

**INTER-OFFICE CORRESPONDENCE**  
**MANITOWOC PUBLIC UTILITIES, MANITOWOC, WISCONSIN**



**TO:** CITY OF MANITOWOC MAYOR NICKELS AND COMMON COUNCIL  
**FROM:** TROY ADAMS *TA*  
**DATE:** OCTOBER 17, 2022  
**SUBJECT:** WASTEWATER TREATMENT FACILITY TRANSFER UPDATE

In accordance with Intergovernmental Agreement for Management of Wastewater Treatment Facility Amendment #1 (“Amendment”), Paragraph #4, Reporting to Council, MPU shall provide a report on status of benchmarks under this agreement to the Common Council at their April, July, and October meetings. This is, as it relates to, the anticipated transfer of ownership and management of the WWTF to MPU including asset transfer planning, rate/fee analysis, and financial/reserves evaluation, (the “Transfer”). Additionally, this process allows for evaluation of the transition of employee from the City to MPU, addressing differences in employee policy, and health insurance, and wage/benefit analysis.

To date, those Transition Milestones and Obligations include (directly from Amendment):

- a. Develop an internal communication plan for the transition – March 31, 2022  
(City HR LEAD, support by MPU GM)
- c. Host employee informational meetings regarding the transfer – March 31, 2022  
(Combined City HR and MPU GM and Senior Managers, City HR director LEAD)
- d. Comprehensive Compensation and Benefits Evaluation – March 31, 2022  
(Coordinated/LEAD by office of MPU GM)
- e. Cost of Service Study, Rate and fee Evaluation – September 30, 2022  
(MPU Senior Manager – Business Services LEAD, with City Finance Director)
- f. Accounting and IT Logistics Planning – September 30, 2022  
(MPU Senior Manager – Business Services LEAD, with City Finance Director)
- g. Rate and Fee Development – September 30, 2022  
(MPU Senior Manager – Business Services LEAD, with City Finance Director)

Transitional Milestones and Obligations look ahead (directly from Amendment):

- b. Develop a public communication plan for the transition – November 30, 2022 (GM Lead, support by MPU Communications)
- h. Employee and Asset Transfer – January 1, 2023

Communication and employee informational meetings:

Subsequent to an informational meeting held with WWTF employees on June 27 to discuss the transition of leave balances with WWTF employees, MPU provided each employee with a letter detailing current leave benefits, future leave under MPU and the transition of any banked leave time. The Common Council has already approved payout of “old” banked sick time if the WWTF employees elect to do so.

### Comprehensive Compensation and Benefits Evaluation:

The WWTF employees have been invited to join MPU's annual health and benefits plan review meetings in October/November.

A comprehensive compensation study on the WWTF positions was completed by Lockton Companies. This study was presented to the MPU Personnel Committee on September 27, 2022. The Committee approved the compensation study and presented it to the MPU Commission on October 10, 2022 recommending approval contingent upon Commission approval of the Transfer.

### Cost of Service Study, Rate, and Fee Evaluation:

Dave Berg Consulting conducted a sewer rate analysis, evaluated a split for customer and volumetric charges between Collections and Treatment, and evaluated and connection fees. Projected O&M, capital improvement projects, and costs identified in the WWTF Master Plan Study completed earlier this year were prioritized and details provided to for inclusion in the rate analysis. Dave Berg presented the study results to the MPU Commission at the September 26, 2022 meeting.

This study includes the split of the current wastewater rate into two parts, Collections and Treatment. The intention was to determine the ratio of revenue of the existing single wastewater rate that should be allocated to MPU for the WWTF and what should be remitted back to the City for Collections. Assuming the WWTF transfer is approved, this will allow the City and MPU to independently set rates in the future for Collections and for Treatment.

The Cost of Service Study did not determine an immediate need to raise rates even with consideration of the WWTF Master Plan. At a high level, the results of the study indicate the current rate being allocated 23.8% toward Collections and 76.2% toward Treatment. The study also makes recommendations on minor changes to the fixed monthly charges for all classes except residential. These fixed monthly charges were projected to begin in 2024, but could be implemented for January 1, 2023 to coincide with the transfer. Additionally, the study recommends changes to connection charges for Two Family and Apartment/Multi-Family connections making these connection classes consistent with the Community-Based Residential Facility connection class.

A copy of the study is attached for your review. This study will be included for contingent approval with the Transfer approval in November.

