

# 2023 BUDGET PRESENTATION

FOR VILLAGE OF ALLOUEZ, SEPTEMBER 27, 2022



# 2022 ACCOMPLISHMENTS

- Addition of Denmark as new Member
- Progress with MPU negotiations
  - Solved the capital repair invoice issue
  - Negotiated agreement for MPU rate case
  - Conducted an MPU water plant tour/operator meeting
- Completion of VFD procurement and installation at FWPS
- Completed cooperative door replacement procurement
- Added \$500,000 to Maintenance, Repair, and Replacement reserve fund
- Updated the long-range financial model

# 2023 BUDGET INFLUENCES

## Issues

- Water use continuing to decline for some Members
- CIP needs and costs
- Inflationary impacts to operational and administrative costs
- Investment income still negative
- Anticipate slow-down in new construction (and excess capacity charge revenue)

## Opportunities

- Anticipated start of Denmark water service (Sept 2023)
- Reserve funds available toward CIP
- Anticipated ACoE grant leveraging
- Anticipate minimal water purchase cost impacts (MPU rate case)
- Reducing, but maintaining healthy unrestricted cash balance
- All reserve/designated funds maintain compliant levels
- Debt service remains level

# 2023 BUDGET GOALS

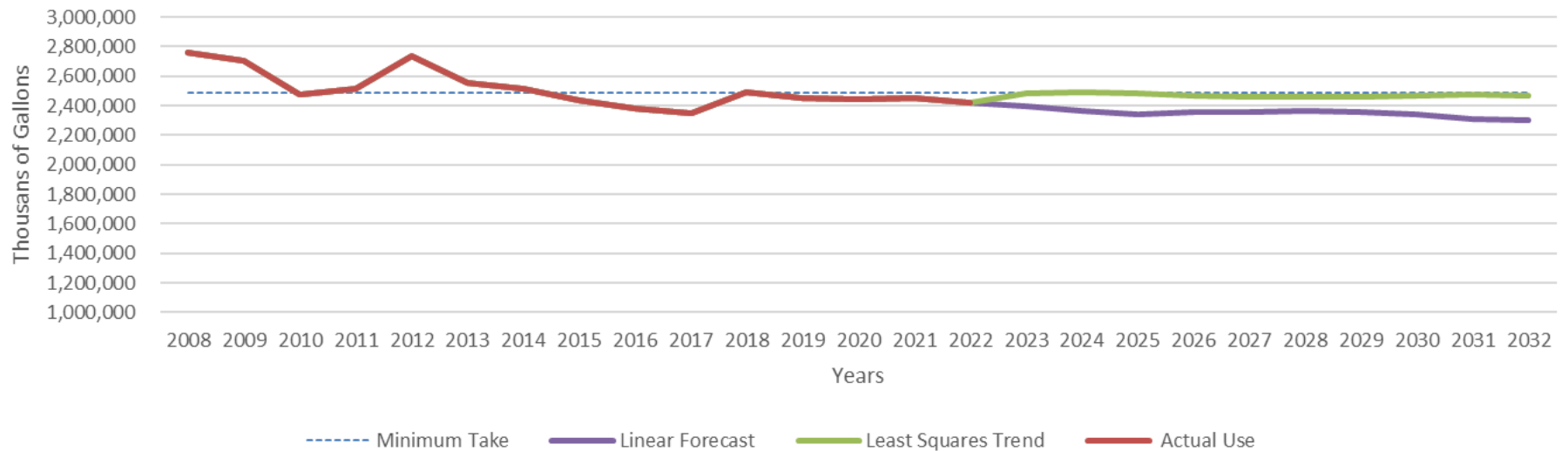
- Manage the jump in capital costs
  - Use the funds set aside in 2022 to smooth the increase
  - Limit our expenditure on shoreline stabilization by working with City of Manitowoc
- Clarify purchased water cost expectations
  - Incorporate MPU rate case results if possible
  - Work with Denmark on water use projections
- Maintain financial stability
  - Adequate funds for operating and fixed costs
  - Compliance with bond covenants
  - Maintain recommended level of unrestricted cash



