

**CITY OF APPLETON 2018 BUDGET**

**WATER UTILITY**

**Utilities Director: Chris W. Shaw**

**Deputy Director Utilities: Christopher F. Stempa**

**Public Works Director: Paula A. Vandehey**

**Deputy Director/City Engineer: Ross M. Buetow**

**Deputy Director of Operations-DPW: Nathan D. Loper**

# CITY OF APPLETON 2018 BUDGET WATER UTILITY

## MISSION STATEMENT

The City of Appleton water treatment and distribution systems provide the community with consistently safe and high quality water utilizing the full potential of our highly motivated, technically skilled staff. It is our goal to achieve these objectives in a manner that demonstrates integrity, responsibility and economically sound practices.

## DISCUSSION OF SIGNIFICANT 2017 EVENTS

### WATER TREATMENT

Membrane Treatment Operation - The Koch Membrane System (KMS) was not operated during 2017. Regulatory approval to transition away from ultrafiltration and to the new ultraviolet light was finalized in June 2017. Water quality goals were met with increased performance for virus destruction and parasite deactivation.

Ultraviolet Light Process - The ultraviolet light process has performed well under the first year of operation. Plant operating costs have continued to decline for electrical, chemical and manpower as plant operations are becoming refined. The UV process equipment continues to be under warranty until 2020 and 2025.

1 Million Gallon Glendale Tower - The Glendale Water Tower was completed in July of 2017. The Glendale Tower replaces the 0.5 million gallon Oneida Street Tower which was taken out of service and decommissioned. The Glendale tower meets the hydraulic needs of the City's main pressure zone. The new tower remains in the warranty phase until September 2021.

Matthias Water Tower - The Matthias tower valve vault underwent a maintenance project to mitigate pipe and equipment corrosion and increase personnel safety issues with confined space entry.

Tank Maintenance - #3 and #4 Softener tanks were taken out of service to complete rehabilitation and coatings work. The softeners were media blasted and painted to prevent further corrosion.

Plant Process Control - The recently repurposed filters were optimized by water plant staff. Filter performance was improved by adjusting hydraulic loading rates, runtimes, and the backwash air and scour rates. Turbidity removals were increased by applying Aluminum Chlorohydrate (ACH).

### WATER DISTRIBUTION

Celebrated National Public Works Week with a department-wide breakfast for Public Works employees

Completed the Sensus/ I-perl water meter radio read system installation

Continued to sell our used water meters and other components to a local scrap company

### WATER ADMINISTRATION

Reviewed rate requirements. The utility had a 6.33% rate of return for 2016. The utility is currently authorized a rate of return of 7%. A rate increase is not planned for 2018 as debt coverage ratio and cash coverage have been maintained with current rates.

## CITY OF APPLETON 2018 BUDGET WATER UTILITY

### MAJOR 2018 OBJECTIVES

The Departments of Public Works and Utilities will work together to provide effective and efficient operation of the Water Utility in order to:

Provide water that meets all State and federal water quality standards and regulations; continue to meet WDNR requirements for annual inspections and make any requested corrections.

The water plant Supervisory Control and Data Acquisition (SCADA) system will be further upgraded for operator interfacing with the new regulatory reporting software. The system's uninterruptable power source (UPS) will also be replaced. Other SCADA improvements include replacement of field instruments.

The Glendale Water Tower construction project will be finalized by an inspection of the coatings system prior to the warranty end date.

The water distribution system will continue to be refined and balanced for pressure and flow throughout the main, medium, and high pressure zones.

The Raw Water Lake Station Project will make necessary upgrades and meet redundancy objectives for the raw water pipe that pumps water from the lake to the water plant. The existing pipe is 60 years old and will need to either be replaced or become the redundant back up to a new pipe. Other project components include a new lake intake to deter frazil ice formation and screening equipment at the shore well.

Chemical delivery systems will be repaired or replaced depending on current state of conditions. Systems for 2018 include: carbon dioxide, polyphosphate, and aluminum chlorohydrate.

Respond promptly to main breaks to minimize water loss, property damage, and disruption of service to our customers using criteria established for emergency vs. non-emergency repairs.

Continue reviewing the lead service replacement program to reduce service replacement costs to allow for an aggressive lead service replacement schedule.

Incorporate recommendations from the water distribution study into appropriate operating and capital budget requests.

Implement customer portal for new Sensus meters to allow water utility customers to monitor their own water use.

Pursue providing leak detection surveys on properties believed to have galvanized services on private property.

Install new bulk water dispensing system for better customer service.

Continue to monitor rate requirements. The last water rate increase of 10% was implemented on December 31, 2010. The utility continues to meet debt coverage ratios and cash coverage and continues to earn rate of return as approved by the Wisconsin Public Service Commission. These indicators will be reviewed upon the completion of the 2017 audit, to further determine when the next rate increase application will be filed with the Public Service Commission.

DEPARTMENT BUDGET SUMMARY							
Programs		Actual		Budget			%
Unit	Title	2015	2016	Adopted 2017	Amended 2017	2018	Change *
<b>Program Revenues</b>		\$ 21,589,934	\$ 22,033,410	\$ 22,448,046	\$ 22,448,046	22,411,582	-0.16%
<b>Program Expenses</b>							
5310	Administration	9,827,995	10,299,411	10,059,479	10,059,479	9,953,169	-1.06%
5321	Treatment Admin	322,318	373,221	395,175	397,556	396,282	0.28%
5323	Treatment Operations	5,593,016	5,747,083	6,627,292	6,647,577	5,718,576	-13.71%
5351	Distribution Admin	505,775	515,492	501,120	502,772	610,310	21.79%
5352	Meter Operations	110,398	94,203	150,159	151,124	261,766	74.33%
5353	Distribution Operations	1,051,289	1,053,581	1,349,769	1,376,633	1,479,198	9.59%
5325	Treatment Capital	65,177	45,122	1,091,000	1,301,366	700,000	-35.84%
5370	Distribution Capital	78,708	42,704	4,342,347	5,258,528	3,503,847	-19.31%
<b>TOTAL</b>		\$ 17,554,676	\$ 18,170,817	\$ 24,516,341	\$ 25,695,035	22,623,148	-7.72%
<b>Expenses Comprised Of:</b>							
Personnel		2,430,428	2,776,825	3,295,465	3,306,512	3,160,978	-4.08%
Administrative Expense		9,562,659	9,893,624	9,764,690	9,764,690	9,649,677	-1.18%
Supplies & Materials		1,834,370	1,648,939	1,864,707	1,872,707	1,823,025	-2.24%
Purchased Services		698,362	421,572	1,950,325	2,185,588	1,068,365	-45.22%
Utilities		2,708,737	2,695,356	3,042,789	3,042,789	2,825,846	-7.13%
Repair & Maintenance		681,363	944,353	701,211	701,211	816,157	16.39%
Capital Expenditures		(361,243)	(209,852)	3,897,154	4,821,538	3,279,100	-15.86%
<b>Full Time Equivalent Staff:</b>							
Personnel allocated to programs		37.73	38.24	38.28	38.28	36.84	

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Finance Administration**

**Business Unit 5310**

**PROGRAM MISSION**

For the benefit of Appleton water consumers, customer billing and financial systems will be maintained in a manner consistent with Wisconsin Public Service Commission (PSC) regulations and generally accepted accounting principles.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 4: "Continually assess trends affecting the community and proactively respond" and # 6: "Create opportunities and learn from successes and failures".