### Accounting and IT Logistics Planning:

This work includes evaluating wastewater assets, reserves, and debt to develop a methodology to split between Collections and Treatment. Due to the vacancy of City Finance Director and priority for the City to complete their 2021 year-end audit work, MPU and the City have been limited progress in this area. The City has recently contracted with former the former City Finance Director, Steve Corbeille, to perform this work on behalf

of the City. It is anticipated that the evaluation will be complete by November. The results of this work will be included as a financial action plan for contingent approval with the Transfer approval in November.

#### Master Plan/Facility Upgrades:

Donohue & Associates are in the process of finalizing the aforementioned WWTF Master Plan. This plan was specific to the Treatment and lays out capital improvements over the coming years. This plan will be recommended for Commission approval as a contingency for Commission approval of the Transfer.

The preliminary study identified a number of items for immediate attention. Related, the WWTF struggles to maintain permit compliance in the spring months when wastewater temperatures are the coldest. To improve treatment performance, rehabilitation of the process that provides the most treatment is needed; the stack filters.

In Wisconsin, nearly all significant capital improvement projects at municipal wastewater treatment facilities are funded with the Clean Water Fund Program. Under the Clean Water Fund Program, municipalities may receive financial assistance in the form of subsidized loans, additional subsidies that reduce the size of the loan (principal forgiveness), or a combination. Principal forgiveness is effectively a grant. The rules associated with principal forgiveness vary from year to year.

Currently, it appears that Manitowoc will qualify for 20% principal forgiveness to a maximum amount of \$2M. The current interest rate on a 20-year loan is 2.145%.

To be eligible for the next round of federally subsidized Clean Water Fund Program funding, a notice of Intent to Apply (ITA) must be submitted by October 31, 2022. The ITA notifies the Wisconsin Department of Natural Resources (Department) that it *intends* to apply for funds. The ITA is not a commitment. To receive principal forgiveness, plans, specifications, and a Clean Water Fund Program application must be submitted to the Department by September 30, 2023. In advance of the September 30, 2023 submittal, Department-approved Facility Plans should be submitted in the spring of 2023, no later than April. MPU is intending to submit a notice of ITA under the assumption that the Transfer will occur on January 1, 2023. It is recommended that the Common Council concur with this plan to submit a notice of ITA to work toward using the Clean Water Fund Program low-interest financing and securing principal forgiveness. This timeline would support planning for a project to rehabilitate the Stack Filters in early 2024. The commitment for financing would occur after the Transfer date.

#### Legal:

There is currently a section of the City ordinance with covers wastewater, combined Collections and Treatment. Ordinance revisions will be required consistent with the date of Transfer with would assign authority for WWTF to the MPU Commission giving the Commission the authority to oversee the WWTF, set rates, enter into contracts, etc. The existing wastewater section of the ordinances will then need to be revised to be specific

just for Collections, including revising the rates and fees to be consistent with the results of the Cost of Service Study. This work has been outsourced to the City's contract attorney.

Additional legal work including approval of the demarcation of ownership, easements, deed over WWTF properties, etc. This work will likely be outsourced by the City as well, but is yet to be determined. It is recommended that the demarcation be at the WWTF headworks facility. City collections system would include the sanitary sewer on the WWTF site up to the headworks facility; and, this demarcation would result in the City being responsible for shoreline/pier preservation as a portion of the Manitowoc south pier is the barrier to the line running to the headworks.

The demarcation of ownership, alone with ordinance revisions and other legal tasks, will be included as a recommendation for approval by the Council as a contingency for approval of the Transfer.

#### Medical Insurance:

An obstacle has developed with regards to transferring the 14 WWTF employees from the City's health insurance to MPU's health insurance, essentially a transfer between departments of the City. Specifically, the issue relates to the sharing of protected health information ("PHI") and between the City and MPU's stop-loss carrier. The issue, unresolved, puts MPU at risk.

The City has been advised that they are unable to disclose necessary claims/loss data on the WWTF employees that would transfer to MPU's insurance plan as of due to HIPAA concerns. Conversely, MPU has been advised by legal counsel that this information can be provided IF shared directly to MPU's stop-loss insurer.

This issue will need to be resolved for the Transfer to occur. The likely path to resolve this issue is to have the WWTF employees sign authorization forms allowing the information to be shared directly to MPU's stop-loss insurer.

