Stoughton Utilities
600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: June 16, 2020

To: Holly Licht
Stoughton City Clerk

Jamin T. Friedl
Stoughton Director of Finance & Comptroller

From: Brian R. Hoops
Stoughton Utilities Assistant Director

Subject: Items for the June 23, 2020 Stoughton Finance Committee Meeting Packet

The items from the June 15, 2020 meeting of the Stoughton Utilities Committee are enclosed. Please include these items in the agenda and packet for the June 23, 2020 meeting of the Stoughton Finance Committee.

Business:

1. Reallocation of 2020 Water Capital Improvement Project Funding

Encl.

cc: David R. Erdman
Chairman – Stoughton Utilities Committee

Alderperson Brett Schumacher
Chairman – Stoughton Finance Committee

Jill M. Weiss, P.E.
Stoughton Utilities Director

City of Stoughton, 207 S Forrest Street, Stoughton WI 53589

RESOLUTION FROM THE UTILTIES COMMITTEE TO THE STOUGHTON COMMON COUNCIL			
Authorizing and directing the proper City official(s) to approve the reallocation of 2020 Water Utility capital improvement project funding.			
Committee Action:	Utilities Committee recommended Common Council approval 7-0 Finance Committee recommended Common Council approval __-__		
Fiscal Impact:	$0.00		
File Number:	R-xxx-2020	**Date Introduced:**	June 23, 2020

The City of Stoughton, Wisconsin, Common Council does proclaim as follows:

WHEREAS, at its October 14, 2019 meeting, the Stoughton Utilities Committee approved the Stoughton Utilities five-year (2020-2024) Capital Improvement Plan (CIP), and

WHEREAS, at the time of CIP approval, Stoughton Utilities had not planned on replacing any water service lines on West Main Street as part of the Wisconsin Department of Transportation road construction, and

WHEREAS, the approved 2020 CIP included $75,000 for the replacement of public lead service lines, where an estimated $1,500 of the approved amount for the replacement of public lead service lines has been allocated to other lead service line projects to occur in 2020, and

WHEREAS, additional approved funds of $25,000 resulting from the water system work on the Prospect Street Project being bid under-budget, $11,000 resulting from a cancelled hydrant relocation on Roby Road, and $21,000 for valve adjustments that will be completed internally rather than subcontracted out are available to be reallocated, and

WHEREAS, the unit costs provided by Parisi Construction we estimate that the total cost for the proposed replacement of 19 lead service lines along West Main Street to be approximately $130,000, and

WHEREAS, the combined approved 2020 CIP funds are sufficient to fund the proposed replacement of lead service lines along West Main Street, and staff recommends that the approved line items be reallocated, and

WHEREAS, the Stoughton Utilities Committee met on June 15, 2020 to consider and approve the proposed reallocation of approved 2020 CIP funds and direct staff to proceed with the replacement of lead service lines along West Main Street, and recommend approval to the Stoughton Finance Committee and Stoughton Common Council, and

WHEREAS, the Stoughton Finance Committee met on June 23, 2020 to consider and approve the proposed reallocation of approved 2020 CIP funds and direct staff to proceed with the replacement of lead service lines along West Main Street, and recommend approval to the Stoughton Common Council, now therefore

BE IT RESOLVED by the Common Council of the City of Stoughton that the proper city official(s) be hereby authorized and directed to approve the proposed reallocation of approved 2020 CIP funds.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote:** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____ _____

Mayor Timothy Swadley Date

Council Action: _____ ☐ **Override** **Vote:** _____

Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: June 9, 2020

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Reallocation of 2020 Water Capital Improvement Project Funding

At its October 14, 2019 meeting, the Stoughton Utilities Committee approved the Stoughton Utilities five-year (2020-2024) Capital Improvement Plan (CIP). At the time, Stoughton Utilities had not planned on replacing any water service lines on West Main Street as part of the Wisconsin Department of Transportation road construction, instead planning to complete those replacements in coordination with a future water main reconstruction project.

The approved 2020 CIP included $75,000 for the replacement of public lead service lines. An estimated $1,500 of this was allocated to other lead service line projects to occur in 2020.

In reviewing the unit costs provided by Parisi Construction we estimate that the total cost for the proposed replacement of 19 lead service lines along West Main Street to be approximately $130,000, leaving a lead service line replacement budget deficit of approximately $56,500 to complete these replacements.

Additional funds of $25,000 resulting from the water system work on the Prospect Street Project being bid under-budget, $11,000 resulting from a cancelled hydrant relocation on Roby Road, and $21,000 for valve adjustments that will be completed internally rather than subcontracted out are available to be reallocated towards this project. Combined, the approved 2020 CIP funds are sufficient to fund the proposed replacement of lead service lines along West Main Street, and staff recommends that the approved line items be reallocated

It is requested that the Stoughton Utilities Committee review and approve the reallocation of approved 2020 CIP funds, and recommend approval to the Stoughton Common Council.