**Objectives:**

- To account for water revenues from various sources, and administrative overhead costs such as interest, depreciation, insurance and other miscellaneous expenses.
- Maintain customer records and accounting information in compliance with PSC regulations and generally accepted accounting principles.
- Develop the full potential of all employees through seminars, training programs, and continuing education

**Major changes in Revenue, Expenditures or Programs:**

The capital contributions revenue represents funding provided from TIF#11 for water infrastructure up-grades.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Timely and accurate posting of overhead expenses					
% of months posted within 10 days of end of month	50%	75%	92%	83%	83%
<b>Strategic Outcomes</b>					
Maintain compliance with GAAP & PSC					
# of audit compliance issues not raised by staff	0	0	0	0	0
Water rate changes					
% per year	0%	0%	0%	0%	0%
<b>Work Process Outputs</b>					
# of bills processed	113,384	113,992	114,500	114,500	115,000
PSC Annual Report filed	On time	On time	On time	On time	On time

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Finance Administration**

**Business Unit 5310**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
<b>Revenues</b>					
4411 Sundry Permits	\$ 315	\$ 210	\$ 500	\$ 500	200
4710 Interest on Investments	156,367	132,716	300,000	300,000	250,000
4730 Interest - Deferred Special	447	-	-	-	-
4820 Unmetered Water Sales	25,618	21,796	25,000	25,000	22,000
4821 Water Service - Residential	8,455,250	8,414,600	8,425,000	8,425,000	8,375,000
4822 Water Service - Commercial	2,246,591	2,316,117	2,235,000	2,235,000	2,285,000
4823 Water Service - Industrial	1,299,162	1,243,460	1,300,000	1,300,000	1,250,000
4824 Water Service - Municipal	411,105	376,420	380,000	380,000	370,000
4825 Private Fire Protection	252,677	259,398	255,000	255,000	265,000
4826 Public Fire Protection	1,767,617	1,784,428	1,773,000	1,773,000	1,792,000
4827 Fire Protection Wholesale	197,652	198,187	196,500	196,500	196,500
4828 Water Service - Multi-family	644,756	666,485	650,000	650,000	700,000
4829 Sales for Resale	5,169,787	5,337,036	5,250,000	5,250,000	5,250,000
5005 Sale of City Prop - Tax	26,311	19,348	15,000	15,000	-
5006 Gain (Loss) on Asset Disposal	(327,585)	-	-	-	-
5016 Lease Revenue	258,722	266,115	260,000	260,000	280,000
5021 Capital Contributions	502,381	355,807	702,450	702,450	312,750
5030 Damage to City Property	3,304	11,056	3,500	3,500	4,000
5035 Other Reimbursements	1,995	9,098	-	-	2,500
5070 WTR Other Sales Flushing	10,124	9,349	8,000	8,000	10,000
5071 Customer Penalty	84,210	85,737	87,000	87,000	86,000
5072 WTR Misc Revenue (turn-on)	4,265	4,475	4,500	4,500	3,000
5073 Other WTR Rev-Sewer Billing	134,973	179,968	210,000	210,000	222,000
5077 Income from Admin Fee	4,970	7,753	5,000	5,000	5,000
5079 Private Hydrant Testing	13,936	13,765	14,500	14,500	14,500
5083 Emergency Water Turn Off	509	643	-	-	-
5086 Premium on Debt Issuance	244,475	319,443	348,096	348,096	716,132
<b>Total Revenue</b>	<b>\$ 21,589,934</b>	<b>\$ 22,033,410</b>	<b>\$ 22,448,046</b>	<b>\$ 22,448,046</b>	<b>22,411,582</b>
<b>Expenses</b>					
6101 Regular Salary	\$ 107,900	\$ 109,578	\$ 114,448	\$ 114,448	118,080
6105 Overtime	318	298	-	-	-
6150 Fringes	26,747	170,526	43,417	43,417	49,527
6304 Postage\Freight	20,566	18,249	22,000	22,000	24,000
6320 Printing and Reproduction	3,003	2,392	3,300	3,300	3,300
6401 Accounting/Audit	11,317	11,140	12,020	12,020	9,360
6402 Legal Fees	17,896	22,467	22,000	22,000	23,000
6403 Bank Services	21,879	22,034	23,000	23,000	23,000
6413 Utilities	95,554	97,862	108,000	108,000	108,000
6429 Interfund Allocations	-	(480)	-	-	-
6501 Insurance - Property	109,172	111,462	132,450	132,450	127,710
6601 Depreciation Expense	4,353,070	4,517,926	5,065,000	5,065,000	5,065,000
6623 Uncollectible Accounts	6,752	3,935	8,000	8,000	8,000
6721 Bond Interest Payments	2,708,421	2,861,629	2,165,315	2,165,315	2,021,665
6730 Debt Issuance Cost	296,109	286,749	85,000	85,000	85,000
6751 Gain/Loss on refund Amort.	145,615	209,558	229,729	229,729	273,727
7911 Trans Out - Gen Fund	1,894,688	1,854,086	2,025,800	2,025,800	2,013,800
7914 Trans Out - Capital Projects	8,988	-	-	-	-
<b>Total Expense</b>	<b>\$ 9,827,995</b>	<b>\$ 10,299,411</b>	<b>\$ 10,059,479</b>	<b>\$ 10,059,479</b>	<b>9,953,169</b>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

<u>Printing\Freight</u>		<u>Trans Out-Gen Fund</u>	
City Service Invoice postage	\$ 22,500	Payment in lieu of tax	\$ 2,000,000
City Service Invoice folding/inserting	1,500	Administration fee	13,800
	<u>\$ 24,000</u>		<u>\$ 2,013,800</u>
<u>Legal Fees</u>			
PSC Assessment	\$ 23,000		
	<u>\$ 23,000</u>		

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Administration**

**Business Unit 5321**

**PROGRAM MISSION**

For the benefit of the Water Filtration Operations Staff, Water Utility managers will provide administrative support and mentoring to employees so that all aspects of water treatment will meet State and federal compliance.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategy # 2: "Encourage active community participation and involvement."

**Objectives:**

- Maintain records necessary for compliance with State and federal organizations
- Maintain maintenance records for equipment, procurement of chemicals, training and safety schedules, operating expenses and project status
- Maintain financial records as they apply to the treatment plant

**Major changes in Revenue, Expenditures or Programs:**

Training\Conferences expense include fees to send up to two employees to Surface Water Chemistry training.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Safe work environment					
# of workers comp claims/year	0	0	0	0	0
# of first aid entries per year	4	0	0	2	0
<b>Strategic Outcomes</b>					
Effective use of budgeted funds					
% of operational budget obligated	85%	85%	100%	97%	100%
Trained Staff					
% of staff adequately trained	98%	100%	100%	100%	100%
Average # of hours training per employee	30	10	60	10	25
<b>Work Process Outputs</b>					
Government reports prepared					
# and names of regular reports					
CCR Report	1	1	1	1	1
DNR Reports	12	12	12	12	12
SARA* Report	1	2	2	2	2

\*Superfund Amendments and Reauthorization Act

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Administration**

**Business Unit 5321**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salary	\$ 218,105	\$ 253,301	\$ 264,105	\$ 266,178	260,456
6104 Call Time	13	14			
6105 Overtime	105	329	2,327	2,327	2,362
6108 Part-Time	5,868	1,696	1,877	1,877	2,798
6150 Fringes	62,494	75,610	77,652	77,960	78,409
6201 Training\Conferences	716	4,459	11,000	11,000	11,000
6301 Office Supplies	2,116	1,104	2,500	2,500	2,500
6303 Memberships & Licenses	7,661	7,841	7,850	7,850	8,000
6304 Postage/Freight	1,138	1,583	1,000	1,000	1,200
6305 Awards & Recognition	47	181	210	210	210
6307 Food & Provisions	436	316	280	280	280
6320 Printing & Reproduction	9,595	11,319	10,852	10,852	10,600
6321 Clothing	178	27	-	-	-
6327 Miscellaneous Equipment	-	696	-	-	200
6404 Consulting Services	1,325	-	-	-	-
6408 Contractor Fees	2,671	2,492	3,000	3,000	3,000
6411 Temporary Help	276	-	-	-	-
6412 Advertising	-	-	1,500	1,500	1,000
6413 Utilities	8,759	11,475	10,140	10,140	12,550
6425 CEA Equip. Rental	815	778	882	882	1,717
Total Expense	<u>\$ 322,318</u>	<u>\$ 373,221</u>	<u>\$ 395,175</u>	<u>\$ 397,556</u>	<u>396,282</u>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

None

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Operations**

**Business Unit 5323**

**PROGRAM MISSION**

For the benefit of Appleton water consumers, we will provide potable water so that customers are furnished an adequate volume of the safest, highest quality water available.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 4: "Continually assess trends affecting the community and proactively respond" and #6: " Create opportunities and learn from successes and failures".

**Objectives:**

- Comply with all State and federal standards
- Supply the public with safe, high quality water in sufficient quantities to support the needs of our customers

**Major changes in Revenue, Expenditures or Programs:**

The salary budget reflects the reduction of .3 FTE of the allocation of a shared Electrician and Maintenance Specialist with the Wastewater Utility; current maintenance needs have been reduced at the Water Treatment Facility and needs at the Wastewater Treatment Plant have increased due to aging equipment and additional lift stations coming on-line. The overtime budget has been reduced as additional time is no longer needed to maintain the membrane system.

Lab Supplies expense reflects the moving of the expense paid to outside laboratories to the Lab Fees account and maintenance of lab equipment to Contractor Fees.

Building repair and maintenance expense reflects the cost of expansion joint repair.