#### Final Decision:

The Amendment had anticipated a final decision be made during a joint meeting of the MPU Commission and Common Council occurring prior to September 30, 2022. Due to a number of circumstances including the vacancy of key City positions and the completion of the Cost of Service Study, this anticipated joint meeting date was not possible. It is now anticipated that the final decision for the WWTF transfer will occur in November during a at the Common Council meeting where the Council would consider approval of the anticipated MPU Commission recommendation of the Transfer. This could be a joint meeting of the Common Council and Commission if the Council desires. As noted, the Council approval for the Transfer would have contingent approvals:

1. Cost of Service Study – Approval of the study including the split of the current rate into two parts for Collections and Treatment, adjustments to the monthly fixed fees, and changes to the connection charges.

2. Ordinance Revisions – Approval and implementation of ordinance revisions transferring the WWTF to the MPU Commission which gives the MPU Commission the authority to oversee the WWTF, set rates, enter into contracts, and revising the existing Wastewater section of the ordinances to be specific for Collections.
3. Financial Action Plan – Approval of the split of assets, reserves, debt, etc.
4. Legal Action Plan – This includes the approval of demarcation of ownership, easements, deed over WWTP WWTF properties, etc.

Prior to the November Common Council meeting, the MPU Commission will meet to consider the Transfer and contingency items for approval and recommendation to the Council.

Please advise if you have any questions or concerns.

Thank you.

Attachment



September 26, 2022

**Manitowoc Public Utilities Commission**  
1303 S 8<sup>th</sup> Street  
Manitowoc, WI 54220

**For Commission Approval**  
**9/26/2022**

**Subject: Wastewater Rate Study**

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates the City of Manitowoc (City) charges its customers for wastewater service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

### **Introduction**

The City provides sewer service to residential, commercial and industrial customers. The sewer service has two distinct components. The City owns the collection system connected to homes and businesses which transports waste from customers to the wastewater treatment plant. MPU will own and operate the wastewater treatment plant. Currently, a combined rate is charged all retail customers for sewer service. All customers are billed a fixed monthly charge of \$10.77 per month and a flow charge of \$2.68/ccf (\$3.58/1000 gallons). For certain industrial customers they are billed on a per 1000-gallon basis rather than per ccf basis. Additionally, the City charges industrial customers for items such as biological oxygen demand (BOD), total suspended solids (TSS), phosphorus, industrial flow, holding tanks, portable toilet waste, septic waste and hauled waste. The City also receives revenue from outside sludge haulers, connection fees and lab services.

### **Projected Operating Results at Existing Rates**

Exhibit 1 presents a projection of the sewer utility's financial operating results for the period 2022-2026 assuming the existing retail rates remain in effect for the period. No growth in overall sewer services is assumed in this analysis. A summary of the results is shown in Table 1. Based on the analysis and assumptions, the net revenue is expected to decrease from \$2.1 million in 2022 to \$630,000 in 2026.

***Dedicated to providing personal service to consumer-owned utilities***

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[www.davebergconsulting.com](http://www.davebergconsulting.com)

**Table 1**  
**Projected Operating Results Reserves**  
**Existing Rates**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Operating Revenue	\$8,008,361	\$8,010,543	\$8,012,790	\$8,015,105	\$8,017,489
Less Operating Expense	(5,778,943)	(6,022,827)	(6,297,216)	(6,928,942)	(7,295,728)
Plus Non-operating Revenue (Expense)	<u>\$(103,516)</u>	<u>\$(90,684)</u>	<u>\$(81,025)</u>	<u>\$(94,511)</u>	<u>\$(90,434)</u>
Net Income (Loss)	\$2,125,903	\$1,897,032	\$1,634,549	\$991,651	\$631,327
% of Operating Revenue	27%	24%	20%	12%	8%

Exhibit 1 also includes at the bottom of the exhibit an analysis of the cash reserves for the sewer utility. These projected reserve levels are also shown in Table 2.

**Table 2**  
**Projected Cash Reserves**  
**Existing Rates**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Beginning Balance	\$24,278,692	\$25,115,074	\$25,192,647	\$14,589,039	\$11,950,778
Plus Net Income	2,125,903	1,897,032	1,634,549	991,651	631,327
Less Capital (WWTF)	(563,000)	(1,268,000)	(11,769,560)	(3,594,060)	(2,134,050)
Less Capital (Collection)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Less Principal Pmt	(627,521)	(521,226)	(530,630)	(540,204)	(549,953)
Plus Depreciation	<u>1,401,000</u>	<u>1,469,767</u>	<u>1,562,033</u>	<u>2,004,352</u>	<u>2,174,154</u>
Ending Balance	\$25,115,074	\$25,192,647	\$14,589,039	\$11,950,778	\$10,572,256
% of Operating Revenue	314%	314%	182%	149%	132%

As shown in Exhibit 1 and Table 2, cash reserves for the sewer utility drop significantly in 2023 due to high levels of planned capital improvements that year. No new debt has been assumed to fund capital improvements.