Stoughton Utilities – Water Division

Capital Operations Program – 2020-2024

June 05, 2020

Projects:	Funding:	2020	2021	2022	2023	2024	Total:
*2019-2024 Main Replacement Engineering	Revenue Bonds	$61,000.00	$161,000.00	$264,000.00	$197,000.00	$181,000.00	**$864,000.00**
*Water Valve Adjustments for Street Projects	Utility Reserve	$27,600.00	$34,600.00	$1,200.00	$12,500.00	$12,700.00	**$88,600.00**
2020 Hydrant replace - Roby	Revenue Bonds	$20,000.00	$ -	$ -	$ -	$ -	**$20,000.00**
2020 Main replace- Grant: Prospect to Taft	Revenue Bonds	$77,000.00	$ -	$ -	$ -	$ -	**$77,000.00**
2020 Main replace- Prospect: Page to McKinley (O)	Revenue Bonds	$323,000.00	$ -	$ -	$ -	$ -	**$323,000.00**
2021 Main replace- Academy: Moline to South	Revenue Bonds	$ -	$77,000.00	$ -	$ -	$ -	**$77,000.00**
2021 Main replace- Harrison: Harding to Clyde (M)	Revenue Bonds	$ -	$229,000.00	$ -	$ -	$ -	**$229,000.00**
2021 Main replace- Johnson: Harding to Clyde (N)	Revenue Bonds	$ -	$225,000.00	$ -	$ -	$ -	**$225,000.00**
2021 Main replace- Monroe: Clyde to Jackson	Revenue Bonds	$ -	$189,000.00	$ -	$ -	$ -	**$189,000.00**
2021 Main replace- Monroe: Harding to Clyde	Revenue Bonds	$ -	$254,000.00	$ -	$ -	$ -	**$254,000.00**
2021 Main replace- Roy: Johnson to Madison	Revenue Bonds	$ -	$66,847.00	$ -	$ -	$ -	**$66,847.00**
2022 Main replace- Harding: Page to Wilson (R)	Revenue Bonds	$ -	$ -	$241,400.00	$ -	$ -	**$241,400.00**
2022 Main replace- South: Page to Van Buren	Revenue Bonds	$ -	$ -	$438,400.00	$ -	$ -	**$438,400.00**
2022 Main replace- Wilson: Page to Taft (S)	Revenue Bonds	$ -	$ -	$332,000.00	$ -	$ -	**$332,000.00**
2023 Main replace- Madison: Clyde to Prospect	Revenue Bonds	$ -	$ -	$ -	$201,000.00	$ -	**$201,000.00**
2023 Main replace- Madison: Harding to Clyde	Revenue Bonds	$ -	$ -	$ -	$275,000.00	$ -	**$275,000.00**
2023 Main replace- McKinley: Madison to Page	Revenue Bonds	$ -	$ -	$ -	$258,000.00	$ -	**$258,000.00**
2023 Main replace- Prairie: Wilson to McKinley (T)	Revenue Bonds	$ -	$ -	$ -	$99,000.00	$ -	**$99,000.00**
2023 Main replace- Taft: Page to Wilson (U)	Revenue Bonds	$ -	$ -	$ -	$318,000.00	$ -	**$318,000.00**
2023 Main replace- Taft: Prairie to Page (U)	Revenue Bonds	$ -	$ -	$ -	$150,000.00	$ -	**$150,000.00**
2024 Main replace- Berry: South to 733 Berry	Utility Reserve	$ -	$ -	$ -	$ -	$323,000.00	**$323,000.00**
2024 Main replace- Chicago: Fourth to Dead End	Revenue Bonds	$ -	$ -	$ -	$ -	$413,000.00	**$413,000.00**
2024 Main replace- Giles: Academy to Morris	Utility Reserve	$ -	$ -	$ -	$ -	$186,000.00	**$186,000.00**
2024 Main replace- Page: Milwaukee to Chicago	Utility Reserve	$ -	$ -	$ -	$ -	$269,000.00	**$269,000.00**
Large Meter Replacements	Revenue Bonds	$25,000.00	$25,000.00	$25,000.00	$ -	$ -	**$75,000.00**
Lead Service Replacements	Revenue Bonds	$75,000.00	$75,000.00	$75,000.00	$75,000.00	$75,000.00	**$375,000.00**
Meters - New and Replacements	Revenue Bonds	$26,500.00	$26,500.00	$26,500.00	$26,500.00	$26,500.00	**$132,500.00**
	Projects Section Total:	**$635,100.00**	**$1,362,947.00**	**$1,403,500.00**	**$1,612,000.00**	**$1,486,200.00**	**$6,499,747.00**

Maintenance:	Funding:	2020	2021	2022	2023	2024	Total:
Chemicals	Utility Reserve	$20,000.00	$23,000.00	$23,000.00	$23,000.00	$25,000.00	**$114,000.00**
Generator Testing - Wells 5 & 7, Tower II	Utility Reserve	$3,000.00	$3,000.00	$3,200.00	$3,200.00	$3,200.00	**$15,600.00**
Large meter testing	Utility Reserve	$6,000.00	$ -	$6,000.00	$ -	$6,000.00	**$18,000.00**
Reservoir/Drain & Inspection (2016)	Utility Reserve	$ -	$10,000.00	$ -	$ -	$ -	**$10,000.00**
Seal Coat Driveways	Utility Reserve	$2,500.00	$ -	$ -	$ -	$ -	**$2,500.00**
Water System Model Update	Utility Reserve	$ -	$ -	$15,000.00	$ -	$ -	**$15,000.00**
Water System Study	Revenue Bonds	$30,000.00	$ -	$ -	$ -	$ -	**$30,000.00**
WDNR Regulations Samples	Utility Reserve	$15,000.00	$15,000.00	$15,000.00	$30,000.00	$15,000.00	**$90,000.00**
Well #4 - Rehab (last rehab 2015)	Utility Reserve	$ -	$ -	$ -	$25,000.00	$ -	**$25,000.00**
Well #5 - Rehab (last rehab 2016)	Utility Reserve	$ -	$ -	$ -	$ -	$25,000.00	**$25,000.00**
Well #6 - Rehab (last rehab 2014)	Utility Reserve	$ -	$ -	$25,000.00	$ -	$ -	**$25,000.00**
	Maintenance Section Total:	**$76,500.00**	**$51,000.00**	**$87,200.00**	**$81,200.00**	**$74,200.00**	**$370,100.00**

Vehicles:	Funding:	2020	2021	2022	2023	2024	Total:
Water Service Truck #23 (2010)	Revenue Bonds	$35,000.00	$ -	$ -	$ -	$ -	**$35,000.00**
	Vehicles Section Total:	**$35,000.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$35,000.00**

Developer:	Funding:	2020	2021	2022	2023	2024	Total:
2022 Main replace- Fifth: South to Jefferson	Developer Financed	$ -	$ -	$113,100.00	$ -	$ -	**$113,100.00**
2022 Main replace- Fourth: Main to Bridge	Developer Financed	$ -	$ -	$375,500.00	$ -	$ -	**$375,500.00**
2022 Main replace- South: Fourth to Academy	Developer Financed	$ -	$ -	$257,700.00	$ -	$ -	**$257,700.00**
	Developer Section Total:	**$ -**	**$ -**	**$746,300.00**	**$ -**	**$ -**	**$746,300.00**

	Grand Total:	**$746,600.00**	**$1,413,947.00**	**$2,237,000.00**	**$1,693,200.00**	**$1,560,400.00**	**$7,651,147.00**