Contractor Fees are reduced as there are no significant maintenance or equipment upgrade projects planned for the water towers or at the treatment facility; 2017 expense was for painting the north reservoir.

The Materials expense account has been merged into the Equipment Parts expense starting in 2018.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Adequate supply of safe drinking water					
% of water sampling tests in compliance per year	100%	100%	100%	100%	100%
Adequate water pressure					
% of tests having adequate pressure	100%	100%	100%	100%	100%
# of sprinkling bans per year	0	0	0	0	0
# of gallons pumped per year	3,257 MG	3,275 MG	3,200 MG	3,200 MG	3,200 MG
<b>Work Process Outputs</b>					
Efficient Plant Operation					
# of work days lost due to injuries	0	0	0	0	0
# of reservoirs maintaining pressure per year	6	6	7	6	7
# of membrane repairs	19,522	12,855	2,000	2,000	0
Water towers					
# inspected / painted per year	2 / 0	1 / 1	1 / 1	1 / 1	1 / 0



**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Operations**

**Business Unit 5323**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salary	\$ 600,805	\$ 636,604	\$ 668,826	\$ 672,470	659,675
6104 Call Time	1,373	559	2,832	2,832	2,859
6105 Overtime	98,647	91,864	97,595	97,595	85,414
6108 Part-Time	10,116	7,289	-	-	-
6150 Fringes	223,885	248,066	262,587	263,128	266,732
6306 Building Maint./Janitorial	1,833	1,967	2,300	2,300	2,100
6309 Shop Supplies & Tools	9,428	9,820	11,000	11,000	11,500
6310 Chemicals	1,334,340	1,322,812	1,400,000	1,400,000	1,369,000
6316 Miscellaneous Supplies	292	360	-	-	-
6318 Materials	113,577	11,977	42,000	42,000	-
6321 Clothing	2,411	2,181	2,500	2,500	2,500
6322 Gas Purchases	4,607	12,367	5,000	5,000	10,000
6323 Safety Supplies	17,284	1,865	6,200	6,200	6,200
6324 Medical/Lab Supplies	65,681	62,849	73,950	73,950	38,850
6326 Equipment Parts	-	828	-	-	42,000
6327 Miscellaneous Equipment	30,761	18,340	48,500	56,500	46,500
6404 Consulting Services	7,300	32,366	25,500	33,600	10,000
6407 Collection Services	1,506	1,933	2,550	2,550	2,850
6408 Contractor Fees	130,632	94,829	780,500	780,500	46,990
6413 Utilities	2,547,868	2,530,531	2,864,454	2,864,454	2,646,025
6416 Building Repairs & Maint	154,198	412,349	-	-	70,000
6418 Equip Repairs & Maint	65,918	38,114	30,000	30,000	55,000
6420 Facilities Charges	217,164	243,857	250,217	250,217	268,413
6424 Software Support	1,810	11,015	12,000	12,000	12,900
6425 CEA Equip. Rental	14,059	13,152	13,976	13,976	15,273
6432 Lab Fees	-	16,849	-	-	20,300
6440 Snow Removal Services	242	5,520	5,000	5,000	5,000
6454 Grounds Repair & Maint	5,479	6,286	5,500	5,500	7,500
6599 Other Contracts/Obligations	14,848	12,309	14,305	14,305	14,995
6899 Other Capital Outlay	(83,048)	(101,775)	-	-	-
Total Expense	<u>\$ 5,593,016</u>	<u>\$ 5,747,083</u>	<u>\$ 6,627,292</u>	<u>\$ 6,647,577</u>	<u>5,718,576</u>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

<u>Chemicals</u>		<u>Miscellaneous Equipment</u>	
Ammonia	\$ 35,000	2-channel auto-titrator	\$ 9,500
Carbon dioxide	65,000	LED turbidimeter	3,000
Caustic soda	1,000	Chlorine analyzers	8,000
Chlorine	80,000	DR 6000 spectrophotometer	10,000
Ferric sulfate	140,000	SCADA equipment	16,000
Fluoride	20,000		<u>\$ 46,500</u>
Lime	475,000	<u>Contractor Fees</u>	
Poly phosphate	60,000	Lab equipment maintenance	\$ 2,700
Permanganate	360,000	Annual safety inspections	4,190
Powder carbon	60,000	MCC softener maintenance	20,000
Softener Polymer	35,000	Mag meter validation testing	1,500
ACH	30,000	Intake inspection	6,000
Softener Salt	2,000	Tower cleaning & inspection	9,000
Other chemicals	5,000	Tower cathodic protection	3,600
Acids	1,000		<u>\$ 46,990</u>
	<u>\$ 1,369,000</u>		
<u>Equipment Parts</u>		<u>Medical/Lab Supplies</u>	
Valves & actuators	\$ 5,000	Lab supplies	\$ 20,000
Piping, hoses & tubing	2,500	Nitrogen	1,850
Filters & lubricants	2,500	Bac T testing supplies	13,000
UV light replacements	32,000	Media & filters	4,000
	<u>\$ 42,000</u>		<u>\$ 38,850</u>
<u>Lab Fees</u>		<u>Equipment Repair &amp; Maintenance</u>	
DBPR-2 testing	\$ 4,480	Pumps & motor repairs	\$ 30,000
Water quality parameters	1,600	Dehumidifier maintenance	25,000
Synthetic organic compound testing	2,250		<u>\$ 55,000</u>
UCMR-4 testing	10,000	<u>Building Repair &amp; Maintenance</u>	
Other required testing	1,970	Expansion joint repair	\$ 70,000
	<u>\$ 20,300</u>		<u>\$ 70,000</u>

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Capital Improvements**

**Business Unit 5325**

**PROGRAM MISSION**

For the benefit of Appleton water consumers, we will provide necessary improvements to all Water Filtration facilities, structures, and equipment so that high quality water is produced to meet current and future needs in a cost-effective manner.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 4: "Continually assess trends affecting the community and proactively respond" and # 6: "Create opportunities and learn from successes and failures".

**Objectives:**

Ensure the integrity of Appleton water for all customers

The following are 2018 CIPs:

	<u>2018 Budget</u>	<u>Page</u>
Computer Control Uninterruptable Power Supply System	75,000	Projects, Pg. 640
Chemical Storage	500,000	Projects, Pg. 623
Second Raw Water Line	100,000	Projects, Pg. 575
HVAC	25,000	Projects, Pg. 614
	<u>\$ 700,000</u>	

**Major changes in Revenue, Expenditures or Programs:**

No major changes.

**PERFORMANCE INDICATORS**

Actual 2015   Actual 2016   Target 2017   Projected 2017   Target 2018

Note: Since this business unit exists solely to account for capital investments at the Water Treatment Facility, lake station and towers, there are no applicable performance measures.

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Treatment Capital Improvements**

**Business Unit 5325**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salary	\$ (1,829)	\$ -	\$ -	\$ -	-
6105 Overtime	1,829	-	-	-	-
6325 Construction Materials	75	-	-	-	-
6404 Consulting Services	166,322	51,297	130,000	157,163	125,000
6408 Contractor Fees	178,714	49,944	806,000	981,000	500,000
6599 Other Contracts/Obligations	1,395	-	-	-	-
6802 Land Improvements	68,593	-	125,000	125,000	-
6803 Buildings	55,109	125,101	-	-	-
6804 Equipment	1,743,086	1,503,018	30,000	38,203	75,000
6899 Other Capital Outlay	(2,148,117)	(1,684,238)	-	-	-
Total Expense	\$ 65,177	\$ 45,122	\$ 1,091,000	\$ 1,301,366	700,000

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

<u>Consulting Services</u>		<u>Equipment</u>	
Second raw water line	\$ 100,000	Computer controlled power	
HVAC replacement design	25,000	supply	\$ 75,000
	<u>\$ 125,000</u>		<u>\$ 75,000</u>
 <u>Contractor Fees</u>			
Chemical storage	\$ 500,000		
	<u>\$ 500,000</u>		

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Distribution Administration**

**Business Unit 5351**

**PROGRAM MISSION**

Provide administrative services to meet the needs of our customers.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 1: "Prompt delivery of excellent services", # 2: "Encourage active community participation and involvement", # 3: "Recognize and grow everyone's talents", # 4: "Continually assess trends affecting the community and proactively respond", # 6: "Create opportunities and learn from successes and failures", and # 7: "Communicate our success through stories and testimonials".