No rate increase is recommended at this time. Future rate increases will be dependent upon overall operating results, cash reserves, new debt for capital improvements and sales levels.

### **Functionalization**

An analysis was undertaken to functionalize the 2021 revenue requirements of the sewer operations between the treatment system of MPU and the collection system of the City. Exhibit 2 presents the division of costs between the two entities. Working with MPU staff, the individual line items of the 2021 revenue requirements were divided between treatment and collection. The allocation basis of each item is shown in the far-right column of Exhibit 2. Based on the analysis, 76.2% of the sewer revenue requirement is due to the WWTP operation and 23.8% for collection.

### **Proposed Rates**

As stated above, all retail customers are charged the same rates for basic sewer service. It is proposed that the sewer rate be split into 2 separate groups of charges, one for MPU related to treatment and one for the City regarding collection. Exhibit 3 shows a proposed split of the monthly connection charge and the flow charges between treatment and collection. The split of each charge is based on the functionalization analysis described above and shown in Exhibit 2. Additionally, all customers regardless of size pay the same monthly connection charge. Fixed monthly charges like this are designed to collect fixed customer related costs of having someone connected to the system. Larger customers are more expensive to serve from a fixed-customer cost basis. It is recommended that as additional revenues are required in the future, larger customer classes begin to have higher fixed monthly fees. In Exhibit 3, a target combined rate for the monthly connection charge is shown for each group of customers. These charges are based on current costs. The residential charge would remain at the current \$10.77/month and larger classes would move higher towards the target rates shown. This transition could be accomplished over several rate adjustments. If additional revenues are required, all the fixed charges would be proportionally higher than the amounts shown in Exhibit 3.

### **Connection Charges**

New sewer customers are currently charged a connection fee, as provided for in section 17.060 of the Manitowoc Municipal Code, when they build a new facility requiring sewer service. The current fees are shown at the bottom of Exhibit 3. Current residential homes pay \$1000, new commercial establishments pay \$1500 and new industrial customers pay \$2500. There are also fees for apartments and multi-family buildings that equal \$1000 per unit. These rates were set in 2004. The equity of the apartment rate has recently been questioned. For instance, a 50-unit apartment complex would pay a connection fee of \$50,000 (which is 20 times higher than an industrial customer). The current policy also includes a special calculation of the fee for Community-Based Residential Facilities (CBRF), Nursing Homes, Dormitories,



Boarding Houses, Assisted Living Facilities and Related Facilities. As shown in Exhibit 3, these types of facilities pay a total flat fee of \$1000 if they have 1-8 units, a total flat fee of \$1500 if they have 9-12 units and a variable fee of \$1500 plus \$170 per unit for all units over 12 total units.

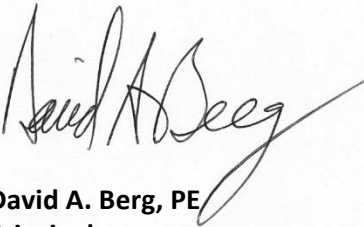
The setting of sewer connection fees varies broadly amongst different communities. Connection fees for a single home can range from \$0 to more than \$8000 depending on the city. A recent study by MSA Professional Services indicates that the Wisconsin statewide median residential sewer connection fee is \$1000 (equal to Manitowoc's).

It is recommended that some adjustments be made to the current connection fee schedules. The first recommendation is that the two-family and apartment/multi-family rates be eliminated as currently calculated. It is further recommended that the Community-Based Residential Facilities rate be expanded to include all multi-unit housing. Under this change, a new 50-unit apartment would pay a connection fee of \$7960 instead of \$50,000. The second recommendation is that the connection fees be split between treatment and collection by the same ratios as utilized for the split of the sewer usage rates. The division of connection fee rates are summarized in Exhibit 3.

Thank you for the opportunity to again be of service to MPU through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from MPU staff relative to the execution of this study.