WATER - TARGET CIP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPERATING REVENUES										
Sales of water	$ 1,416,545	$ 1,465,315	$ 1,496,750	$ 1,665,554	$ 1,656,420	$ 1,657,716	$ 1,858,182	$ 1,859,634	$ 1,861,085	$ 1,955,519
Public Fire Protection	498,439	520,495	530,529	551,749	555,434	556,529	624,421	625,646	626,872	659,766
Private Fire Protection	38,842	43,901	46,711	55,087	55,596	55,596	62,268	62,268	62,268	65,381
Other	47,298	41,518	47,111	44,127	45,000	45,000	45,000	45,000	45,000	45,000
Total Operating Revenues	$ 2,001,124	$ 2,071,229	$ 2,121,101	$ 2,316,517	$ 2,312,450	$ 2,314,840	$ 2,589,870	$ 2,592,547	$ 2,595,224	$ 2,725,666
					-0.22%	0.11%	12.12%	0.11%	0.11%	5.11%
OPERATING EXPENSES										
Operation and maintenance	$ 969,933	$ 992,653	$ 943,589	$ 1,006,142	$ 1,030,820	$ 1,036,756	$ 1,085,893	$ 1,097,836	$ 1,111,990	$ 1,101,269
Taxes	22,271	22,204	22,232	26,697	27,196	27,590	28,003	28,431	29,032	29,649
Depreciation (Utility Financed)	302,978	315,908	330,652	351,993	373,223	388,854	405,200	420,903	436,500	449,873
PILOT	387,855	420,305	423,351	431,034	445,620	459,958	476,093	491,529	506,450	521,555
Total Operating Expenses	$ 1,683,037	$ 1,751,070	$ 1,719,824	$ 1,815,866	$ 1,876,858	$ 1,913,158	$ 1,995,189	$ 2,038,699	$ 2,083,973	$ 2,102,346
		2.34%	-4.94%	6.63%	9.24%	0.58%	4.74%	1.10%	1.29%	-0.96%
REGULATORY OPERATING INCOME	**$ 318,087**	**$ 320,159**	**$ 401,277**	**$ 500,651**	**$ 435,591**	**$ 401,682**	**$ 594,682**	**$ 553,848**	**$ 511,252**	**$ 623,320**
AVERAGE NET RATE BASE	$ 9,201,577	$ 9,904,869	$ 10,271,417	$ 10,772,825	$ 11,324,455	$ 11,680,809	$ 12,055,796	$ 12,380,598	$ 12,680,509	$ 12,862,928
RATE OF RETURN (Allowed - 5.00%)	**3.46%**	**3.23%**	**3.91%**	**4.65%**	**3.85%**	**3.44%**	**4.93%**	**4.47%**	**4.03%**	**4.85%**

OPERATING CASH FLOWS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales of water	$ 1,953,428	$ 2,036,464	$ 2,083,445	$ 2,293,667	$ 2,267,450	$ 2,269,840	$ 2,544,870	$ 2,547,547	$ 2,550,224	$ 2,680,666
Routine operating expenditures	(980,187)	(1,031,439)	(1,030,058)	(990,609)	(1,030,820)	(1,036,756)	(1,085,893)	(1,097,836)	(1,111,990)	(1,101,269)
Transfers and taxes	(359,016)	(391,598)	(426,565)	(423,351)	(458,231)	(473,210)	(487,961)	(504,524)	(520,561)	(536,100)
Miscellaneous income	47,298	41,518	47,111	44,127	45,000	45,000	45,000	45,000	45,000	45,000
Total Operating Cash Flows	$ 661,523	$ 654,945	$ 673,933	$ 923,834	$ 823,399	$ 804,875	$ 1,016,016	$ 990,187	$ 962,673	$ 1,088,298
CAPITAL AND FINANCING CASH FLOWS										
Acquisition of capital assets	$ (911,032)	$ (774,325)	$ (498,588)	$ (844,708)	$ (691,710)	$ (792,568)	$ (758,340)	$ (726,500)	$ (741,120)	$ (555,400)
Principal paid	(1,399,957)	(373,677)	(369,415)	(365,174)	(490,952)	(486,751)	(480,571)	(506,414)	(332,278)	(341,166)
Interest paid	(88,323)	(56,726)	(52,040)	(47,010)	(86,524)	(79,213)	(69,831)	(59,885)	(50,764)	(42,243)
Debt proceeds	2,520,000	-	-	1,818,218	-	-	-	-	-	-
Special assessments	-	65,134	236,757	38,314	37,153	35,992	34,831	33,670	32,509	31,348
	$ 120,688	$ (1,139,594)	$ (683,286)	$ 599,640	$ (1,232,033)	$ (1,322,540)	$ (1,273,911)	$ (1,259,129)	$ (1,091,653)	$ (907,461)
INVESTING ACTIVITIES CASH FLOWS										
Investment income	$ 37,294	$ 38,866	$ 29,319	$ 38,880	$ 19,028	$ 15,554	$ 12,646	$ 10,670	$ 9,178	$ 9,373
Net Change in Cash	$ 819,505	$ (445,783)	$ 19,966	$ 1,562,354	$ (389,606)	$ (502,111)	$ (245,249)	$ (258,271)	$ (119,802)	$ 190,209
PRELIMINARY ENDING CASH BALANCE	$ 1,588,175	$ 1,110,284	$ 1,110,651	$ 2,664,194	$ 2,351,779	$ 1,849,668	$ 1,604,420	$ 1,346,148	$ 1,226,346	$ 1,416,555
ENDING ACCOUNTS RECEIVABLE/PAYABLE				$ 122,191	$ -	$ -	$ -	$ -	$ -	$ -
REMAINING CONSTRUCTION CONTRACT				$ (45,000)	$ -	$ -	$ -	$ -	$ -	$ -
ENDING CASH BALANCE	**$ 1,588,175**	**$ 1,110,284**	**$ 1,110,651**	**$ 2,741,385**	**$ 2,351,779**	**$ 1,849,668**	**$ 1,604,420**	**$ 1,346,148**	**$ 1,226,346**	**$ 1,416,555**
RESTRICTED CASH BALANCE	**$ 846,941**	**$ 631,311**	**$ 572,417**	**$ 1,472,684**	**$ 703,989**	**$ 684,067**	**$ 678,828**	**$ 696,994**	**$ 575,012**	**$ 580,285**
UNRESTRICTED CASH BALANCE	**$ 741,234**	**$ 478,973**	**$ 538,234**	**$ 1,268,701**	**$ 1,647,790**	**$ 1,165,602**	**$ 925,592**	**$ 649,154**	**$ 651,334**	**$ 836,271**
UNRESTRICTED MONTHS ON HAND (Target is 5 Months Sales Revenue)	**4.55**	**2.83**	**3.11**	**6.70**	**8.72**	**6.16**	**4.36**	**3.06**	**3.06**	**3.74**
RATE INCREASE NEEDED					**0.00%**	**0.00%**	**12.00%**	**0.00%**	**0.00%**	**5.00%**
DEBT ISSUE NEEDED					**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Major Assumptions:

