

2022 BUDGET PRESENTATION

FOR VILLAGE OF ALLOUEZ, OCTOBER 5, 2021



2022 BUDGET INFLUENCES

Opportunities

- Projected growth in 2022 water use
- Lower CIP costs
- Debt service remains level
- Continuing active discussions with potential new members
- Discussions with MPU going very well
- All reserve/designated funds maintain compliant levels
- Growing unrestricted cash balance

Issues

- Lower CIP costs are short-term
- Potential increases in MPU water purchase costs
- Investment income not recovering

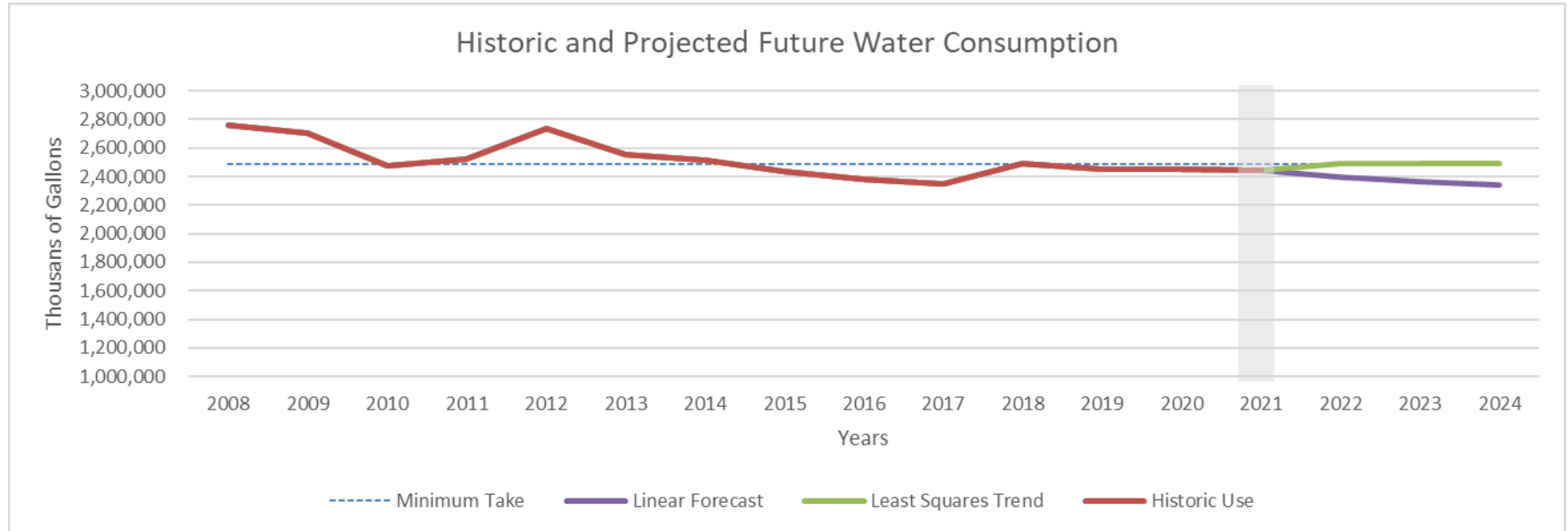
2022 BUDGET GOALS

- Manage the jump in estimated water consumption
 - Opportunity to reduce the rate
 - May be short term
 - Smooth out potential 2023 increase
- Break from intensive capital projects
 - Critical projects getting completed
 - Survey of DIP largest 2022 expense
- Maintain financial stability
 - Adequate funds for operating and fixed costs
 - Compliance with bond covenants
 - Maintain recommended levels of unrestricted cash



