

RACINE WATER UTILITY

2023

Proposed Budget

August 16, 2022
Proposed

RACINE WATER UTILITY
2023 Proposed Details of Revenue Budget

ACCOUNT	2021 Actual	2022 Budget	2022 thru 6/30	2022 Projected	Proposed 2023 Budget	22 vs 23 Budget
<u>Operating Revenue</u>						
Misc. Metered Sales	\$213,899	\$150,000	\$6,083	\$190,000	\$200,000	
Residential	9,781,901	9,250,000	4,453,661	9,900,000	9,500,000	
Commercial	2,005,100	2,000,000	912,021	1,850,000	2,000,000	
Multi Family Residential	1,711,789	1,800,000	848,510	1,700,000	1,800,000	
Industrial	4,764,667	3,400,000	1,400,649	4,200,000	3,200,000	
Public Authority	990,371	1,000,000	453,470	900,000	1,000,000	
Wholesale	1,721,036	1,500,000	845,002	1,700,000	1,800,000	
Private Fire Protection	293,802	300,000	148,989	300,000	300,000	
Public Fire Protection	2,249,704	2,600,000	1,071,337	2,150,000	2,200,000	
Rents from Water Properties	244,668	250,000	162,529	250,000	250,000	
Return on Invest. On Meters	66,167	100,000	33,084	66,000	70,000	
Laboratory Test Fees	4,950	10,000	-	7,500	10,000	
Search Revenues	38,662	30,000	15,660	32,000	30,000	
Other Water Revenues	39,610	22,123	13,813	28,000	22,123	
Late Payment Fees	411,397	370,000	112,604	400,000	400,000	
TOTAL	\$24,537,723	\$22,782,123	\$10,477,412	\$23,673,500	\$22,782,123	0.0%
<u>Other Income</u>						
Interest Income	39,851	45,000	22,221	45,000	50,000	
Insurance Dividends	22,800	25,000	-	24,000	25,000	
Connection Charge Income	146,372	1,097,735	203,530	400,000	1,100,045	
TOTAL	\$209,023	\$1,167,735	\$225,751	\$469,000	\$1,175,045	0.6%
Total Revenues	\$24,746,746	\$23,949,858	\$10,703,163	\$24,142,500	\$23,957,168	0.0%

RACINE WATER UTILITY
2023 Proposed Operation & Maintenance Budget

ACCOUNT	2021 Actual	2022 Budget	2022 6/30/2022	2022 Projected	Proposed 2023	22 vs 23 Budget
A. PERSONNEL SERVICES						
Salaries & Wages	\$3,544,057	\$4,106,000	\$1,448,053	\$3,800,000	\$4,294,000	4.6%
B. CONTRACTUAL						
Equipment Maintenance	\$90,160	\$180,000	\$32,477	\$160,000	\$226,000	25.6%
Building Maintenance	40,771	93,000	16,300	75,000	53,000	-43.0%
Vehicle Maintenance	71,062	55,000	29,753	60,000	60,000	9.1%
Telephone	23,226	26,000	11,417	23,000	25,000	-3.8%
Natural Gas Service	124,589	125,000	91,008	135,000	130,000	4.0%
Electric Service	804,795	760,000	380,624	787,000	810,000	6.6%
Residuals Management	326,381	350,000	222,488	370,000	360,000	2.9%
Street Repairs by Others	293,609	400,000	59,461	350,000	353,000	-11.8%
Main, Meter & Service Maint. by Other	181,025	105,000	83,078	110,000	137,000	30.5%
Professional Services	343,807	325,000	186,075	325,000	325,000	0.0%
Technology Support Contracts	137,286	120,000	110,845	140,000	140,000	16.7%
Water Tank Maintenance	299,976	260,000	128,764	258,000	283,000	8.8%
TOTAL	\$2,736,687	\$2,799,000	\$1,352,291	\$2,793,000	\$2,902,000	3.7%
C. MATERIALS & SUPPLIES						
Operational Chemicals	\$345,066	\$380,000	\$173,047	\$346,000	\$490,000	28.9%
Pipe & Fittings	89,385	85,000	87,643	125,000	106,000	24.7%
Meter Parts & Supplies	21,528	45,000	16,353	33,000	40,000	-11.1%
Gasoline & Diesel Fuels	65,414	75,000	46,897	94,000	80,000	6.7%
Office Supplies	32,419	26,000	14,121	28,000	30,000	15.4%
Custodial Supplies	13,109	17,000	8,803	18,000	16,000	-5.9%
Laboratory Supplies	31,803	36,000	27,142	34,000	34,000	-5.6%
Equipment Supplies	75,642	89,000	42,148	84,000	108,000	21.3%
Building Supplies	64,025	62,000	26,137	52,000	64,000	3.2%
Construction Supplies	32,927	35,000	16,019	32,000	50,000	42.9%
Street Repair Supplies	89,736	100,000	54,740	109,000	100,000	0.0%
Postage	43,118	45,000	17,330	42,000	50,000	11.1%
Safety Supplies	19,288	22,000	13,026	24,000	24,000	9.1%
Computer & PLC Supplies	45,115	50,000	34,963	50,000	50,000	0.0%
TOTAL	\$968,574	\$1,067,000	\$578,368	\$1,071,000	\$1,242,000	16.4%