- Assumed Sick Leave Reserve balance will increase by 2% per year
- Assumed minimal customer growth per year
- Assumed 1% decrease in consumption in 2020 and level for 2021-2025
- (.25%) annual impact to PILOT rate
- 2.00 %inflationary rate used
- Assumed mid-year P&I and end of year I on new borrowings (if any)
- Assumed 2% in debt issuance costs on new debt (if any)
- 20 year borrowing at 3%
- Did not apply inflation to capital expenditures
- Assumed remaining 2019 construction costs of $45,000
- Assumed reserve requirement increased by 10% of the new borrowing amount
- All rate increases assumed to be implemented on 1/1

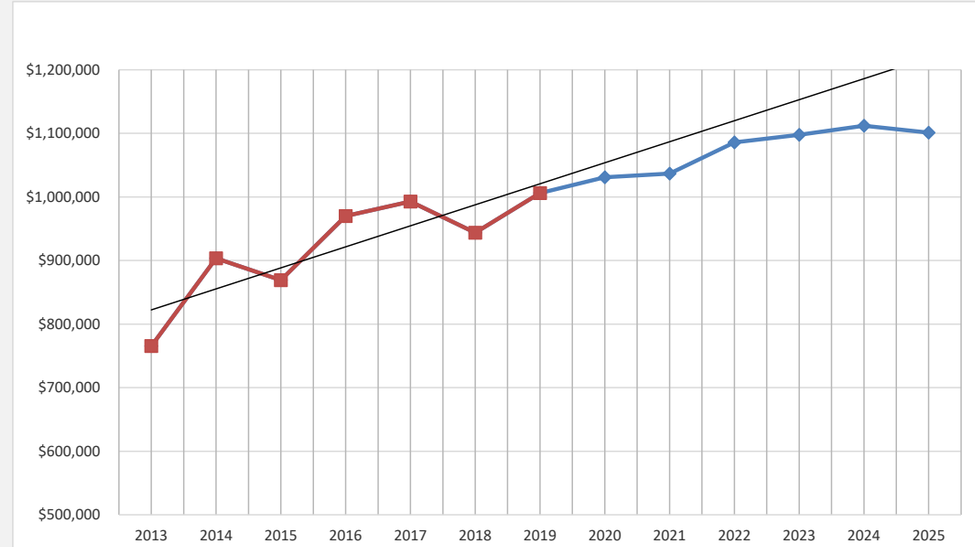
WATER - TARGET CIP

DEBT COVERAGE	2020	2021	2022	2023	2024	2025
Operating revenues	$ 2,312,450	$ 2,314,840	$ 2,589,870	$ 2,592,547	$ 2,595,224	$ 2,725,666
PILOT	$ (445,620)	$ (459,958)	$ (476,093)	$ (491,529)	$ (506,450)	$ (521,555)
O & M expenses	(1,058,016)	(1,064,346)	(1,113,896)	(1,126,267)	(1,141,022)	(1,130,918)
Net defined earnings	$ 808,814	$ 790,536	$ 999,882	$ 974,751	$ 947,752	$ 1,073,193
Annual debt service	$ 577,476	$ 565,964	$ 550,402	$ 566,299	$ 383,042	$ 383,409
Coverage factor	1.30	1.30	1.30	1.30	1.30	1.30
Minimum required earnings	$ 750,719	$ 735,753	$ 715,523	$ 736,189	$ 497,955	$ 498,432
ACTUAL DEBT COVERAGE	**1.40**	**1.40**	**1.82**	**1.72**	**2.47**	**2.80**

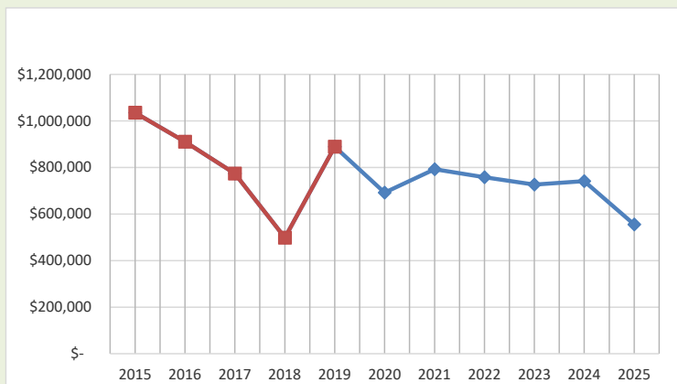
WATER - TARGET CIP

		O&M	$ Change from Prior Year	% Change from Prior Year
ACTUAL	2008	$ 737,856		
	2009	$ 694,227	$ (43,629)	-5.91%
	2010	$ 710,376	$ 16,149	2.33%
	2011	$ 772,586	$ 62,210	8.76%
	2012	$ 731,538	$ (41,048)	-5.31%
	2013	$ 765,381	$ 33,843	4.63%
	2014	$ 903,595	$ 138,214	18.06%
	2015	$ 869,159	$ (34,436)	-3.81%
	2016	$ 969,933	$ 100,774	11.59%
	2017	$ 992,653	$ 22,720	2.34%
	2018	$ 943,589	$ (49,064)	-4.94%
	2019	$ 1,006,142	$ 62,553	6.63%
FORECASTED	2020	$ 1,030,820	$ 24,678	2.45%
	2021	$ 1,036,756	$ 5,936	0.58%
	2022	$ 1,085,893	$ 49,137	4.74%
	2023	$ 1,097,836	$ 11,943	1.10%
	2024	$ 1,111,990	$ 14,154	1.29%
	2025	$ 1,101,269	$ (10,721)	-0.96%