**Objectives:**

- Maintain accurate records of repair and maintenance to the system and ensure completeness of all information submitted annually to the Public Service Commission
- Continue to enforce the Exception Meter Policy to insure meter accuracy and recover meter costs
- Continue practicing proper safety procedures when changing out old lead services
- Increase inventory turnover ratio by decreasing excessive, obsolete, and rare parts from inventory
- Maintain accurate records of all valves, services, and hydrants to simplify reporting to the Public Service Commission and ensure integrity of our records

**Major changes in Revenue, Expenditures or Programs:**

The increase in other contracts and obligations is due to an increased use of Digger's Hotline and the increase in the number of street excavation permits with Outagamie County.

We have been using summer seasonal staff to update the water records. In 2018, less staff time will be needed accounting for the decrease in part-time salary dollars as we are becoming more current with our records.

Appointment request letters will be minimal due to anticipated completion of the meter install program.

The number of cross connection inspections has been reduced in 2018 (see below), due to the anticipated completion of the meter install program. The target 2018 reflects expected customer service visits to properties where cross connection inspections will take place.

Consulting expense is for the cost to complete a distribution study. The last study was completed in 2007. Information from this study is used to prioritize new and replacement projects for water towers, transmission lines and distribution lines.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Efficient customer service					
# Cross connection inspections	6,615	8,977	7,000	7,000	1,500
# Appointment request letters sent	11,757	18,367	10,000	10,000	100
<b>Strategic Outcomes</b>					
Consistent & current information					
Policies reviewed/updated	1	0	1	1	1
Turnover ratio of inventory	0.72	0.72	0.80	0.90	0.90
<b>Work Process Outputs</b>					
Reporting & record keeping					
# of reports generated for PSC	1	1	1	1	1

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Distribution Administration**

**Business Unit 5351**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salaries	\$ 237,945	\$ 265,433	\$ 263,902	\$ 265,340	267,253
6104 Call Time	1,067	1,650	1,200	1,200	1,200
6105 Overtime	1,491	916	1,700	1,700	1,500
6108 Part-Time	22	1,562	4,836	4,836	-
6150 Fringes	82,670	125,173	88,805	89,019	92,325
6201 Training\Conferences	2,060	726	3,800	3,800	2,500
6301 Office Supplies	706	869	1,200	1,200	1,000
6303 Memberships & Licenses	345	603	870	870	870
6304 Postage\Freight	253	31	260	260	250
6305 Awards & Recognition	618	611	665	665	665
6306 Building Maint./Janitorial	2,134	2,500	2,361	2,361	2,450
6309 Shop Supplies & Tools	23	48	50	50	50
6318 Materials	70,220	-	20,000	20,000	-
6320 Printing & Reproduction	1,190	1,392	2,500	2,500	2,000
6321 Clothing	906	776	1,600	1,600	1,600
6323 Safety Supplies	815	712	900	900	900
6324 Medical/Lab Supplies	73	96	100	100	100
6327 Miscellaneous Equipment	4,549	5,936	4,280	4,280	4,250
6404 Consulting Services	3,361	-	-	-	125,000
6412 Advertising/Publication	-	-	100	100	-
6413 Utilities	56,230	54,998	59,091	59,091	57,471
6419 Communications Equip Rep.	180	-	-	-	-
6420 Facilities Charges	21,263	21,889	22,310	22,310	22,176
6424 Software Support	2,082	3,426	3,000	3,000	3,340
6425 CEA Equip. Rental	4,433	11,093	5,540	5,540	5,540
6430 Health Services	38	-	50	50	50
6599 Other Contracts/Obligations	11,101	15,052	12,000	12,000	17,820
Total Expense	<u>\$ 505,775</u>	<u>\$ 515,492</u>	<u>\$ 501,120</u>	<u>\$ 502,772</u>	<u>610,310</u>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

Other Contracts/Obligations

Excavation permits (City)	\$ 6,000
Digger's Hotline fees	7,500
Excavation permits (County)	4,320
	<u>\$ 17,820</u>

Consulting Services

Distribution study	\$ 125,000
	<u>\$ 125,000</u>

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Meter Operations & Maintenance**

**Business Unit 5352**

**PROGRAM MISSION**

The department reads, maintains and upgrades meters for the benefit of all users of the system.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 1: "Prompt delivery of excellent services", # 2: "Encourage active community participation and involvement", # 4: "Continually assess trends affecting the community and proactively respond", # 6: "Create opportunities and learn from successes and failures", and # 7: "Communicate our success through stories and testimonials".

**Objectives:**

- Inspect exception meters as the new meter system is installed
- Ensure commercial and residential meters are the proper size and type when installing new meters
- Continue to monitor cross connection program to prevent illegal connections into the City water system
- Implement a Customer Portal and educate residents and customers on the use and benefits of the portal

**Major changes in Revenue, Expenditures or Programs:**

The 2018 budget reflects the transition of wage expense back into customer service modules as the completion of the capital project of implementing the 27,738 new Sensus meters will be completed in 2017.

The software support includes the hosting fee of the data associated with the new meter reading system adjusted for the number of active meters. The larger increase is mainly attributed to the addition of the hosting fees of the new customer service portal which will be implemented in 2018.

With the completion of the new meter installation program, the need once again to purchase meters and related cost moves back to the meter operations and maintenance business unit. This results in an increase in miscellaneous equipment to purchase 150-200 meters annually for new customers.

Increase in shop supplies and tool expense is to add three iPads for monitoring out in the field, a DeWalt air hammer & inverter, along with the additional supplies needed for the meter test bench.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Reliable, accurate water usage					
# of large meters replaced	0	0	0	0	0
# of meters tested	6,981	9,266	7,000	7,000	50
# of defective meters replaced	248	436	50	50	50
# of meters in service	27,618	27,797	27,800	27,800	27,850
<b>Strategic Outcomes</b>					
Implementation of system upgrade					
# of trace batteries replaced	0	0	0	0	0
# of meters replaced	7,090	9,573	7,000	7,000	25
<b>Work Process Outputs</b>					
Service provided					
# of service calls	1,497	1,408	1,500	1,500	1,500
System growth					
# new customer meters installed	120	166	100	100	150

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Meter Operations & Maintenance**

**Business Unit 5352**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6102 Labor Pool Allocations	\$ 55,272	\$ 34,612	\$ 64,169	\$ 65,009	\$ 99,124
6104 Call Time	113	119	240	240	150
6105 Overtime	685	1,021	1,150	1,150	1,000
6150 Fringes	23,010	17,913	26,241	26,366	41,022
6304 Postage/Freight	-	-	150	150	100
6306 Building Maint./Janitorial	142	-	150	150	150
6309 Shop Supplies	4,541	6,639	3,550	3,550	5,900
6311 Paint & Supplies	3	9	-	-	-
6326 Equipment Parts	76	22	1,350	1,350	1,000
6327 Misc. Equipment	32	54	250	250	45,000
6408 Contractor Fees	2,529	4,189	2,800	2,800	500
6413 Utilities	325	490	1,104	1,104	1,800
6418 Equipment Repairs & Maint.	456	122	1,850	1,850	1,100
6424 Software Support	21,102	26,046	38,755	38,755	53,870
6425 CEA Equip. Rental	2,112	2,967	8,400	8,400	11,050
Total Expense	<u>\$ 110,398</u>	<u>\$ 94,203</u>	<u>\$ 150,159</u>	<u>\$ 151,124</u>	<u>261,766</u>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

Misc Equipment

Meters - 200 Small meters	\$ 40,000
Meters - 6 Large meters	5,000
	<u>\$ 45,000</u>

Software Support

Annual Sensus meter hosting fees	\$ 36,120
GPS Software support fees	750
AquaHawk Customer Portal	17,000
	<u>\$ 53,870</u>

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Distribution Operations and Maintenance**

**Business Unit 5353**

**PROGRAM MISSION**

The department maintains the distribution mains, services, hydrants and valves to keep the system operating, reduce treated water loss and comply with PSC requirements.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 1: "Prompt delivery of excellent services", # 4: "Continually assess trends affecting the community and proactively respond", # 6: "Create opportunities and learn from successes and failures", and # 7: "Communicate our success through stories and testimonials".

**Objectives:**

- Respond promptly to main breaks to minimize water loss, reduce property damage and lessen disruption of service to customers
- Meet the Public Service Commission requirements with a preventive maintenance and general upkeep schedule
- Monitor the cross connection program and the lead replacement program
- Pursue valve maintenance to comply with Public Service Commission standards

**Major changes in Revenue, Expenditures or Programs:**

The 2018 budget reflects the transition of wage expense back into operations. Some of the operations staff were used to complete the installation of the 27,738 new Sensus meters.