RACINE WATER UTILITY
2023 Proposed Operation & Maintenance Budget

ACCOUNT	2021 Actual	2022 Budget	2022 6/30/2022	2022 Projected	Proposed 2023	22 vs 23 Budget
D. ADMINISTRATIVE & GENERAL						
Liability Payments	\$100	\$20,000	\$0	\$0	\$15,000	-25.0%
Property & Liability Insurance	82,091	83,000	41,045	88,000	88,000	6.0%
Workers Compensation Ins.	131,776	135,000	66,540	133,000	130,000	-3.7%
Medical Expenditures	1,370,162	1,700,000	601,666	1,203,000	1,500,000	-11.8%
Life Insurance	15,625	17,000	6,236	12,000	15,000	-11.8%
Wisconsin Retirement	258,385	366,000	119,235	260,000	369,000	0.8%
Public Notice & Education	11,542	14,000	5,703	11,000	14,000	0.0%
Dues, Publications, & Travel	16,728	18,000	2,326	10,000	16,000	-11.1%
Office Rent	32,664	34,000	17,424	35,000	36,000	5.9%
Storm Water Fees	15,975	15,000	3,491	14,000	16,000	6.7%
PSC Expenses	-	10,000	-	-	35,000	250.0%
TOTAL	\$1,935,048	\$2,412,000	\$863,668	\$1,766,000	\$2,234,000	-7.4%
E. OTHER EXPENSES						
Real Estate Tax	\$3,481,462	\$3,450,000	\$1,770,084	\$3,540,000	\$3,650,000	5.8%
FICA Tax	299,284	345,000	137,621	275,000	358,000	3.8%
PSC Remainder Tax	25,026	23,000	-	26,000	26,000	13.0%
TOTAL	\$3,805,772	\$3,818,000	\$1,907,705	\$3,841,000	\$4,034,000	5.7%
SUMMARY						
A. Personnel Service	\$3,544,057	\$4,106,000	\$1,448,053	\$3,800,000	\$4,294,000	4.6%
B. Contractual Service	2,736,687	2,799,000	1,352,291	2,793,000	2,902,000	3.7%
C. Materials & Supplies	968,574	1,067,000	578,368	1,071,000	1,242,000	16.4%
D. Administrative & General	1,935,048	2,412,000	863,668	1,766,000	2,234,000	-7.4%
E. Other Expenses	3,805,772	3,818,000	1,907,705	3,841,000	4,034,000	5.7%
TOTALS	\$12,990,138	\$14,202,000	\$6,150,084	\$13,271,000	\$14,706,000	3.5%