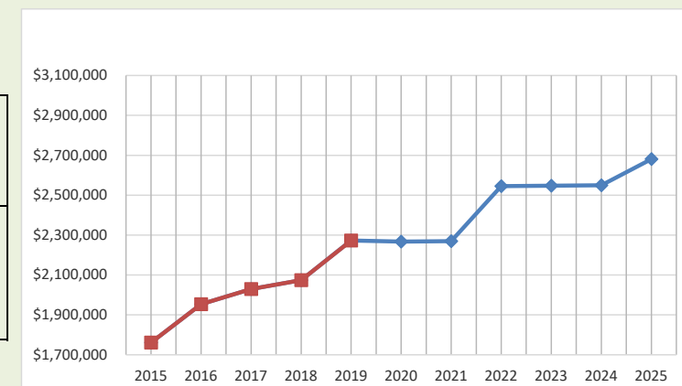
Annual % inflation from 2015 to 2019	1.17%
Annual % inflation from 2010 to 2019	2.48%
Estimated annual inflation from 2020 to 2025	1.18%



		Capital Expenditures
ACTUAL	2015	$ 1,035,382
	2016	$ 911,032
	2017	$ 774,325
	2018	$ 498,588
	2019	$ 889,708
FORECASTED	2020	$ 691,710
	2021	$ 792,568
	2022	$ 758,340
	2023	$ 726,500
	2024	$ 741,120
	2025	$ 555,400

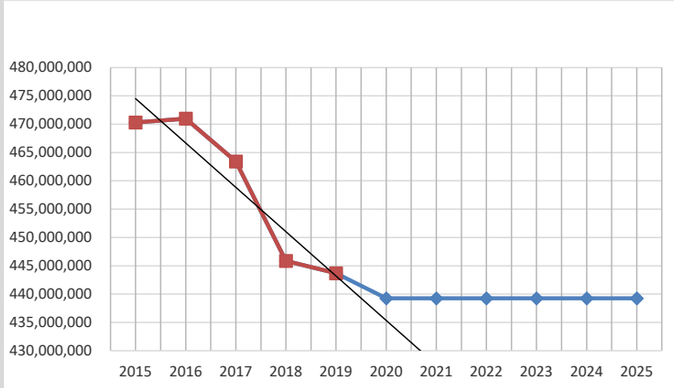


		PILOT
ACTUAL	2015	$ 363,249
	2016	$ 387,855
	2017	$ 420,305
	2018	$ 423,351
	2019	$ 431,034
FORECASTED	2020	$ 445,620
	2021	$ 459,958
	2022	$ 476,093
	2023	$ 491,529
	2024	$ 506,450
	2025	$ 521,555

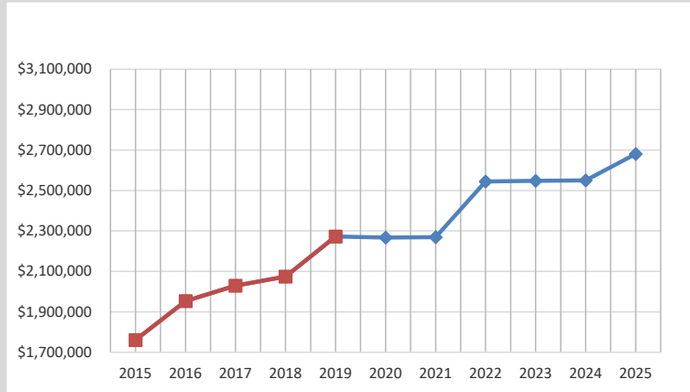


		Sales in Gallons
ACTUAL	2015	470,300,000
	2016	470,982,000
	2017	463,406,000
	2018	445,868,000
	2019	443,695,000
FORECASTED	2020	439,258,000
	2021	439,258,000
	2022	439,258,000
	2023	439,258,000
	2024	439,258,000
	2025	439,258,000

Through 5/31/20 -1.82%

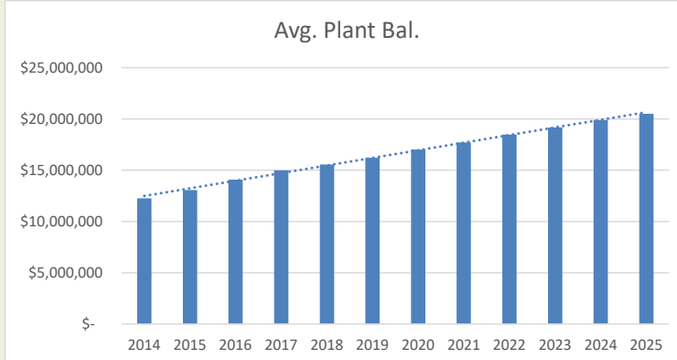


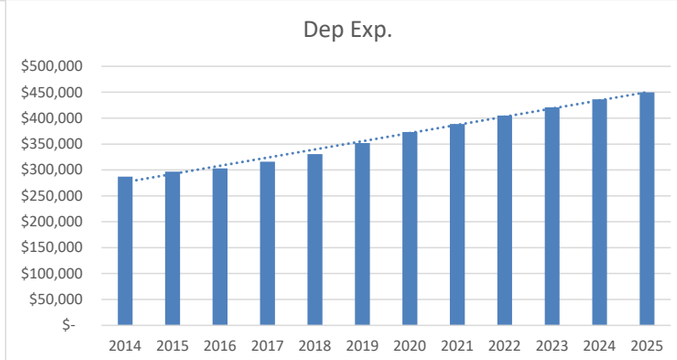
		Sales in $
ACTUAL	2015	$ 1,761,033
	2016	$ 1,953,826
	2017	$ 2,029,711
	2018	$ 2,073,990
	2019	$ 2,272,390
FORECASTED	2020	$ 2,267,450
	2021	$ 2,269,840
	2022	$ 2,544,870
	2023	$ 2,547,547
	2024	$ 2,550,224
	2025	$ 2,680,666



UTILITY FINANCED PLANT

	Avg. Plant Bal.	Dep Exp.	Composite Dep. Rate
2014	$ 12,270,420	$ 286,929	2.3%
2015	$ 13,054,336	$ 296,895	2.3%
2016	$ 14,076,870	$ 302,956	2.2%
2017	$ 14,982,697	$ 315,908	2.1%
2018	$ 15,556,237	$ 330,652	2.1%
2019	$ 16,209,867	$ 351,993	2.2%
2020	$ 17,002,892	$ 373,223	2.2%
2021	$ 17,715,001	$ 388,854	2.2%
2022	$ 18,459,689	$ 405,200	2.2%
2023	$ 19,175,073	$ 420,903	2.2%
2024	$ 19,885,614	$ 436,500	2.2%
2025	$ 20,494,848	$ 449,873	2.2%