Now being back to full staff, water distribution will continue to focus on replacing and repairing mainline valves, hydrants and curb boxes in areas with corrosive soils in 2018, as well as increasing our efforts to replace lead services. Therefore, there will also be an increase the CEA equipment and other equipment rental as more of the water equipment will be used in this business unit.

The decrease in tipping fees is the result of being able to dump all spoils at MCC's Freedom Quarry site for \$2.50/ton. This will result in a significant savings in tipping fees.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Reliable source at adequate pressure					
Hydrants					
Replace/Upgrade	6	4	5	5	5
% of hydrants flushed	100%	100%	100%	100%	100%
Water loss reported	14%	13%	12%	14%	12%
<b>Strategic Outcomes</b>					
Reliability of the system					
# water main breaks	71	92	85	85	80
<b>Work Process Outputs</b>					
Preventive maintenance					
# services replaced	0	19	25	30	25
# valves exercised	796	1,506	1,340	1,600	1,500
# valves replaced	5	1	10	5	5
# curb boxes repaired	427	154	250	250	250
# joint leaks fixed	1	0	2	2	2
# of service leaks	0	2	2	2	2



**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Distribution Operations and Maintenance**

**Business Unit 5353**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salaries	\$ 413,396	\$ 422,461	\$ 507,208	\$ 508,831	\$ 550,964
6104 Call Time	11,976	16,533	12,325	12,325	12,325
6105 Overtime	28,828	51,426	35,700	35,700	35,700
6108 Part-Time	1,455	3,699	5,760	5,760	6,060
6150 Fringes	175,425	195,869	223,823	224,064	267,496
6308 Landscape Supplies	-	576	1,000	1,000	1,000
6309 Shop Supplies & Tools	8,367	9,386	7,750	7,750	8,150
6311 Paint & Supplies	1,173	672	2,375	2,375	1,375
6316 Miscellaneous Supplies	9	22,002	-	-	-
6322 Gas Purchases	28	76	50	50	50
6325 Construction Materials	55,654	59,575	99,000	99,000	101,000
6326 Equipment Parts	75,837	63,171	91,000	91,000	86,000
6327 Miscellaneous Equipment	12,674	12,464	21,950	21,950	20,500
6328 Signs	48	1,151	-	-	-
6408 Contractor Fees	84,731	57,313	62,500	87,500	85,500
6415 Tipping Fees	31,252	9,000	25,000	25,000	20,000
6418 Equip Repairs & Maint	149	1,335	1,700	1,700	1,500
6425 CEA Equip. Rental	177,663	151,924	252,128	252,128	280,578
6503 Rent	-	1,205	500	500	1,000
6899 Other Capital Outlay	(27,376)	(26,257)	-	-	-
Total Expense	\$ 1,051,289	\$ 1,053,581	\$ 1,349,769	\$ 1,376,633	1,479,198

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

<u>Construction Materials</u>		<u>Contractor Fees</u>	
Asphalt	\$ 11,000	Surface restoration	\$ 68,000
Gravel	19,000	Contractor services for	
Slurry	7,000	main/valve break & repair	7,000
Stone	2,000	Hydrant painting	10,500
Concrete	50,000		<u>\$ 85,500</u>
Other materials	12,000		
	<u>\$ 101,000</u>		
<u>Equipment Parts</u>		<u>Tipping Fees</u>	
Fittings, clamps, pipe, etc. for		Water main breaks	\$ 15,000
main/valve break repair	\$ 37,000	Pavement removal from	
Valves, sleeves, boxes, pipe &		in-house patch program	5,000
connectors for service laterals/curbs	19,000		<u>\$ 20,000</u>
Hydrant repair parts	30,000		
	<u>\$ 86,000</u>		
<u>Miscellaneous Equipment</u>			
Barricades & Cones	\$ 4,500		
RP Valve Replacement	4,500		
Hydrant Meter for flushing	1,000		
Valve Turner	7,000		
Metrotech Locators	700		
Misc equipment	2,800		
	<u>\$ 20,500</u>		

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY**

**Distribution Capital Improvements**

**Business Unit 5370**

**PROGRAM MISSION**

For the health and safety of the community, the department will identify, plan, design, prepare bid specifications and manage construction contracts to replace failing or inadequate water mains, hydrants, and services, to improve the reliability of the system, prevent system failures and reduce damage to other related infrastructure and extend water service to accommodate new growth areas.

**PROGRAM NARRATIVE**

**Link to City Goals:**

Implements Key Strategies # 1: "Prompt delivery of excellent services", # 2: "Encourage active community participation and involvement", # 4: "Continually assess trends affecting the community and proactively respond", # 6: "Create opportunities and learn from successes and failures", and # 7: "Communicate our success through stories and testimonials".

**Objectives:**

- Implement the 2018 watermain program
- Continue to coordinate water capital projects with other capital improvement projects
- Evaluate the needs of the system and prepare a five year plan to reflect those needs
- Replace some undersized 4 inch mains per DNR water audit
- Implement a bulk water dispensing station to provide 24/7 access

The following are 2018 CIPs:

	<u>2018 Budget</u>	<u>Page</u>
Bulk Water Dispensing System	\$ 45,000	Projects, Pg. 639
Water main construction	3,458,847	Projects, Pg. 596
	<u>\$ 3,503,847</u>	

**Major changes in Revenue, Expenditures or Programs:**

Water mains reconstructed shall have improved fire flows to bring flows within conformance of current international fire flow standards for residential, commercial and industrial zoning/use. Please see the project section within the capital improvement section of the budget for further information about the watermain program.

Installation of a bulk water dispensing station provide us an opportunity to gain efficiencies and improve customer service. The new system will be available during any project schedule allowing customers 24/7 access.

**PERFORMANCE INDICATORS**

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
<b>Client Benefits/Impacts</b>					
Reliable and adequate service					
% of reconstructed streets with relay	100%	100%	100%	100%	100%
# of low flow hydrants eliminated	8	5	5	5	5
<b>Strategic Outcomes</b>					
System size					
Miles of mains	373*	374	376	376	377
% of total miles of mains reconstructed	0.90%	0.69%	0.77%	0.77%	0.87%
# of hydrants in the City	3,344	3,361	3,300	3,358	3,368
# of low flow hydrants in the City	77	72	80	80	75
<b>Work Process Outputs</b>					
System expansion and improvement					
Miles of transmission lines added	0.00	0.35	0.38	0.38	0.00
Miles of existing mains re-laid	3.36	2.58	2.90	2.90	3.28

\* Moved from a manual tracking system to a more comprehensives system - GIS

**CITY OF APPLETON 2018 BUDGET**

**WATER UTILITY**

**Distribution Capital Improvements**

**Business Unit 5370**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salaries	\$ 27,805	\$ 25,485	\$ 370,395	\$ 370,395	\$ 190,445
6104 Call Time	461	103	-	-	-
6105 Overtime	5,281	6,853	10,795	10,795	5,143
6108 Part-Time	354	261	3,111	3,111	3,330
6150 Fringes	6,796	10,001	138,439	138,439	59,629
6304 Postage\Freight	1,894	8,487	-	-	-
6309 Shop Supplies & Tools	68	234	-	-	-
6320 Printing & Reproduction	717	2,098	-	-	-
6325 Construction Materials	107	-	-	-	-
6326 Equipment Parts	2,643	2,043	-	-	-
6328 Signs	565	-	-	-	-
6404 Consulting	8,878	4,192	-	-	10,000
6408 Contractor Fees	-	8,100	22,500	22,500	25,000
6425 CEA Equipment Rental	(7,521)	0	54,953	54,953	6,200
6599 Other Contracts/Obligations	150	548	-	-	-
6804 Machinery & Equipment	1,296,918	1,120,172	127,790	827,790	45,000
6809 Infrastructure Construction	2,815,918	2,209,571	3,614,364	3,830,545	3,159,100
6899 Other Capital Outlay	(4,082,326)	(3,355,444)	-	-	-
<b>Total Expense</b>	<b>\$ 78,708</b>	<b>\$ 42,704</b>	<b>\$ 4,342,347</b>	<b>\$ 5,258,528</b>	<b>3,503,847</b>

**DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000**

	Street	From	To	Water Utility
Labor Pool				258,547
CEA				6,200
Miscellaneous	Ballard Rd. & Northland Ave intersection			23,250
Construction	Permit; Misc.Fees; Trail	NOI, Railroad, Water Usage, County		10,000
	Surface Restoration	Due to 2017 Water CIP Excav.		25,000
	<b>Subtotal</b>			<b>58,250</b>
New Construction	Easement (Summit Park)	Laurie St	Summit St	22,800
	Easement n/o Christopher Ct	Christopher Ct	Midway Rd	10,300
	Haymeadow Ave	Bluewater Way	Spartan Ave	102,375
	Spartan Ave	Haymeadow Ave	e/o	149,300
	Spartan Ave	Richmond St	Haymeadow Ave	122,000
	<b>Subtotal</b>			<b>406,775</b>
Reconstruction (not related to paving)	Meade St (HPZ main)	Evergreen Dr	Castlebury Dr	104,200
	Rennes Easement (Union St)	First Ave	Vermont St	105,200
	Warehouse Rd	Radio Rd	Kensington Dr	163,800
	<b>Subtotal</b>			<b>373,200</b>
Reconstruction (prior to next year's paving)	Alvin St	Evergreen Dr	cds	89,900
	Ballard Rd	at Northland Ave		23,350
	Carroll St - partial only	Jackson St	Lawe St	13,250
	Center St	North St	Atlantic St	152,000
	Durkee St	Atlantic St	Summer St	247,500
	Hall St	Woodland Ave	Randall St	59,500
	McDonald St	Pershing St	Service Rd	192,000
	McDonald St	Randall St	Glendale Ave	119,200
	Roosevelt St	Morrison St	Durkee St	51,475
	Summit St	Spencer St	College Ave	156,600
	Telulah Ave	Calumet St	Marion St	654,300
	<b>Subtotal</b>			<b>1,759,075</b>
Transmission				
	Meade St (MPZ main)	Capitol Dr	Evergreen Dr	596,800
	<b>Subtotal</b>			<b>596,800</b>
<b>Total Water Construction</b>				<b>3,458,847</b>

**Machinery & Equipment**

Bulk Water Dispensing Station	\$ 45,000
	<u>\$ 45,000</u>

Description	2015 Actual	2016 Actual	2017 YTD Actual	2017 Adopted Budget	2017 Amended Budget	2018 Requested Budget	2018 Adopted Budget
<b>REVENUES</b>							
Permits	315	210	105	500	500	200	200
Interest Income	156,814	132,716	264,871	300,000	300,000	275,000	250,000
Charges for Services	20,470,214	20,617,927	14,174,087	20,489,500	20,489,500	20,505,500	20,505,500
Other Revenues	962,591	1,279,557	680,506	1,658,046	1,658,046	1,626,882	1,655,882
<b>TOTAL REVENUES</b>	<b>21,589,934</b>	<b>22,030,410</b>	<b>15,119,569</b>	<b>22,448,046</b>	<b>22,448,046</b>	<b>22,407,582</b>	<b>22,411,582</b>
<b>EXPENSES BY LINE ITEM</b>							
Regular Salaries	299,906	317,975	242,387	355,483	365,101	354,556	354,556
Labor Pool Allocations	1,124,452	1,194,668	1,111,585	1,883,822	1,883,822	1,777,816	1,777,816
Call Time	15,003	18,978	9,056	16,597	16,597	16,534	16,534
Overtime	137,184	152,708	83,396	149,267	149,267	143,619	131,119
Temp. Full-Time	200	0	0	0	0	0	0
Part-Time	17,615	14,507	8,653	15,584	15,584	12,188	12,188
Other Compensation	11,419	8,623	7,850	11,245	11,245	11,135	11,135
Shift Differential	2,209	2,499	1,421	2,503	2,503	2,490	2,490
Sick Pay	6,119	13,252	37,266	0	0	0	0
Vacation Pay	215,293	210,457	170,760	0	0	0	0
Fringes	612,259	715,716	580,205	860,964	862,393	856,985	855,140
Pension expense / revenue	11,231-	127,442	0	0	0	0	0
<b>Salaries &amp; Fringe Benefits</b>	<b>2,430,428</b>	<b>2,776,825</b>	<b>2,252,579</b>	<b>3,295,465</b>	<b>3,306,512</b>	<b>3,175,323</b>	<b>3,160,978</b>
Training & Conferences	2,776	5,185	2,197	14,800	14,800	13,500	13,500
Memberships & Licenses	8,006	8,444	8,647	8,720	8,720	8,870	8,870
Postage & Freight	23,851	28,350	14,637	23,410	23,410	25,550	25,550
Awards & Recognition	665	791	289	875	875	875	875
Building Maintenance/Janitor.	4,110	4,467	3,187	4,811	4,811	4,700	4,700
Food & Provisions	436	316	0	280	280	280	280
Interfund Allocations	0	480-	1,135-	0	0	0	0
Insurance	109,172	111,462	99,333	132,450	132,450	133,750	127,710
Rent	0	1,205	0	500	500	1,000	1,000
Depreciation Expense	4,353,070	4,517,926	3,631,254	5,065,000	5,065,000	5,065,000	5,065,000
Uncollectible Accounts	6,752	3,935	1,374	8,000	8,000	8,000	8,000
Bond Interest Payments	2,708,421	2,861,629	1,474,074	2,165,315	2,165,315	2,024,665	2,021,665
Debt Issuance Costs	296,109	286,749	14,500	85,000	85,000	85,000	85,000
Gain/Loss on Refund Amort.	145,615	209,559	172,296	229,729	229,729	273,727	273,727
Trans Out - General Fund	1,894,688	1,854,086	1,443,600	2,025,800	2,025,800	2,013,800	2,013,800
Trans Out - Capital Projects	8,988	0	0	0	0	0	0
<b>Administrative Expense</b>	<b>9,562,659</b>	<b>9,893,624</b>	<b>6,864,253</b>	<b>9,764,690</b>	<b>9,764,690</b>	<b>9,658,717</b>	<b>9,649,677</b>
Landscape Supplies	0	576	338	1,000	1,000	1,000	1,000
Shop Supplies & Tools	22,427	26,127	13,211	22,350	22,350	25,600	25,600
Chemicals	1,334,340	1,322,812	739,367	1,400,000	1,400,000	1,369,000	1,369,000
Treatment Chemicals	2,822	1,974	958	3,700	3,700	3,500	3,500
Paint & Supplies	1,176	681	381	2,375	2,375	1,375	1,375
Miscellaneous Supplies	292	22,360	0	0	0	0	0
Materials	183,797	11,977	504	62,000	62,000	0	0
Printing & Reproduction	14,505	17,201	5,641	16,652	16,652	15,900	15,900
Clothing	3,495	2,986	1,863	4,100	4,100	4,100	4,100
Gas Purchases	4,634	12,443	5,483	5,050	5,050	10,050	10,050
Safety Supplies	18,109	2,577	5,674	7,100	7,100	7,100	7,100
Medical & Lab Supplies	65,754	62,945	29,912	74,050	74,050	38,950	38,950
Construction Materials	55,836	59,575	58,936	99,000	99,000	101,000	101,000
Vehicle & Equipment Parts	78,555	66,065	59,522	92,350	92,350	129,000	129,000
Miscellaneous Equipment	48,016	37,490	26,906	74,980	82,980	93,950	116,450
Signs	612	1,150	884	0	0	0	0
<b>Supplies &amp; Materials</b>	<b>1,834,370</b>	<b>1,648,939</b>	<b>949,580</b>	<b>1,864,707</b>	<b>1,872,707</b>	<b>1,800,525</b>	<b>1,823,025</b>
Accounting/Audit	11,317	11,140	0	12,020	12,020	0	9,360
Legal Fees	17,896	22,467	0	22,000	22,000	23,000	23,000
Bank Services	21,879	22,034	13,102	23,000	23,000	23,000	23,000
Consulting Services	187,186	87,854	33,345	155,500	190,763	970,000	270,000
Collection Services	1,506	1,933	1,572	2,550	2,550	2,850	2,850