# WATER SALES AND PROJECTIONS

## ANNUAL HISTORY

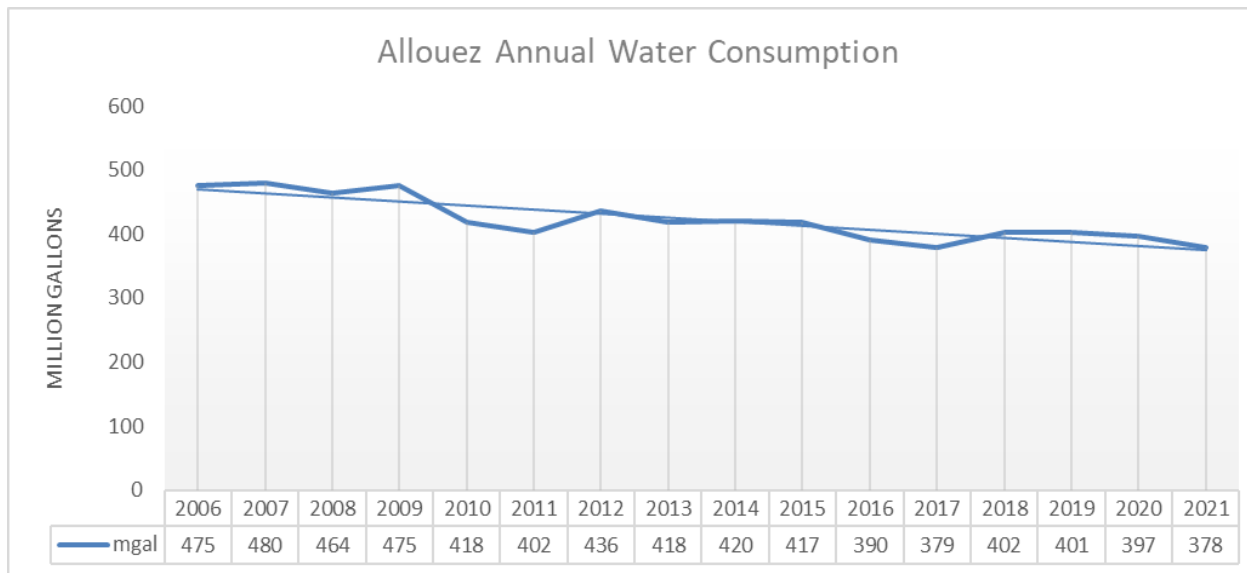
Historic and Projected Water Consumption



# WATER SALES

## ALLOUEZ HISTORY

- 2022 Projection at Mid-Year: 367,692 kgal



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

	Projected	Actual
2017	425,000	379,384
2018	410,000	402,191
2019	405,000	401,495
2020	410,000	396,973
2021	405,000	377,854
2022	405,000	in progress
2023	385,000	future

# BUDGET AND RATES

## 10-YEAR CAPITAL IMPROVEMENT PROGRAM

### Central Brown County Water Authority 2023-2032 Capital Improvement Program

Project Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
MPU HVAC Modifications*			60,000							
MPU FWPS Optimization/VFDs		320,000								
LE-2 Updates	60,000									
Cathodic Protection Upgrades		25,000								
Interconnection Improvements**			200,000							
New Member Connection Sta. Equip. **	115,000		130,000							
Lake MI Shoreline Grant Match	150,000									
Replacement Equipment	25,000	25,000	25,000	75,000	500,000	500,000	75,000	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	400,000	420,000	465,000	225,000	650,000	650,000	225,000	225,000	225,000	225,000