WATER - 2021 LSL REPLACEMENT

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPERATING REVENUES										
Sales of water	$ 1,416,545	$ 1,465,315	$ 1,496,750	$ 1,665,554	$ 1,656,420	$ 1,657,716	$ 1,659,012	$ 1,660,308	$ 1,661,604	$ 1,662,900
Public Fire Protection	498,439	520,495	530,529	551,749	555,434	556,529	557,623	558,718	559,812	560,906
Private Fire Protection	38,842	43,901	46,711	55,087	55,596	55,596	55,596	55,596	55,596	55,596
Other	47,298	41,518	47,111	44,127	45,000	45,000	45,000	45,000	45,000	45,000
Total Operating Revenues	$ 2,001,124	$ 2,071,229	$ 2,121,101	$ 2,316,517	$ 2,312,450	$ 2,314,840	$ 2,317,231	$ 2,319,621	$ 2,322,012	$ 2,324,402
					-0.22%	0.11%	0.11%	0.11%	0.11%	0.10%
OPERATING EXPENSES										
Operation and maintenance	$ 969,933	$ 992,653	$ 943,589	$ 1,006,142	$ 1,030,820	$ 1,036,756	$ 1,085,893	$ 1,097,836	$ 1,111,990	$ 1,101,269
Taxes	22,271	22,204	22,232	26,697	27,196	27,590	28,003	28,431	29,032	29,649
Depreciation (Utility Financed)	302,978	315,908	330,652	351,993	373,223	414,413	448,804	456,993	472,589	485,963
PILOT	387,855	420,305	423,351	431,034	445,620	459,958	517,941	521,000	535,848	550,879
Total Operating Expenses	$ 1,683,037	$ 1,751,070	$ 1,719,824	$ 1,815,866	$ 1,876,858	$ 1,938,717	$ 2,080,641	$ 2,104,260	$ 2,149,460	$ 2,167,760
		2.34%	-4.94%	6.63%	9.24%	0.58%	4.74%	1.10%	1.29%	-0.96%
REGULATORY OPERATING INCOME	**$ 318,087**	**$ 320,159**	**$ 401,277**	**$ 500,651**	**$ 435,591**	**$ 376,123**	**$ 236,590**	**$ 215,361**	**$ 172,552**	**$ 156,642**
AVERAGE NET RATE BASE	$ 9,201,577	$ 9,904,869	$ 10,271,417	$ 10,772,825	$ 11,324,455	$ 12,855,530	$ 14,033,435	$ 13,968,390	$ 14,232,212	$ 14,378,541
RATE OF RETURN (Allowed - 5.00%)	**3.46%**	**3.23%**	**3.91%**	**4.65%**	**3.85%**	**2.93%**	**1.69%**	**1.54%**	**1.21%**	**1.09%**

OPERATING CASH FLOWS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales of water	$ 1,953,428	$ 2,036,464	$ 2,083,445	$ 2,293,667	$ 2,267,450	$ 2,269,840	$ 2,272,231	$ 2,274,621	$ 2,277,012	$ 2,279,402
Routine operating expenditures	(980,187)	(1,031,439)	(1,030,058)	(990,609)	(1,030,820)	(1,036,756)	(1,085,893)	(1,097,836)	(1,111,990)	(1,101,269)
Transfers and taxes	(359,016)	(391,598)	(426,565)	(423,351)	(458,231)	(473,210)	(487,961)	(546,373)	(550,033)	(565,497)
Miscellaneous income	47,298	41,518	47,111	44,127	45,000	45,000	45,000	45,000	45,000	45,000
Total Operating Cash Flows	$ 661,523	$ 654,945	$ 673,933	$ 923,834	$ 823,399	$ 804,875	$ 743,377	$ 675,412	$ 659,989	$ 657,636
CAPITAL AND FINANCING CASH FLOWS										
Acquisition of capital assets	$ (911,032)	$ (774,325)	$ (498,588)	$ (844,708)	$ (691,710)	$ (3,167,568)	$ (58,340)	$ (726,500)	$ (741,120)	$ (555,400)
Principal paid	(1,399,957)	(373,677)	(369,415)	(365,174)	(490,952)	(486,751)	(480,571)	(576,940)	(404,215)	(414,541)
Interest paid	(88,323)	(56,726)	(52,040)	(47,010)	(86,524)	(79,213)	(86,967)	(93,452)	(82,906)	(72,932)
Debt proceeds	2,520,000	-	-	1,818,218	-	-	2,400,000	-	-	-
Special assessments	-	65,134	236,757	38,314	37,153	35,992	34,831	33,670	32,509	31,348
	$ 120,688	$ (1,139,594)	$ (683,286)	$ 599,640	$ (1,232,033)	$ (3,697,540)	$ 1,808,953	$ (1,363,222)	$ (1,195,732)	$ (1,011,525)
INVESTING ACTIVITIES CASH FLOWS										
Investment income	$ 37,294	$ 38,866	$ 29,319	$ 38,880	$ 19,028	$ 6,648	$ 5,372	$ 12,364	$ 7,776	$ 4,439
Net Change in Cash	$ 819,505	$ (445,783)	$ 19,966	$ 1,562,354	$ (389,606)	$ (2,886,017)	$ 2,557,702	$ (675,446)	$ (527,968)	$ (349,450)
PRELIMINARY ENDING CASH BALANCE	$ 1,588,175	$ 1,110,284	$ 1,110,651	$ 2,664,194	$ 2,351,779	$ (534,238)	$ 2,023,464	$ 1,348,018	$ 820,050	$ 470,600
ENDING ACCOUNTS RECEIVABLE/PAYABLE				$ 122,191	$ -	$ -	$ -	$ -	$ -	$ -
REMAINING CONSTRUCTION CONTRACT				$ (45,000)	$ -	$ -	$ -	$ -	$ -	$ -
ENDING CASH BALANCE	**$ 1,588,175**	**$ 1,110,284**	**$ 1,110,651**	**$ 2,741,385**	**$ 2,351,779**	**$ (534,238)**	**$ 2,023,464**	**$ 1,348,018**	**$ 820,050**	**$ 470,600**
RESTRICTED CASH BALANCE	**$ 846,941**	**$ 631,311**	**$ 572,417**	**$ 1,472,684**	**$ 703,989**	**$ 684,067**	**$ 877,853**	**$ 896,724**	**$ 775,462**	**$ 781,468**
UNRESTRICTED CASH BALANCE	**$ 741,234**	**$ 478,973**	**$ 538,234**	**$ 1,268,701**	**$ 1,647,790**	**$ (1,218,305)**	**$ 1,145,611**	**$ 451,294**	**$ 44,588**	**$ (310,868)**
UNRESTRICTED MONTHS ON HAND (Target is 5 Months Sales Revenue)	**4.55**	**2.83**	**3.11**	**6.70**	**8.72**	**(6.44)**	**6.05**	**2.38**	**0.23**	**(1.64)**
RATE INCREASE NEEDED					**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
DEBT ISSUE NEEDED					**$ -**	**$ -**	**$ 1,713,600**	**$ -**	**$ -**	**$ -**