Description	2015 Actual	2016 Actual	2017 YTD Actual	2017 Adopted Budget	2017 Amended Budget	2018 Requested Budget	2018 Adopted Budget
Contractor Fees	399,277	216,867	82,674	1,677,300	1,877,300	660,990	660,990
Temporary Help	276	0	0	0	0	0	0
Advertising	0	0	0	1,600	1,600	1,000	1,000
Tipping Fees	31,252	9,000	6,995	25,000	25,000	20,000	20,000
Health Services	38	0	0	50	50	50	50
Lab Fees	0	16,849	4,597	0	0	20,300	20,300
Snow Removal Services	241	5,520	1,421	3,250	3,250	5,000	5,000
Other Contracts/Obligations	27,494	27,908	22,608	28,055	28,055	32,842	32,815
<b>Purchased Services</b>	<b>698,362</b>	<b>421,572</b>	<b>166,314</b>	<b>1,950,325</b>	<b>2,185,588</b>	<b>1,759,032</b>	<b>1,068,365</b>
Electric	686,159	675,874	419,220	698,790	698,790	643,970	643,970
Gas	128,827	96,467	70,495	129,150	129,150	111,790	111,790
Water	134,189	131,758	92,856	143,980	143,980	144,120	144,120
Waste Disposal/Collection	24,181	18,196	11,865	21,690	21,690	21,790	21,790
Fuel Oil	1,690,091	1,723,015	1,013,563	2,000,000	2,000,000	1,850,000	1,850,000
Stormwater	23,004	24,928	17,398	23,595	23,595	26,366	26,366
Telephone	16,493	16,713	12,717	17,760	17,760	17,760	17,760
Cellular Telephone	5,793	8,405	7,012	7,824	7,824	10,050	10,050
<b>Utilities</b>	<b>2,708,737</b>	<b>2,695,356</b>	<b>1,645,126</b>	<b>3,042,789</b>	<b>3,042,789</b>	<b>2,825,846</b>	<b>2,825,846</b>
Building Repair & Maintenance	154,198	412,349	105	0	0	70,000	70,000
Equipment Repair & Maintenan	66,523	39,571	12,383	33,550	33,550	57,600	57,600
Communications Equip. Repairs	180	0	0	0	0	0	0
Facilities Charges	238,428	265,747	123,264	272,527	272,527	290,589	290,589
Software Support	24,994	40,487	71,300	53,755	53,755	70,110	70,110
CEA Equipment Rental	191,561	179,913	223,589	335,879	335,879	320,358	320,358
Grounds Repair & Maintenance	5,479	6,286	5,127	5,500	5,500	7,500	7,500
<b>Repair &amp; Maintenance</b>	<b>681,363</b>	<b>944,353</b>	<b>435,768</b>	<b>701,211</b>	<b>701,211</b>	<b>816,157</b>	<b>816,157</b>
Land Improvements	68,593	0	101,637	125,000	125,000	0	0
Buildings	55,109	125,101	0	0	0	0	0
Machinery & Equipment	3,040,004	2,623,190	23,137	157,790	865,993	120,000	120,000
Infrastructure Construction	2,815,918	2,209,571	2,599,522	3,614,364	3,830,545	3,159,100	3,159,100
Other Capital Outlay	6,340,867-	5,167,714-	0	0	0	0	0
<b>Capital Expenditures</b>	<b>361,243-</b>	<b>209,852-</b>	<b>2,724,296</b>	<b>3,897,154</b>	<b>4,821,538</b>	<b>3,279,100</b>	<b>3,279,100</b>
<b>TOTAL EXPENSES</b>	<b>17,554,676</b>	<b>18,170,817</b>	<b>15,037,916</b>	<b>24,516,341</b>	<b>25,695,035</b>	<b>23,314,700</b>	<b>22,623,148</b>

# CITY OF APPLETON 2018 BUDGET

## WATER UTILITY

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

<b>Revenues</b>	2015 Actual	2016 Actual	2017 Budget	2017 Projected	2018 Budget
Charges for Services	\$ 20,470,214	\$ 20,617,927	\$ 20,489,500	\$ 20,400,000	\$ 20,505,500
Miscellaneous	538,665	599,764	603,000	609,000	622,200
Total Revenues	21,008,879	21,217,691	21,092,500	21,009,000	21,127,700
<b>Expenses</b>					
Operation and Maintenance	8,078,526	8,440,868	9,512,150	9,539,297	8,960,109
Depreciation	4,353,070	4,517,926	5,065,000	4,985,000	5,065,000
Total Expenses	12,431,596	12,958,794	14,577,150	14,524,297	14,025,109
Operating Income (Loss)	8,577,283	8,258,897	6,515,350	6,484,703	7,102,591
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income	156,814	132,716	300,000	275,000	250,000
Interest Expense	(2,708,421)	(2,861,629)	(2,165,315)	(2,145,115)	(2,021,665)
Gain/Loss on Refunding	(145,615)	(209,559)	(229,729)	(229,729)	(273,727)
Gain/Loss on Asset Disposal	(327,585)	-	-	-	-
Amortization of Premium on Debt	244,475	319,443	348,096	660,997	716,132
Debt Issue Costs	(296,109)	(286,749)	(85,000)	-	(85,000)
Other	4,970	4,753	5,000	5,000	5,000
Total Non-Operating	(3,071,471)	(2,901,025)	(1,826,948)	(1,433,847)	(1,409,260)
Net Income Before Contributions and Transfers	5,505,812	5,357,872	4,688,402	5,050,856	5,693,331
<b>Contributions and Transfers In (Out)</b>					
Capital Contributions	502,381	355,807	702,450	342,622	312,750
General Fund	(22,788)	(13,800)	(13,800)	(13,800)	(13,800)
Tax Equivalent	(1,950,147)	(1,840,286)	(2,012,000)	(1,916,440)	(2,000,000)
Capital Projects	-	-	-	-	-
Change in Net Assets	4,035,258	3,859,593	3,365,052	3,463,238	3,992,281
Net Assets - Beginning	75,680,742 *	79,716,000	83,575,593	83,575,593	87,038,831
Net Assets - Ending	\$ 79,716,000	\$ 83,575,593	\$ 86,940,645	\$ 87,038,831	\$ 91,031,112

\* as restated

### SCHEDULE OF CASH FLOWS

Working Cash - Beginning of Year	\$ 11,366,875	\$ 6,187,597
+ Change in Net Assets	3,463,238	3,992,281
- Capital Contributions	(342,622)	-
+ Depreciation	4,985,000	5,065,000
+ Long Term Debt	-	3,800,000
- Fixed Assets	(6,384,894)	(4,203,847)
- Principal Repayment	(6,900,000)	(6,585,000)
Working Cash - End of Year	\$ 6,187,597	\$ 8,256,031

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY  
CALCULATION OF RATE INCREASE DOCUMENTATION**

	2017 Budget	2017 Projected	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected
<b>Revenues</b>							
Charges for Services	\$20,489,500	\$20,400,000	\$20,505,500	\$ 20,608,028	\$ 20,711,068	\$ 20,814,623	\$ 20,918,696
Miscellaneous	603,000	609,000	622,200	634,644	647,337	660,284	673,489
Total Revenues	<u>21,092,500</u>	<u>21,009,000</u>	<u>21,127,700</u>	<u>21,242,672</u>	<u>21,358,405</u>	<u>21,474,907</u>	<u>21,592,185</u>
<b>Expenses</b>							
Operating Expenses	9,512,150	9,539,297	8,960,109	9,953,912	9,830,780	10,265,703	10,108,674
Depreciation	5,065,000	4,985,000	5,065,000	5,265,000	5,465,000	5,690,000	5,915,000
Total Expenses	<u>14,577,150</u>	<u>14,524,297</u>	<u>14,025,109</u>	<u>15,218,912</u>	<u>15,295,780</u>	<u>15,955,703</u>	<u>16,023,674</u>
Operating Income	6,515,350	6,484,703	7,102,591	6,023,759	6,062,625	5,519,204	5,568,511
<b>Non-Operating Revenues (Expenses)</b>							
Interest Income	300,000	275,000	250,000	200,000	200,000	200,000	200,000
Interest Expense	(2,165,315)	(2,145,115)	(2,021,665)	(1,972,765)	(1,906,765)	(1,947,115)	(1,803,315)
Gain/Loss on Refunding	(229,729)	(229,729)	(273,727)	(245,210)	(212,552)	(179,806)	(146,991)
Amortization of Debt Premium	348,096	660,997	716,132	625,199	509,650	383,341	256,901
Debt Issuance Expense	(85,000)	-	(85,000)	(80,000)	(100,000)	(80,000)	(80,000)
Other	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Non-Operating	<u>(1,826,948)</u>	<u>(1,433,847)</u>	<u>(1,409,260)</u>	<u>(1,467,777)</u>	<u>(1,504,667)</u>	<u>(1,618,580)</u>	<u>(1,568,405)</u>
Net Income Before Transfers	4,688,402	5,050,856	5,693,331	4,555,982	4,557,958	3,900,623	4,000,106
<b>Contributions and Transfers In (Out)</b>							
Capital Contributions	702,450	342,622	312,750	-	159,080	-	-
Trans Out - General Fund	(13,800)	(13,800)	(13,800)	(13,800)	(13,800)	(13,800)	(13,800)
Tax Equivalent	(2,012,000)	(1,916,440)	(2,000,000)	(2,150,000)	(2,300,000)	(2,450,000)	(2,600,000)
Capital Projects	-	-	-	-	-	-	-
Change in Net Assets	3,365,052	3,463,238	3,992,281	2,392,182	2,403,238	1,436,823	1,386,306
Total Net Assets - Beginning	<u>83,575,593</u>	<u>83,575,593</u>	<u>87,038,831</u>	<u>91,031,112</u>	<u>93,423,294</u>	<u>95,826,532</u>	<u>97,263,355</u>
Total Net Assets - Ending	<u>\$86,940,645</u>	<u>\$87,038,831</u>	<u>\$91,031,112</u>	<u>\$ 93,423,294</u>	<u>\$ 95,826,532</u>	<u>\$ 97,263,355</u>	<u>\$ 98,649,661</u>