\* Subject to negotiations with MPU and dependent on available reserves

\*\* Need an engineering estimate

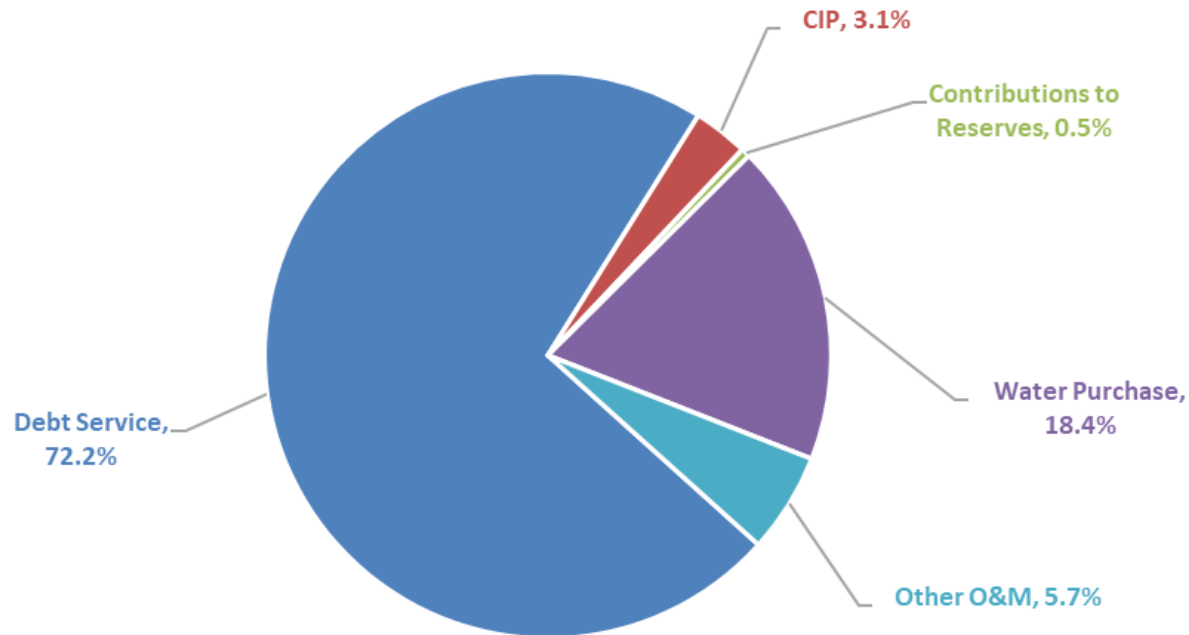
#### Sources of Funds (2023 Program)

Funded/budgeted	300,000
Local cost share	-
Use of Replacements Fund	100,000
	<u>400,000</u>

# BUDGET AND RATES

## EXPENDITURES OVERVIEW

### 2023 PROPOSED BUDGET EXPENDITURES



- Total CBCWA Budget: ~\$12 to 13 million annually



# BUDGET AND RATES

## 2022-2023 EXPENDITURE COMPARISON

**2022 - 2023 Budget Expenditures Summary**

	<b>2022</b>	<b>2023</b>	<b>\$ Change</b>	<b>% Change</b>
Debt Service and CIP	\$ 9,430,408	\$ 9,624,062	\$ 193,653	2.1%
Water Purchase	\$ 2,376,000	\$ 2,350,000	\$ (26,000)	-1.1%
Other Operating Expense	\$ 704,080	\$ 728,930	\$ 24,850	3.5%
Long-Term Capital Reserve	\$ 21,147	\$ 21,161	\$ 14	0.1%
Maint/Replacement Reserve	\$ 100,000	\$ (100,000)	\$ (200,000)	200.0%
Rate Stabilization Reserve	N/A	\$ 44,000	N/A	100.0%
<b>Total</b>	<b>\$ 12,631,635</b>	<b>\$ 12,668,153</b>	<b>\$ 36,518</b>	<b>0.3%</b>

- Overall budget expenditures, slight increase of 0.3%
  - CIP and other operational costs up per planned projects and inflationary impacts
  - Water purchase expense down due to MPU rate case agreement
  - No planned increases to Maintenance/Replacement reserve
  - Create Rate Stabilization reserve with Denmark capital recovery contribution

# BUDGET AND RATES

## 2022-2023 EXPENDITURE COMPARISON

### Comparison of Rate-Funded Budget, 2022 and 2023

	2022	2023
<b>Fixed Costs</b>		
Debt Service	\$ 9,225,408	\$ 9,224,062
CIP	\$ 205,000	\$ 400,000
Depreciation Funded	\$ 21,147	\$ 21,161
Capital Recovery		\$ 44,000
Subtotal	\$ 9,451,555	\$ 9,689,223
Connection Fees	\$ (95,000)	\$ (95,000)
Transfer to/from Reserves	\$ 100,000	\$ (100,000)
Total Fixed Charges	\$ 9,456,555	\$ 9,494,223
<b>O&amp;M</b>		
Water Purchase	\$ 2,376,000	\$ 2,350,000
Other O&M	\$ 704,080	\$ 728,930
Subtotal	\$ 3,080,080	\$ 3,078,930
Interest Income	\$ (50,000)	\$ (10,000)
AMI Charges	\$ (72,000)	\$ (80,000)
Transfer to Reserves	\$ -	\$ -
Total O&M	\$ 2,958,080	\$ 2,988,930
Total Budget - Rates	\$ 12,414,635	\$ 12,483,153

- CBCWA rate-supported budget, slight increase of 0.6%
  - Slight increase in budgeted expenditures with less interest/investment income compared to 2022 budget
  - Denmark water purchase expense and revenue, creation of related reserve fund