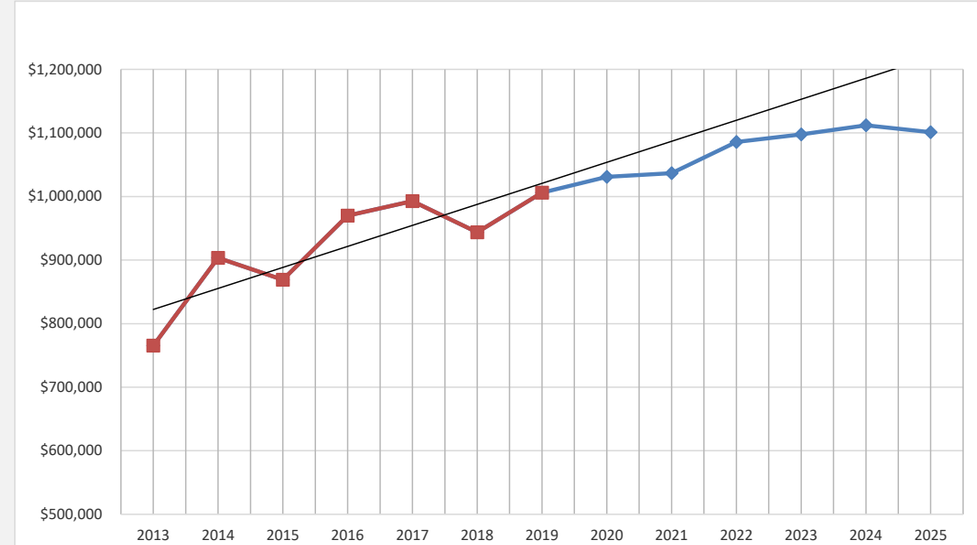
WATER - 2021 LSL REPLACEMENT

DEBT COVERAGE	2020	2021	2022	2023	2024	2025
Operating revenues	$ 2,312,450	$ 2,314,840	$ 2,317,231	$ 2,319,621	$ 2,322,012	$ 2,324,402
PILOT	$ (445,620)	$ (459,958)	$ (517,941)	$ (521,000)	$ (535,848)	$ (550,879)
O & M expenses	(1,058,016)	(1,064,346)	(1,113,896)	(1,126,267)	(1,141,022)	(1,130,918)
Net defined earnings	$ 808,814	$ 790,536	$ 685,394	$ 672,353	$ 645,141	$ 642,605
Annual debt service	$ 577,476	$ 565,964	$ 567,538	$ 670,392	$ 487,121	$ 487,473
Coverage factor	1.30	1.30	1.30	1.30	1.30	1.30
Minimum required earnings	$ 750,719	$ 735,753	$ 737,799	$ 871,509	$ 633,257	$ 633,715
ACTUAL DEBT COVERAGE	**1.40**	**1.40**	**1.21**	**1.00**	**1.32**	**1.32**

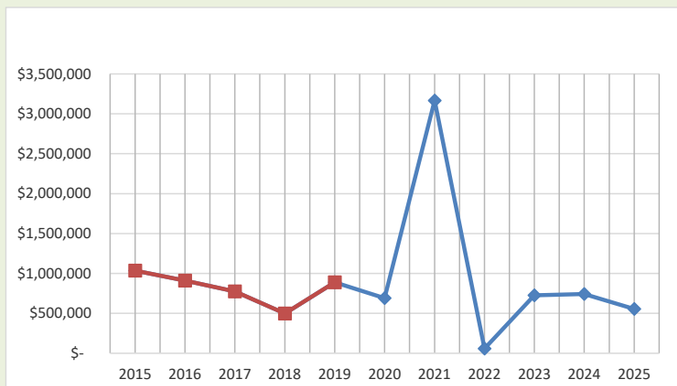
WATER

		O&M	$ Change from Prior Year	% Change from Prior Year
ACTUAL	2008	$ 737,856		
	2009	$ 694,227	$ (43,629)	-5.91%
	2010	$ 710,376	$ 16,149	2.33%
	2011	$ 772,586	$ 62,210	8.76%
	2012	$ 731,538	$ (41,048)	-5.31%
	2013	$ 765,381	$ 33,843	4.63%
	2014	$ 903,595	$ 138,214	18.06%
	2015	$ 869,159	$ (34,436)	-3.81%
	2016	$ 969,933	$ 100,774	11.59%
	2017	$ 992,653	$ 22,720	2.34%
	2018	$ 943,589	$ (49,064)	-4.94%
	2019	$ 1,006,142	$ 62,553	6.63%
FORECASTED	2020	$ 1,030,820	$ 24,678	2.45%
	2021	$ 1,036,756	$ 5,936	0.58%
	2022	$ 1,085,893	$ 49,137	4.74%
	2023	$ 1,097,836	$ 11,943	1.10%
	2024	$ 1,111,990	$ 14,154	1.29%
	2025	$ 1,101,269	$ (10,721)	-0.96%