WATER SALES AND PROJECTIONS

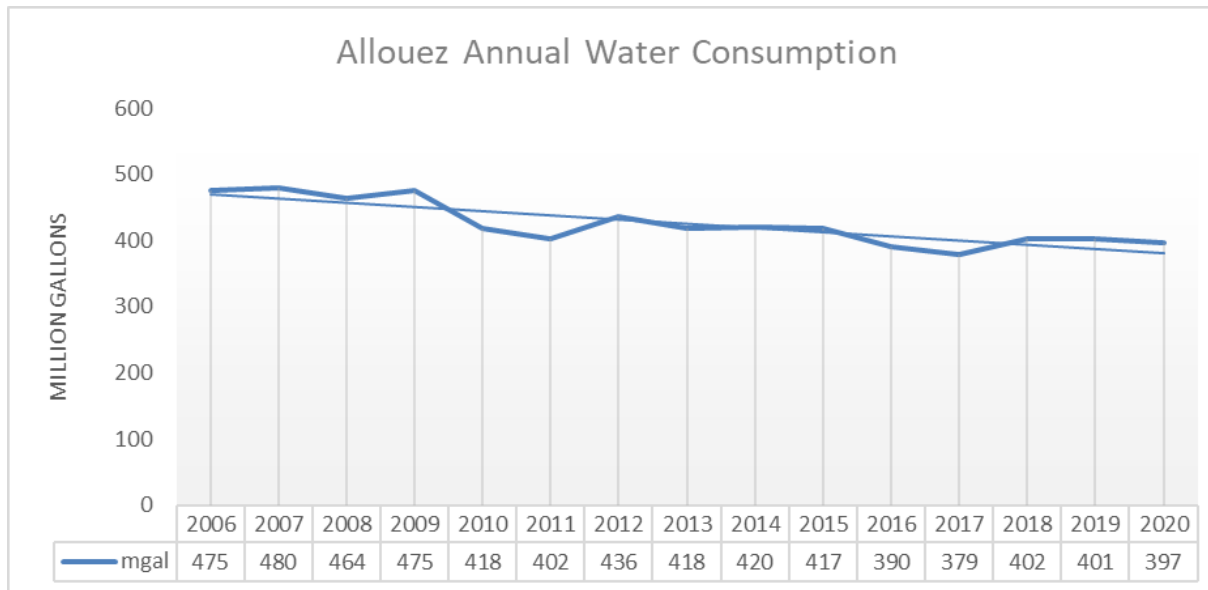
ANNUAL HISTORY



WATER SALES

ALLOUEZ HISTORY

- 2021 Projection at Mid-Year: 394,424 kgal



**Allouez Water Use
History and Projection
(1,000s of gallons)**

	Projected	Actual
2016	430,000	389,759
2017	425,000	379,384
2018	410,000	402,191
2019	405,000	401,495
2020	410,000	396,973
2021	405,000	in progress
2022	405,000	future

BUDGET AND RATES

10-YEAR CAPITAL IMPROVEMENT PROGRAM

Central Brown County Water Authority 2022-2031 Capital Improvement Program

Project Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
MPU HVAC Modifications*			60,000							
MPU FWPS Optimization/VFDs		300,000								
LE-2 Updates		56,000								
DIP Survey, Investigations, Repairs	80,000									
Door Replacements**	10,000									
Corrosion Protection Upgrades			25,000							
Interconnection Improvements**			200,000							
New Member Connection Sta. Equip.**		100,000		125,000						
Replacement Equipment	75,000	25,000	25,000	75,000	75,000	500,000	500,000	75,000	75,000	75,000
Unanticipated Capital	50,000	50,000	50,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total	215,000	531,000	360,000	350,000	225,000	650,000	650,000	225,000	225,000	225,000

* Subject to negotiations with MPU and dependent on available reserves

** Need an engineering estimate

Sources of Funds (2022 Program)

Funded/budgeted	205,000
Local cost share (Door Replacements)	10,000
Carry forward from 2020/2021	-
	215,000