# BUDGET AND RATES

## WATER RATE

### 2023 Water Rates Summary Calculations

Charter Members		Unit Rate per 1,000 gal	Projected Sales	Expected Revenue
Fixed Annual	Debt Service	\$ 3.59	2,545,000	\$ 9,136,550
	Operations	\$ 1.16	2,545,000	\$ 2,952,200
Volume Based	CIP	\$ 0.116	2,545,000	\$ 295,220
	Reserves	\$ 0.008	2,545,000	\$ 20,360
		<b>\$ 4.87</b>		<b>\$ 12,404,330</b>

- 2022 to 2023 Comparison
  - 4.86 to 4.87 = 0.2% increase
  - Debt Service rate up \$0.01
  - Operations rate no change
  - Capital program rate up \$0.04
  - Reserves rate down \$0.04
- Two types of charges continue for 2023
  - Fixed annual costs and volume-based
- Rates for all still based on water use estimates

# BUDGET AND RATES

## WATER RATE

### 2023 Water Rates Summary Calculations

Customer Member: Denmark		Unit Rate per 1,000 gal	Projected Sales	Expected Revenue
Volume Based	Capital Recov.	\$ 1.10	40,000	\$ 44,000
	Operations	\$ 1.16	40,000	\$ 46,400
	CIP	\$ 0.116	40,000	\$ 4,640
	Reserves	\$ 0.008	40,000	\$ 320
		<b>\$ 2.38</b>		<b>\$ 95,360</b>

- Based on Denmark Member Contract
  - Capital Recovery rate set by contract schedule
  - Operations, CIP, and contributions to reserves rates same as Charter Members
  - All rate elements are volume based
  - Assumes up-front deposit to create sufficient Security Fund balance

# BUDGET AND RATES

## MEMBER CHARGES - ALLOUEZ

- Local share of total water consumption comparatively decreasing
- Increasing gap between budgeted and actual
- Substantial reduction in budgeted consumption for next year
- 2023 Result: 4.7% budgeted decrease below 2022

### Allouez Water Purchase - Estimated and Actual

	Annual Allocation	Year End True-Up	Adjusted Total
2020	\$ 2,033,600	\$ (45,813)	\$ 1,987,787
2021	\$ 2,012,445	\$ (75,268)	\$ 1,937,177
2022	\$ 1,969,920	\$ (166,523)	\$ 1,803,397 *
2023	\$ 1,876,490	To be determined	
Change	\$ (93,430)		

\* Projected 2022



# BUDGET AND RATES

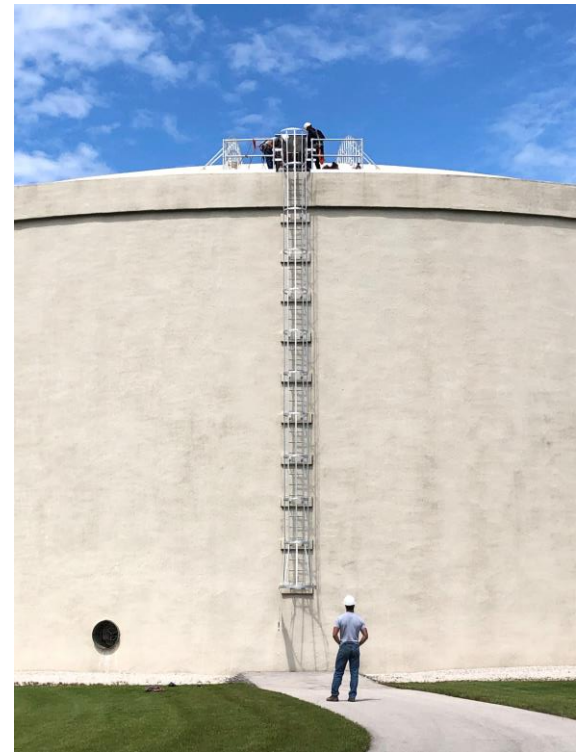
## MEMBER CHARGES - ALLOUEZ

- What does this budget mean for **wholesale water purchase portion** of water bills?
  - 5,567 water utility customers
  - Down an average of \$1.40 per month per customer under 2022 water bills
  - (Or down about \$17 for the year)



# LOOKING AHEAD TO 2023

- Develop asset management plan and begin implementation
- Develop communication plan and begin implementation
- Possibly revive discussions with GBWU on emergency back-up interconnections
- Revive the SPLASH implementation group
- Respond to the impact of PFAS regulations
- Continue to pursue potential new customers
- Continue records retention and clean-up



# THANK YOU!



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