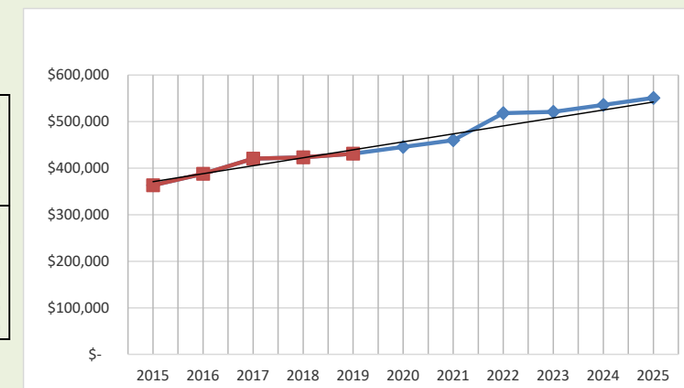
Annual % inflation from 2015 to 2019	1.17%
Annual % inflation from 2010 to 2019	2.48%
Estimated annual inflation from 2020 to 2025	1.18%



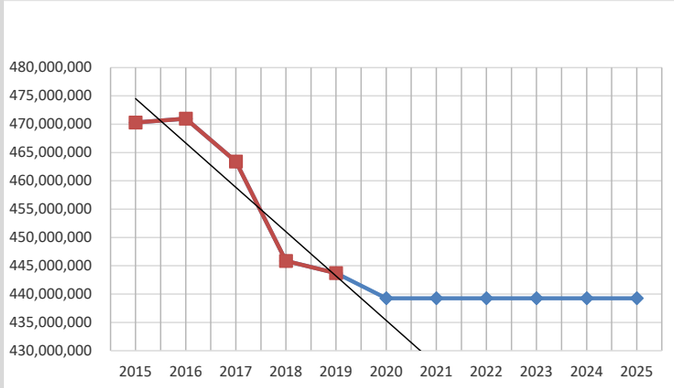
		Capital Expenditures
ACTUAL	2015	$ 1,035,382
	2016	$ 911,032
	2017	$ 774,325
	2018	$ 498,588
	2019	$ 889,708
FORECASTED	2020	$ 691,710
	2021	$ 3,167,568
	2022	$ 58,340
	2023	$ 726,500
	2024	$ 741,120
	2025	$ 555,400



		PILOT
ACTUAL	2015	$ 363,249
	2016	$ 387,855
	2017	$ 420,305
	2018	$ 423,351
	2019	$ 431,034
FORECASTED	2020	$ 445,620
	2021	$ 459,958
	2022	$ 517,941
	2023	$ 521,000
	2024	$ 535,848
	2025	$ 550,879



		Sales in Gallons
ACTUAL	2015	470,300,000
	2016	470,982,000
	2017	463,406,000
	2018	445,868,000
	2019	443,695,000
FORECASTED	2020	439,258,000
	2021	439,258,000
	2022	439,258,000
	2023	439,258,000
	2024	439,258,000
	2025	439,258,000



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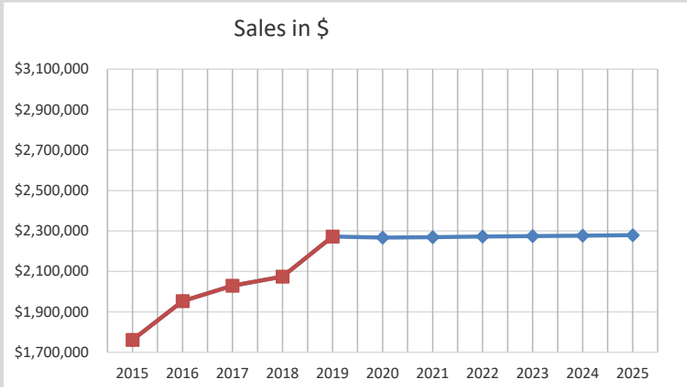

UTILITY FINANCED PLANT

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2021	$ 18,879,393	$ 414,413	2.2%
2022	$ 20,446,147	$ 448,804	2.2%
2023	$ 20,819,205	$ 456,993	2.2%
2024	$ 21,529,746	$ 472,589	2.2%
2025	$ 22,138,981	$ 485,963	2.2%

A budgetary review of the 2020 Capital Improvement Projects Plan (CIP) shows that there is approximately $130,000 in the budget that can be reallocated for this project. If all 19 services are replaced, the project costs are anticipated to reach right up to the $130,000 available

For this project to move forward, the following items need to be acted upon by the Utilities Committee and the Common Council:

- Declare an emergency in which the public health or welfare of the City is endangered
- Reallocate all unused Capital Improvement Monies to the project
- Authorize the construction contract with Parisi Construction
- Approve and authorize the execution of the revised the State/Municipal Financial Agreement for a State-Let Highway Project

Discussion followed.

Determining that Threatened Damage to the Public Water Service Lines by a WDOT Construction Project Has Created an Emergency in Which the Public Health or Welfare of the City is Endangered: Stoughton Utilities staff presented and discussed a resolution prepared by the Stoughton City Attorney that would declare a public emergency to the public health and welfare of the city due to construction project efforts potentially increasing the levels of lead in the drinking water provided to homes along West Main Street during and following the Wisconsin Department of Transportation road construction project. Discussion followed.

Motion by Heili, the motion seconded by Hirsch, to determine that threatened damage to the public water service lines by a Wisconsin Department of Transportation (WDOT) road construction project has created an emergency in which the public health or welfare of the city is endangered, and recommend the Stoughton Common Council determine the same and adopt the corresponding resolution at their June 23, 2020 meeting. The motion carried 7 to 0.

Reallocation of 2020 Water Capital Improvement Project Funding: Stoughton Utilities and City of Stoughton staff presented and discussed funding opportunities to complete the replacement of up to 19 public water lead service lines along West Main Street as part of the Wisconsin Department of Transportation road rehabilitation project. The approved 2020 CIP included $75,000 for the replacement of public lead service lines. An estimated $1,500 of this was allocated to other lead service line projects to occur in 2020. Staff estimates that the total cost for the proposed replacement these lead service lines is approximately $130,000, leaving a lead service line replacement budget deficit of approximately $56,500.

Additional funds of $25,000 resulting from the water system work on the Prospect Street Project being bid under-budget, $11,000 resulting from a cancelled hydrant relocation on Roby Road, and $21,000 for valve adjustments that will be completed internally rather than subcontracted out are available to be reallocated towards this project. Combined, the approved 2020 CIP funds are sufficient to fund the proposed replacement of lead service lines along West Main Street. Discussion followed.

Motion by Hirsch, the motion seconded by Jenson to approve the reallocation of approved 2020 CIP funds, and recommend adoption of the corresponding resolution to the Stoughton Finance Committee and Stoughton Common Council at their June 23, 2020 meetings. The motion carried 7 to 0.