**SCHEDULE OF CASH FLOWS**

Cash - Beginning of the Year	11,366,875	6,187,597	8,256,031	8,085,202	6,019,918	4,694,186
+ Change in Net Assets	3,463,238	3,992,281	2,392,182	2,403,238	1,436,823	1,386,306
+ Depreciation	4,985,000	5,065,000	5,265,000	5,465,000	5,690,000	5,915,000
+ Long Term Debt	-	3,800,000	3,300,000	8,700,000	3,500,000	3,000,000
- Contributed Capital	(342,622)	-	-	(159,080)	-	-
- Fixed Assets	(6,384,894)	(4,203,847)	(4,328,011)	(11,629,442)	(4,767,555)	(4,065,607)
- Principal Repayment	(6,900,000)	(6,585,000)	(6,800,000)	(6,845,000)	(7,185,000)	(3,585,000)
Working Cash - End of Year	<u>\$ 6,187,597</u>	<u>\$ 8,256,031</u>	<u>\$ 8,085,202</u>	<u>\$ 6,019,918</u>	<u>\$ 4,694,186</u>	<u>\$ 7,344,885</u>
25% Working Capital Reserve (prior year's audited expenses)		3,400,213	3,245,444	3,519,169	3,509,386	3,665,705
Coverage Ratio	1.40	1.47	1.38	1.37	1.30	1.25

**ASSUMPTIONS:**

Borrow 75% of capital expenditures as detailed in the five year plan for years 2018-2022  
Interest rate at 4% twenty year term for all future debt issues  
Revenue increases of 1/2% per year for additional customer base  
Operating expenses to increase 3.0% per year after 2018  
Includes in O&M expense for painting of the North Reservoir at a cost of \$675,000 in 2017, of the Lindbergh Standpipe at a cost of \$725,000 in 2019, of the Ridgeway Tower at a cost of \$325,000 in 2020 and of the Matthias Tower at a cost of \$465,000 in 2021  
Maintain a level of 25% working capital reserve and 1.10 coverage ratio as required by bond covenants

**RESULTS:**

Rates should be monitored on an annual basis for adjustment based on actual results or changes in circumstances. The projections are shown with the current rates and no adjustments for any approved rate increase by the Public Service Commission. A rate study would be completed in the year prior to any rate increase; that rate increase would require PSC approval prior to implementation. The current water rates were effective 12/30/2010.

**CITY OF APPLETON 2018 BUDGET  
WATER UTILITY  
LONG TERM DEBT**

	2008		2011		2012	
	Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	720,000	-	140,000	94,610	110,000	61,605
2019	-	-	145,000	90,260	115,000	58,155
2020	-	-	150,000	84,260	120,000	54,555
2021	-	-	155,000	78,060	125,000	50,805
2022	-	-	160,000	71,660	125,000	47,055
2023	-	-	170,000	64,860	130,000	43,155
2024	-	-	175,000	57,860	135,000	39,105
2025	-	-	180,000	50,660	140,000	34,765
2026	-	-	190,000	43,060	145,000	30,270
2027	-	-	195,000	35,260	145,000	25,775
2028	-	-	205,000	27,060	150,000	21,125
2029	-	-	215,000	18,460	155,000	16,088
2030	-	-	220,000	9,660	160,000	10,888
2031	-	-	230,000	-	165,000	5,525
2032	-	-	-	-	170,000	-
	<u>\$ 720,000</u>	<u>\$ -</u>	<u>\$ 2,530,000</u>	<u>\$ 725,730</u>	<u>\$ 2,090,000</u>	<u>\$ 498,871</u>

	2013		2014		2015	
	Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	295,000	250,850	160,000	123,100	215,000	179,800
2019	300,000	241,850	165,000	119,800	220,000	173,200
2020	310,000	232,550	165,000	114,850	230,000	166,300
2021	320,000	219,750	170,000	109,750	235,000	159,250
2022	335,000	206,350	175,000	104,500	240,000	152,050
2023	350,000	192,350	180,000	99,100	250,000	142,050
2024	365,000	177,750	190,000	93,400	260,000	131,650
2025	380,000	162,550	195,000	85,600	270,000	120,850
2026	395,000	145,388	200,000	77,600	280,000	112,450
2027	410,000	127,588	210,000	69,200	290,000	103,750
2028	430,000	108,938	220,000	60,400	300,000	91,750
2029	450,000	89,250	230,000	51,200	310,000	79,350
2030	470,000	68,688	235,000	41,800	325,000	66,350
2031	490,000	47,250	245,000	32,000	340,000	52,750
2032	515,000	24,075	255,000	21,800	350,000	41,375
2033	535,000	-	265,000	11,200	365,000	26,775
2034	-	-	280,000	-	375,000	13,650
2035	-	-	-	-	390,000	-
	<u>\$ 6,350,000</u>	<u>\$ 2,295,177</u>	<u>\$ 3,540,000</u>	<u>\$ 1,215,300</u>	<u>\$ 5,245,000</u>	<u>\$ 1,813,350</u>

	2015		2016		2016		TOTAL		
	Refunding Bonds		Revenue Bonds		Refunding Bonds		Principal	Interest	Total
	Principal	Interest	Principal	Interest	Principal	Interest			
2018	800,000	557,900	135,000	114,400	4,325,000	601,400	6,900,000	1,983,665	8,883,665
2019	1,570,000	510,800	135,000	110,350	3,935,000	483,350	6,585,000	1,787,765	8,372,765
2020	1,615,000	462,350	140,000	104,750	4,070,000	320,550	6,800,000	1,540,165	8,340,165
2021	1,665,000	412,400	145,000	98,950	3,920,000	163,750	6,735,000	1,292,715	8,027,715
2022	1,720,000	360,800	150,000	92,950	4,075,000	750	6,980,000	1,036,115	8,016,115
2023	1,775,000	289,800	160,000	88,150	15,000	300	3,030,000	919,765	3,949,765
2024	1,850,000	215,800	160,000	83,350	10,000	-	3,145,000	798,915	3,943,915
2025	1,920,000	139,000	165,000	78,400	-	-	3,250,000	671,825	3,921,825
2026	1,990,000	79,300	170,000	73,300	-	-	3,370,000	561,368	3,931,368
2027	1,110,000	46,000	180,000	66,100	-	-	2,540,000	473,673	3,013,673
2028	1,150,000	-	185,000	58,700	-	-	2,640,000	367,973	3,007,973
2029	-	-	195,000	50,900	-	-	1,555,000	305,248	1,860,248
2030	-	-	200,000	42,900	-	-	1,610,000	240,286	1,850,286
2031	-	-	210,000	34,500	-	-	1,680,000	172,025	1,852,025
2032	-	-	215,000	28,050	-	-	1,505,000	115,300	1,620,300
2033	-	-	225,000	21,300	-	-	1,390,000	59,275	1,449,275
2034	-	-	230,000	14,400	-	-	885,000	28,050	913,050
2035	-	-	235,000	7,350	-	-	625,000	7,350	632,350
2036	-	-	245,000	-	-	-	245,000	-	245,000
	<u>\$ 17,165,000</u>	<u>\$ 3,074,150</u>	<u>\$ 3,480,000</u>	<u>\$ 1,168,800</u>	<u>\$ 20,350,000</u>	<u>\$ 1,570,100</u>	<u>\$ 61,470,000</u>	<u>\$ 12,361,478</u>	<u>\$ 73,831,478</u>

Note: Schedule is based on accrual method of accounting. Revenue bonds in the amount of \$3,800,000 will be issued in 2018. Expected interest expense of the issue in 2018 is \$38,000 at 4%.