Sincerely,

**Dave Berg Consulting, LLC**

A handwritten signature in black ink, appearing to read "David A. Berg", written over a light gray rectangular background.

**David A. Berg, PE**  
**Principal**

Manitowoc Public Utilities  
Sewer Operating Results at Existing Rates

					Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>OPERATING REVENUES</b>									
Sewer Service Revenue	\$ 6,822,439	\$ 7,121,959	\$ 7,143,492	\$ 7,568,677	\$ 7,700,636	\$ 7,700,636	\$ 7,700,636	\$ 7,700,636	\$ 7,700,636
Outside Sewer Service Revenue	266,050	286,980	288,193	281,655	235,000	235,000	235,000	235,000	235,000
Lab Sampling Revenue	23,766	24,276	26,009	25,578	27,700	28,531	29,387	30,269	31,177
Other Revenues	128,370	73,289	89,470	55,632	45,025	46,376	47,767	49,200	50,676
Total Operating Revenues	\$ 7,240,624	\$ 7,506,504	\$ 7,547,164	\$ 7,931,542	\$ 8,008,361	\$ 8,010,543	\$ 8,012,790	\$ 8,015,105	\$ 8,017,489
<b>OPERATING EXPENSES</b>									
Salaries & Wages	\$ 770,124	\$ 880,559	\$ 891,799	\$ 877,799	\$ 898,980	\$ 934,939	\$ 972,337	\$ 1,011,230	\$ 1,051,679
Utilities Expenses	420,169	436,760	402,128	386,204	466,500	485,160	504,566	524,749	545,739
WWTF Operations & Maintenance	777,694	821,101	1,654,615	1,252,277	1,658,950	1,725,308	1,794,320	1,866,093	1,940,737
Collection System Operations & Maintenance	403,988	397,302	324,358	275,860	470,000	488,800	508,352	528,686	549,834
Customer Accounting - Sewer User Fees	484,141	553,025	456,200	518,760	514,500	535,080	556,483	578,743	601,892
Admin. & General - Employee Benefits	272,178	355,020	329,601	288,880	286,517	297,978	309,897	322,293	335,184
Admin. & General - All Other Expenses	72,457	84,830	76,863	79,779	82,496	85,796	89,228	92,797	96,509
Total Before Pumping & Depreciation & Taxes	\$ 3,200,750	\$ 3,528,598	\$ 4,135,564	\$ 3,679,559	\$ 4,377,943	\$ 4,553,061	\$ 4,735,183	\$ 4,924,590	\$ 5,121,574
Depreciation Expense	\$ 614,077	\$ 1,141,948	\$ 1,091,474	\$ 1,041,000	\$ 1,401,000	\$ 1,469,767	\$ 1,562,033	\$ 2,004,352	\$ 2,174,154
Total Operating Expenses	\$ 3,814,827	\$ 4,670,546	\$ 5,227,038	\$ 4,720,559	\$ 5,778,943	\$ 6,022,827	\$ 6,297,216	\$ 6,928,942	\$ 7,295,728
OPERATING INCOME	\$ 3,425,797	\$ 2,835,958	\$ 2,320,126	\$ 3,210,983	\$ 2,229,418	\$ 1,987,716	\$ 1,715,574	\$ 1,086,163	\$ 721,761
<b>NON-OPERATING REVENUE (EXPENSE)</b>									
Investment Income (Loss)	\$ -	\$ 226,986	\$ 52,696	\$ 43,763	\$ 53,000	\$ 54,826	\$ 54,995	\$ 31,848	\$ 26,088
Interest Expense	(188,994)	(158,079)	(174,931)	(160,795)	(156,516)	(145,510)	(136,020)	(126,359)	(116,522)
Total Non-Operating Revenues (Expenses)	\$ (188,994)	\$ 68,907	\$ (122,235)	\$ (117,032)	\$ (103,516)	\$ (90,684)	\$ (81,025)	\$ (94,511)	\$ (90,434)
Net Income/(Loss)	\$ 3,236,803	\$ 2,904,864	\$ 2,197,891	\$ 3,093,951	\$ 2,125,903	\$ 1,897,032	\$ 1,634,549	\$ 991,651	\$ 631,327
As a percent of revenue	45%	39%	29%	39%	27%	24%	20%	12%	8%
<b>UNRESTRICTED CASH AND RESERVES</b>									
Beginning of Year					\$ 24,278,692	\$ 25,115,074	\$ 25,192,647	\$ 14,589,039	\$ 11,950,778
Plus Net Income					2,125,903	1,897,032	1,634,549	991,651	631,327
Less Capital Improvements (WWTF)					(563,000)	(1,268,000)	(11,769,560)	(3,594,060)	(2,134,050)
Less Capital Improvements (Collection)					(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Less Principal Payments					(627,521)	(521,226)	(530,630)	(540,204)	(549,953)
Plus Depreciation					1,401,000	1,469,767	1,562,033	2,004,352	2,174,154
End of Year				\$ 24,278,692	\$ 25,115,074	\$ 25,192,647	\$ 14,589,039	\$ 11,950,778	\$ 10,572,256
As a percent of revenue				306%	314%	314%	182%	149%	132%