RACINE WATER UTILITY
Capital Improvement Program 2023 - 2027
Proposed

	2023	2024	2025	2026	2027	Total
<u>GENERAL PLANT</u>						
1 Roof Replacement	\$200,000	\$195,000	\$0	\$0	\$10,000	\$405,000
2 Computer Replacements	15,000	15,000	-	-	-	30,000
3 Confined Space and SCBA Safety Equipment	28,000	-	-	-	-	28,000
4 Service Building Feedwater/Condensate Tank	10,000	-	-	-	-	10,000
5 Pavement Concrete-Asphalt Upgrades	106,000	-	-	-	-	106,000
6 Membrane Recirculation Line Replacement	303,000	-	-	-	-	303,000
7 Membrane Chemical Feed Pump Replacement	29,000	-	-	-	-	29,000
8 Low Lift Pump/VFD/Motor Replacement	700,000	-	-	-	-	700,000
	\$1,391,000	\$210,000	\$0	\$0	\$10,000	\$1,611,000
<u>AUTOMOTIVE</u>						
1 Utility Trucks	\$140,000	\$97,000	\$114,000	\$0	\$0	\$351,000
2 Pickup/SUVs	67,000	41,000	-	-	31,000	139,000
3 Vans	-	-	96,000	74,000	72,000	242,000
4 Dump Trucks	214,000	-	-	-	-	214,000
5 Backhoe/Loader	-	-	-	232,000	-	232,000
	\$421,000	\$138,000	\$210,000	\$306,000	\$103,000	\$1,178,000
<u>WATER TREATMENT</u>						
1 SCADA & Process Controls	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
2 Filter Plant Rehab	1,000,000	6,000,000	5,000,000	5,000,000	-	17,000,000
3 Membrane Module Replacement	400,000	400,000	300,000	300,000	300,000	1,700,000
4 Anthracite Media Replenishment	-	40,000	-	-	40,000	80,000
5 Corrosion Control Chemical Feed System Replacement	75,000	-	-	-	-	75,000
6 On-line Water Quality Monitors	15,000	15,000	15,000	15,000	15,000	75,000
	\$1,540,000	\$6,505,000	\$5,365,000	\$5,365,000	\$405,000	\$19,180,000
<u>METERS</u>						
1 Meter Replacement	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000
<u>DISTRIBUTION SYSTEM</u>						
1 Watermain Replacement	\$2,000,000	\$1,500,000	\$2,500,000	\$2,000,000	\$2,600,000	\$10,600,000
2 Hwy 20 WM-West Blvd to Marquette (DOT)	-	-	-	1,000,000	-	1,000,000
3 Green Bay Rd - Hwy 20 to Hwy 11 (DOT)	-	1,500,000	-	-	-	1,500,000
4 Closing Loops & 3" Main Repl	100,000	100,000	100,000	100,000	100,000	500,000
5 Lead Service Replacement-Public Side Only	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
6 Valve Replacement	50,000	50,000	50,000	50,000	50,000	250,000
7 Hydrant Replacement	25,000	25,000	25,000	25,000	25,000	125,000
8 Trimble Handheld Units & Tablets	32,000	-	-	-	-	32,000
9 Hydrant Backflow Preventers	-	10,000	-	10,000	-	20,000
10 **Oversizing - Watermains (Regional OS)	150,000	150,000	100,000	100,000	100,000	600,000
11 42" WM Main St to Perry Tank-phases 3 and 4 (17.0)	6,500,000	5,000,000	-	-	-	11,500,000
	\$9,857,000	\$9,335,000	\$3,775,000	\$4,285,000	\$3,875,000	\$31,127,000
<u>TOTAL COST</u>						
	\$13,609,000	\$16,588,000	\$9,750,000	\$10,356,000	\$4,793,000	\$55,096,000

2023 Budget Highlights – Waterworks 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 (4.6% Increase)

- **Salaries and Wages:** Increase \$188,000; Cost of living up about 7% from previous year, union maximum increase set at 7.17% per Act 10 regulations. 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 of about 12% through August, which is near the pace last year when the utility lost 24% of staff. Retirements have been expected but half 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 (3.7% Increase)

- **Electric Service:** Increase \$50,000; WE Energies rate increase and more utility facilities.
- **Street Repair by Others:** Decrease \$47,000; Concrete replacement pricing holding.
- **Main, Meter, and Service Maintenance:** Increase \$32,000; Consultant leak detection increased from current year and is proving very successful.
- **Water Tank Maintenance:** Increase \$23,000; Updated service costs.

C. Materials and Supplies (16.4% Increase)

- **Operational Chemicals:** Increase \$110,000; Higher chemical costs and delivery charges. This is a common theme with supplies for increased materials and driver shortages.
- **Construction Supplies:** Increase \$15,000; Added cost for dechlorination pellets due to new 2021 rule to remove chlorine from hydrant flushing.

D. Administration and General (7.4% Decrease)

- **Medical Expenses:** Decrease \$200,000. Costs are variable and 2022 is below budget.
- **PSC Expenses:** Increase \$25,000; Likely start rate case late in 2023.

E. Other Expenses (5.7% Increase)

- **Real Estate Tax (PILOT):** Increase \$200,000; Payment to City with estimated tax rate; 24.8% of total budget.

Summary – The presented O&M budget shows an overall increase of \$504,000 (3.5%) over the 2022 budget. The following items have the largest dollar increase:

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

The following items have the largest dollar decrease:

- Medical Expenses, Street Repair by Others, and Building Maintenance.

The job market has changed dramatically in 2021 with retirements continuing, resignations increasing, and the labor market getting very tight and competitive. The current market has also seen material and transportation costs rising significantly as a trend starting second half of 2021. The Utility has no control over PILOT payments to the City, which accounts for about a quarter of the entire budget. The current market has also seen material and transportation costs rising as a trend.