BUDGET AND RATES

UNRESTRICTED CASH

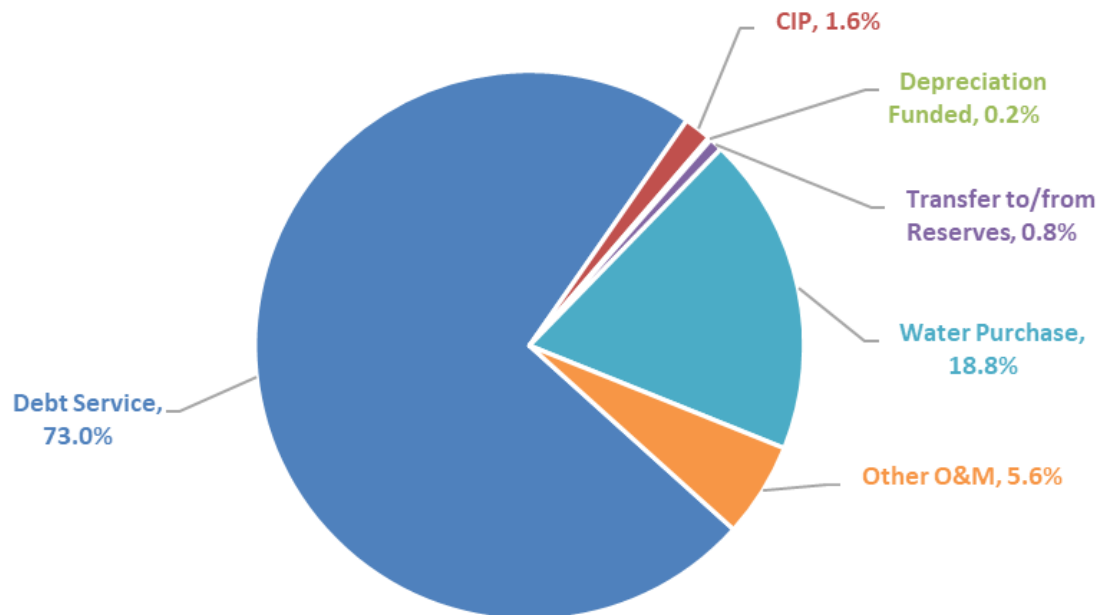
History of Maintenance, Repair And Replacement Fund

Year-End Balance	Uses of Funds
2013	\$1,030,000 Fund created
2014	\$1,500,000 Increase balance
2015	\$2,000,000 Increase balance
2016	\$2,000,000 None
2017	\$2,000,000 None
2018	\$2,000,000 None
2019	\$1,700,000 Assist with capital projects
2020	\$1,500,000 Assist with capital projects
2021	\$1,600,000 Return funds
2022	\$2,100,000 Return funds and earmark to assist with 2023 capital projects

- Where excess unrestricted cash should go...
 - \$400,000 to the Maintenance, Repair, and Replacement Fund
 - (And another \$100,000 rate funded)

BUDGET AND RATES OVERVIEW

2022 PROPOSED BUDGET EXPENDITURES



- Total CBCWA Budget: ~\$13 million annually

BUDGET AND RATES

2021-2022 EXPENDITURE COMPARISON

2021 - 2022 Budget Expenditures Summary

	2021	2022	\$ Change	% Change
Debt Service and CIP	\$ 9,600,565	\$ 9,451,555	\$ (149,009)	-1.6%
Water Purchase	\$ 2,345,000	\$ 2,376,000	\$ 31,000	1.3%
Depreciation Funded	\$ 21,062	\$ 21,147	\$ 86	0.4%
Transfers to Reserves	\$ 100,000	\$ 100,000	\$ -	0.0%
Other Operating Expense	\$ 692,380	\$ 704,080	\$ 11,700	1.7%
Total	\$ 12,759,006	\$ 12,652,783	\$ (106,223)	-0.8%

- Overall budget expenditures, slight decrease (0.8%)
 - Operational costs up to reflect increased water purchase and administrative expenses
 - These increases are offset by a reduction in capital costs for a net decrease
 - Primarily reflecting reduced capital project expenditures for 2022

BUDGET AND RATES

2021-2022 EXPENDITURE COMPARISON

	2021	2022
Fixed Costs		
Debt Service	\$ 9,226,503	\$ 9,225,408
CIP	\$ 353,000	\$ 205,000
Depreciation Funded	\$ 21,062	\$ 21,147
Subtotal	\$ 9,600,565	\$ 9,451,555
Connection Fees	\$ (95,000)	\$ (95,000)
Transfer to/from Reserves	\$ 100,000	\$ 100,000
Total Fixed Charges	\$ 9,605,565	\$ 9,456,555
O&M		
Water Purchase	\$ 2,345,000	\$ 2,376,000
Other O&M	\$ 692,380	\$ 704,080
Subtotal	\$ 3,037,380	\$ 3,080,080
Interest Income	\$ (125,000)	\$ (50,000)
AMI Charges	\$ (71,000)	\$ (72,000)
Transfer to/from Reserves	\$ -	\$ -
Total O&M	\$ 2,841,380	\$ 2,958,080
Total Budget - Rates	\$ 12,446,945	\$ 12,414,635