**Manitowoc Public Utilities  
Functional Unbundling - Sewer**

<u>Budget Category</u>		<u>Detail</u> <u>2021</u>	<u>Treatment</u>	<u>Collection</u>	<u>Allocation Basis</u>
	<b>Personnel</b>				
Salaries & Wages	511100 Salaries and Wages - Regular	\$ 859,038	\$ 859,038	\$ -	100% Treatment
Salaries & Wages	511200 Salaries and Wages - Overtime	13,801	13,801	-	100% Treatment
Salaries & Wages	511500 Salaries - Temp Employees	4,960	4,960	-	100% Treatment
Admin. & General - Employee Benefits	513700 Retirement/Termination	-	-	-	NA
Admin. & General - Employee Benefits	515100 Social Security	64,047	64,047	-	100% Treatment
Admin. & General - Employee Benefits	515200 Retirement	59,560	59,560	-	100% Treatment
Admin. & General - Employee Benefits	515299 GASB Adjustments	-	-	-	NA
Admin. & General - Employee Benefits	515400 Health Insurance	132,121	132,121	-	100% Treatment
Admin. & General - Employee Benefits	515430 Life Insurance	1,733	1,733	-	100% Treatment
Admin. & General - Employee Benefits	515600 Worker's Compensation	25,677	25,677	-	100% Treatment
Admin. & General - Employee Benefits	515700 Employee Education & Training	3,052	3,052	-	100% Treatment
Admin. & General - Employee Benefits	516200 Clothing Allowance	1,750	1,750	-	100% Treatment
Admin. & General - Employee Benefits	516230 Safety Shoe Allowance	940	940	-	100% Treatment
Admin. & General - Employee Benefits	216240 Safety Glasses	-	-	-	NA
Admin. & General - Employee Benefits	516400 Employee Physicals	-	-	-	NA
Admin. & General - Employee Benefits	516410 Alcohol/Drug Testing	-	-	-	NA
Admin. & General - Employee Benefits	516900 Employee Taxable Reimbursement	-	-	-	NA
	Subtotal	\$ 1,166,679	\$ 1,166,679	\$ -	
	<b>Contractual Services</b>				
	521200 Legal	-			
Customer Accounting - Sewer User Fees	521400 Data Processing	\$ 518,760	\$ 395,534	\$ 123,226	Rev Requirements
	521700 Analysis and Research	-	-	-	NA
Utilities Expenses	522100 Water	12,543	11,289	1,254	90/10 Treat/Coll
Utilities Expenses	522200 Electric	292,273	263,046	29,227	90/10 Treat/Coll
Utilities Expenses	522400 GASB Adjustments	77,209	69,488	7,721	90/10 Treat/Coll
Utilities Expenses	522500 Telephone	4,179	3,761	418	90/10 Treat/Coll
Collection System Operations & Maintenance	523160 Utility Locating Services	19,451	-	19,451	100% Collection
Collection System Operations & Maintenance	523200 Sewer Line Maintenance	145,217	-	145,217	100% Collection
Collection System Operations & Maintenance	523210 Sewer Televising	48,308	-	48,308	100% Collection
Collection System Operations & Maintenance	523240 Lift Station Maintenance	62,884	-	62,884	100% Collection
Collection System Operations & Maintenance	523241 Lift Station Emergency Repair	-	-	-	NA
WWTF Operations & Maintenance	523250 Industrial Sewer Monitoring	17,207	17,207	-	100% Treatment
WWTF Operations & Maintenance	523300 Grounds & Grounds Improvement	4,726	4,726	-	100% Treatment
WWTF Operations & Maintenance	523420 Building Maintenance	8,279	8,279	-	100% Treatment
	523700 Smoke Testing	-	-	-	NA
Admin. & General - All Other Expenses	524100 Motor Vehicles	2,015	-	2,015	100% Collection
Admin. & General - All Other Expenses	525900 Sundry Repair & Maint Services	-	-	-	NA

