION SYSTEM							
1	LS Controls/Building	\$0	\$100,000	\$100,000	\$0	\$0	\$200,000
2	Lift Station #5 Hatch Replacement	45,000	-	-	-	-	45,000
3	**At North Beach Dev LS (city)	-	500,000	-	-	-	500,000
4	Field Meters and Samplers	7,000	7,000	7,000	7,000	40,000	68,000
5	Lift Station Generator Replacement	60,000	60,000	-	-	-	120,000
6	LS #9 Pump Replacement	15,000	-	-	-	-	15,000
7	Safety Site 10 Meter/Sensor	7,000	-	-	-	-	7,000
8	Interceptor Improvement Projects	705,000	725,000	125,000	625,000	125,000	2,305,000
9	**Chicory Rd Interceptor-Storage	3,000,000	5,000,000	9,200,000	-	-	17,200,000
10	**Goold-Main Storage-Sewer Improvement	1,000,000	14,000,000	14,000,000	-	-	29,000,000
	Subtotal	\$4,839,000	\$20,392,000	\$23,432,000	\$632,000	\$165,000	\$49,460,000

TOTAL COST \$16,719,000 \$35,878,000 \$23,921,000 \$1,566,000 \$8,812,000 \$86,896,000

**Total Contributed Capital Projects 14,500,000 33,700,000 23,200,000 500,000 8,500,000 80,400,000
 Note: ** Denotes that the project cost is to be split on a Cost of Service share (COSS) basis among SSR parties per the Sewer Agreement

2023 Budget Highlights – Wastewater Commission

The following is a brief summary to explain major costs changes in the budget for 2023.

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 (4.8% Increase)

- **Salaries and Wages: Increase \$165,000;** Cost of living up about 7% from previous year so proposed raises are well behind market. Employee increases are not a uniform percentage, as the higher percentage applies to employees with the lowest wages to advance toward market wage. The current year has seen employee losses of about 17% through August, which is near the pace last year when the utility lost 40% of staff. Retirements have been expected but half or more of total staff resigned for other jobs. As city benefits were reduced, employees staying long-term is not as certain and the job market is very competitive for employees to look elsewhere.

B. Contractual Services (0.3% Increase)

- **Professional Services: Increase 26,000;** Roofing inspections cyclical (due 2023).
- **Natural Gas: Increase 30,000;** Higher plant usage as backup to biogas usage and air permit restrictions combined with increasing rates.
- **Electric Service: No change;** Minimal change in usage; Small rate increase expected.
- **Water Service: Increase \$30,000;** Rate case increase impact.
- **Sludge and Grit Disposal: Decrease \$98,000;** Digester cleaning services being skipped in 2023 with an extended schedule.

C. Materials and Supplies (12.2% Increase)

- **Operational Chemicals: Increase \$116,000;** Rocketing higher chemical costs and delivery charges. This is a common theme with supplies for increased materials and driver shortages.
- **Lubricants: Increase \$3,000;** Fuel and oil costs have risen greatly in 2022.

D. Customer Account Services (1.7% Increase)

- **Increase \$1,000;** Cost for postage increase.

E. Administration and General (3.1% Decrease)

- **Medical Expenses: Decrease \$100,000;** Costs are variable and high 2021 costs impacted by a stop loss case are not believed to be a trend, as 2022 has been down considerably.
- **Training Programs: Increase \$9,000;** Many new staff and added DEI training.

Summary – The presented O&M budget shows an overall increase of \$231,000 (2.3%) over the 2022 budget. The following items have the largest dollar increase:

- Wages, Operational Chemicals, and Natural Gas.

The following items have the largest dollar decrease, but most are little changed:

- Medical Expenses, Sludge-Grit Disposal, and City Sewer-Lift Station Maint.

The job market has changed dramatically since 2021 with retirements continuing, resignations increasing drastically, and the labor market getting very tight and competitive. Outside of increases in wages and chemicals, the entire remaining budget would be an overall decrease. Even the proposed wage increase is still well below current year cost of living. The current market has also seen material and transportation costs rising significantly as a trend starting second half of 2021.