- CBCWA rate-supported budget flat (down by 0.3%)
 - Includes anticipated revenues and use of designated funds
 - Reduction tempered due to lower expected interest/investment income
 - Continued contributions back to maintenance and replacement designated fund

BUDGET AND RATES

WATER PURCHASE RATE (\$/1,000 GALLONS)

2022 Water Rates Summary Calculations

Charter Members		Budgeted Costs	Projected Sales	Unit Rate per 1,000 gal
Fixed Annual	Debt Service	\$ 9,130,408	2,552,000	\$ 3.58
	Operations	\$ 2,958,080	2,552,000	\$ 1.16
Volume Based	CIP, Reserves	\$ 326,147	2,552,000	\$ 0.13
		\$ 12,414,635		\$ 4.86

- Two types of charges begin in 2022
 - Typical fixed monthly cost for debt service and operations
 - Volume based charges for CIP and contributions to reserves
 - Rates for both still based on annual estimates
- 2021 to 2022 Comparison
 - 4.97 to 4.86 = 2.1% decrease

BUDGET AND RATES

MEMBER CHARGES - ALLOUEZ

- Local share of the water supply decreased comparatively
- Have generally budgeted close to, but slightly under, actual
- Decrease in the water purchase rate for next year
- 2022 Result: 2% budgeted decrease below 2021

Allouez Water Purchase - Estimated and Actual

	Annual Allocation	Year End True-Up	Adjusted Total
2019	\$ 2,020,950	\$ (16,992)	\$ 2,003,958
2020	\$ 2,033,600	\$ (45,813)	\$ 1,987,787
2021	\$ 2,012,445	\$ (75,268)	\$ 1,937,177
2022	\$ 1,969,920	To be determined	
Change	\$ (42,525)		

** Projected 2021*



BUDGET AND RATES

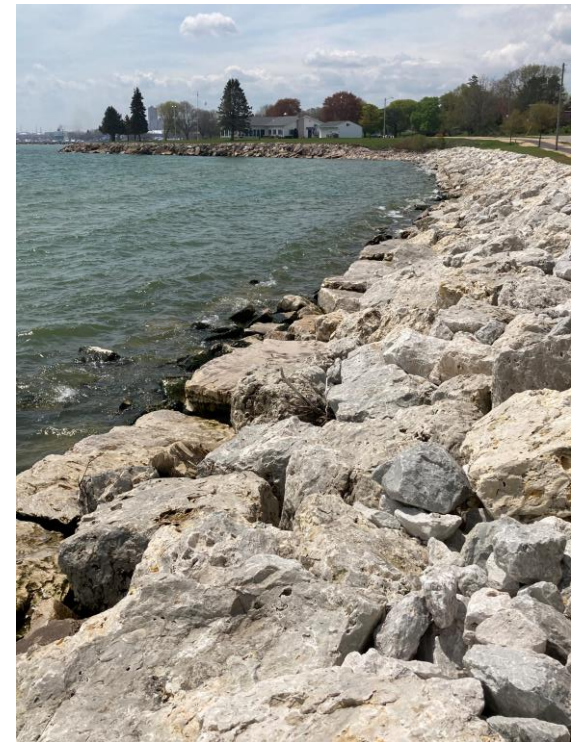
MEMBER CHARGES - ALLOUEZ

- What does this budget mean for **wholesale water purchase portion** of water bills?
 - 5,566 water utility customers
 - Down an average of \$0.64 per month per customer under 2021 water bills
 - (Or down about \$8 for the year)



LOOKING AHEAD TO 2022

- Resolve capital repair cost issue with MPU; participate in PSC rate case
- Board decision on scale of emergency back-up interconnections to pursue with GBWU
- Conceptual agreement(s) with GBWU for emergency back-up supply options
- Survey (and possible repairs) of ductile iron pipe corrosion
- Joint request for services with SPLASH implementation group
- Continue to pursue new Customer Members
- Continue records retention and clean-up
- Plan for asset management and begin implementing



THANK YOU!



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- Lynn Green
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