**Manitowoc Public Utilities  
Functional Unbundling - Sewer**

<u>Budget Category</u>		<u>Detail</u> <u>2021</u>	<u>Treatment</u>	<u>Collection</u>	<u>Allocation Basis</u>
Admin. & General - All Other Expenses	526200 Bond Issuance Costs	-	-	-	NA
Admin. & General - All Other Expenses	526300 City Admin Fees	26,592	-	26,592	100% Collection
WWTF Operations & Maintenance	526610 Sludge Hauling	575,049	575,049	-	100% Treatment
WWTF Operations & Maintenance	527300 Software Maintenance	-	-	-	100% Treatment
WWTF Operations & Maintenance	527500 Landfill Service	16,800	16,800	-	100% Treatment
WWTF Operations & Maintenance	527600 Lab Testing Services	15,747	15,747	-	100% Treatment
WWTF Operations & Maintenance	528100 Project Costs by Other Departments	1,901	1,901	-	100% Treatment
WWTF Operations & Maintenance	529900 Sundry Contractual Services	58,929	58,929	-	100% Treatment
	Subtotal	\$ 1,908,069	\$ 1,441,755	\$ 466,314	
	<b>Supplies and Expense</b>				
Admin. & General - All Other Expenses	531200 Office Supplies	\$ 2,626	\$ 2,626	\$ -	100% Treatment
Admin. & General - All Other Expenses	531910 Computer Supplies & Maintenance	-	-	-	NA
Admin. & General - All Other Expenses	532100 Publication of Legal Notices	19	19	-	100% Treatment
Admin. & General - All Other Expenses	532200 Newspaer/Periodical Subscriptions	323	323	-	100% Treatment
Admin. & General - All Other Expenses	532400 Membership Dues	2,570	2,570	-	100% Treatment
Admin. & General - All Other Expenses	532610 Employment Advertising	-	-	-	NA
Admin. & General - All Other Expenses	533400 Auto Mileage/Commercial	-	-	-	NA
Admin. & General - All Other Expenses	533500 Meals	1,022	1,022	-	100% Treatment
Admin. & General - All Other Expenses	533600 Lodging	-	-	-	NA
WWTF Operations & Maintenance	534200 Chemistry & Lab Supplies	11,566	11,566	-	100% Treatment
WWTF Operations & Maintenance	534210 Chlorine	-	-	-	NA
WWTF Operations & Maintenance	534220 Process Chemicals	214,873	214,873	-	100% Treatment
WWTF Operations & Maintenance	534230 Janitorial Supplies	3,451	3,451	-	100% Treatment
WWTF Operations & Maintenance	534240 Disinfection Chemicals	42,793	42,793	-	100% Treatment
WWTF Operations & Maintenance	534940 First Aid Supplies	-	-	-	100% Treatment
WWTF Operations & Maintenance	534950 Safety Equip & Supplies	11,230	11,230	-	100% Treatment
WWTF Operations & Maintenance	535100 Vehicle & Equipment Fuel	7,499	7,499	-	100% Treatment
WWTF Operations & Maintenance	535110 Oil and Grease	7,312	7,312	-	100% Treatment
WWTF Operations & Maintenance	535210 Equipment Supplies	-	-	-	NA
WWTF Operations & Maintenance	535300 Machinery and Equipment	2,178	2,178	-	100% Treatment
WWTF Operations & Maintenance	535400 Painting Supplies	2,896	2,896	-	100% Treatment
WWTF Operations & Maintenance	535510 Plumbing Supplies	5,324	5,324	-	100% Treatment
WWTF Operations & Maintenance	535520 Electrical Supplies	10,462	10,462	-	100% Treatment
WWTF Operations & Maintenance	535525 Controls, Scada & Instrumentation	919	919	-	100% Treatment
WWTF Operations & Maintenance	535530 HVAC Repairs & Maintenance	27,756	27,756	-	100% Treatment
WWTF Operations & Maintenance	535900 Repair Parts For Process Equipment	129,612	129,612	-	100% Treatment
WWTF Operations & Maintenance	536200 Consumable Tools/Hardware	823	823	-	100% Treatment
Admin. & General - All Other Expenses	536900 Other Repairs and Maint Supplies	3,054	3,054	-	100% Treatment

**Manitowoc Public Utilities  
Functional Unbundling - Sewer**

<u>Budget Category</u>		<u>Detail</u> <u>2021</u>	<u>Treatment</u>	<u>Collection</u>	<u>Allocation Basis</u>
WWTF Operations & Maintenance	539000 Other Supplies and Expenses	1,507	1,507	-	100% Treatment
	539100 Marketing Materials	-	-	-	NA
	Subtotal	\$ 489,815	\$ 489,815	\$ -	
	<b>Fixed Charges</b>				
Admin. & General - All Other Expenses	551100 Ins on Buildings	\$ 41,558	\$ 37,402	\$ 4,156	90/10 Treat/Coll
	551200 Ins on Vehicles and Equipment	-	-	-	NA
WWTF Operations & Maintenance	551500 Ins on Boiler	3,080	3,080	-	100% Treatment
WWTF Operations & Maintenance	553300 Machinery/Equipment Rent	270	270	-	100% Treatment
WWTF Operations & Maintenance	553390 Equip Provided by Other Departments	-	-	-	NA
Depreciation Expense	554100 Provision for Depreciation	1,394,526	1,041,000	353,526	2021 Depreciation
WWTF Operations & Maintenance	559100 Environmental Fees	69,231	69,231	-	100% Treatment
WWTF Operations & Maintenance	559110 Mercury Reduction Program	857	857	-	100% Treatment
	Subtotal	\$ 1,509,522	\$ 1,151,840	\$ 357,682	
	Total Operating	\$ 5,074,085	\$ 4,250,089	\$ 823,996	
			83.8%	16.2%	
	<b>Other Operating Revenue</b>				
	Outside Sewer Service Revenue	\$ 281,655	\$ 281,655	\$ -	100% Treatment
	Lab Sampling Revenue	25,578	25,578	-	100% Treatment
	Other Revenues	55,632	42,417	13,215	Rev Requirements
	Industrial BOD/Phos/TSS	2,243,705	2,243,705	-	100% Treatment
	Total	\$ 2,606,570	\$ 2,593,355	\$ 13,215	
	<b>Margin</b>	\$ 2,989,416	\$ 2,503,956	\$ 485,460	Operating Exp
	<b>Revenue Requirement</b>	\$ 5,456,931	\$ 4,160,691	\$ 1,296,241	
			76.2%	23.8%	

**Manitowoc Public Utilities  
Existing and Proposed Sewer Rates**

<u>Utility</u>	<u>Class</u>	Current		<u>Proposed Split Rate</u>		Target
		Combined <u>Rate</u>		Treatment	Collection	Combined <u>Rate</u>
Sewer	Connection Charge (\$/mo)					
	SWC Commercial	\$ 10.77	\$ 8.21	\$ 2.56	\$ 15.00	
	SWG Governmental	\$ 10.77	\$ 8.21	\$ 2.56	\$ 50.00	
	SWI Industrial	\$ 10.77	\$ 8.21	\$ 2.56	\$ 200.00	
	SWR Residential	\$ 10.77	\$ 8.21	\$ 2.56	\$ 10.77	
	SWRU Rural	\$ 10.77	\$ 8.21	\$ 2.56	\$ 15.00	
Sewer	Flow (\$/ccf)					
	All Classes	\$ 2.68	\$ 2.04	\$ 0.64	n/a	
	Flow (\$/1000 gallons)					
	Industrial	\$ 3.58	\$ 2.73	\$ 0.85	n/a	
Sewer	Connection Fee		<u>Current Fee</u>		<u>Proposed Fee</u>	
	Single Family	\$ 1,000			Treatment	Collection
	Two Family	\$ 1,000	per unit		\$ 762	\$ 238
	Apartment/Multi Family	\$ 1,000	per unit		Eliminate, move to Multi Unit Rate	
	Commercial	\$ 1,500			\$ 1,144	\$ 356
	Industrial	\$ 2,500			\$ 1,906	\$ 594
	Community-Based Resid Facilities				Rename as Multi Unit Rate	
	1-8 Residential Units	\$ 1,000			\$ 762	\$ 238
	9-12 Residential Units	\$ 1,500			\$ 1,144	\$ 356
	Residential Units in Excess of 12	\$ 1,500	plus \$170 for each unit over 12		\$ 1,144	\$ 356 plus
				\$ 130	\$ 40 for each unit over 12	