



**VILLAGE OF KIMBERLY, WI
NOTICE OF REGULAR WATER COMMISSION MEETING**

DATE: Tuesday, January 14, 2025
TIME: 11:00 am
LOCATION: Village Hall, Committee Room
515 W. Kimberly Avenue
Kimberly, WI 54136

Notice is hereby given that the Kimberly Water Commission meeting will be held on Tuesday, January 14, 2025, at the Village Hall. This is a public meeting, and the agenda is listed below.

- 1) Call to Order
- 2) Roll Call
- 3) Approval of Minutes from the 12/10/2024 Meeting
- 4) Unfinished Business
 - a) None
- 5) New Business for Consideration and Approval
 - a) Bills and Claims, and Financial Statements for the month November 2024
 - b) Award the 2025 Water Rate Study to Ehlers in an amount not to exceed \$14,500.00
- 6) Reports
 - a) Superintendent's Report
- 7) Public Participation
- 8) Adjournment

VIRTUAL OPTION:

Water Commission Meeting 01/14/2025

Jan 14, 2025, 11:00 AM – 12:00 PM (America/Chicago)

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/247131549>

You can also dial in using your phone.

Access Code: 247-131-549

United States (Toll Free): [1 866 899 4679](tel:18668994679)

United States: [+1 \(571\) 317-3116](tel:+15713173116)

Get the app now and be ready when your first meeting starts:

<https://meet.goto.com/install>

Any person wishing to attend the meeting who because of a disability is unable to attend is requested to contact the ADA Coordinator at the Clerk's Office at 920-788-7500, at least 48 hours prior to the meeting so that reasonable accommodations may be made.

REGULAR MEETING OF THE KIMBERLY WATER COMMISSION
MINUTES
December 10, 2024

Commissioner Stienen called the meeting to order at 11:00 am. Commissioner Stienen and Hanson appeared in person. Commissioner Hietpas appeared remotely. Also attending the meeting were Administrator/Public Works Director Block, Water Superintendent Verstegen, and Utility Billing Clerk Firchow. Chairman Johnson was absent and excused.

Approval of Minutes from the November 5, 2024, Meeting

Commissioner Hanson moved, Hietpas seconded the motion to approve the Water Commission minutes of the November 5, 2024, meeting. The motion carried by unanimous vote of the Commission.

Unfinished Business

Administrator/Public Works Director Block reported that Request for Proposals regarding the rate increase have been sent out.

New Business

Bills and Claims, and Financial Statements for the month of September and October 2024

Commissioner Hanson moved, Hietpas seconded the motion to approve the Bills and Claims, and Financial Statements for the month of September and October 2024. The motion carried by unanimous vote of the Commission.

Reports

Midwest Contract Operations, Inc.

Superintendent Verstegen reported brine tank cleaning, work for future trail project included moving hydrants, service leak, valve replaced on corner of Kennedy and Eisenhower, issues with Combined Locks compound meter dials and will be replaced with new read technology, controls at Fulcer lift station have been repaired, residential meter changes, following up on lead service/unknown service lines letters, will start yearend inventory and internal prep for cold weather.

Public Participation

None

Adjournment

Commissioner Hanson moved, Hietpas seconded the motion to adjourn. The motion carried by unanimous vote and the Commission adjourned at 11:13 am.


Danielle Block
Secretary

Dated December 27, 2024

Drafted by MMF

Approved by Water Commission on _____

Report Criteria:

Report type: GL detail
Invoice Detail.GL account = "00111111","601"- "602"
Check.Voided = No

Invoice Number	Description	Invoice Date	Invoice Amount	Invoice GL Account	Invoice GL Account Title
ABT MAILCOM INC					
50325	BILLS PROCESSING AND MAILING	10/28/2024	841.59	601-0921-200	OFFICE SUPPLIES EXPENSES
Total ABT MAILCOM INC:			841.59		
ACC INC					
37007	PUMP HOUSE #1 PREVENTATIVE MAI	11/11/2024	5.54	601-0635-010	PUMPHOUSE #1
37008	PUMP HOUSE #2 FALL PREVENTATIV	11/11/2024	676.71	601-0635-020	PUMPHOUSE #2
37011	PUMP HOUSE 2 EXHAUST FAN	11/11/2024	162.00	601-0635-020	PUMPHOUSE #2
37013	PUMP HOUSE #3 FALL PREVENTATIV	11/11/2024	37.72	601-0635-030	PUMPHOUSE #3
Total ACC INC:			881.97		
AIRGAS USA LLC					
9154218031	CARBON DIOXIDE FG/IND 20LB	09/30/2024	103.38	601-0935-200	MAINTENANCE GENERAL
Total AIRGAS USA LLC:			103.38		
AT&T					
920788972311	H2O TELEMETRY LINE	11/13/2024	23.40	601-0921-200	OFFICE SUPPLIES EXPENSES
Total AT&T:			23.40		
BADGER METER INC					
80173706	BEACON MBL HOSTING SERV UNIT, O	09/30/2024	216.45	601-0901-200	METER READER EXPENSES
80176673	BEACON MBL HOSTING SERV UNIT, O	10/30/2024	216.52	601-0901-201	MAINTENANCE CONTRACT
Total BADGER METER INC:			432.97		
FERGUSON WATERWORKS #1476					
0428358	MISC SUPPLIES	09/23/2024	836.30	601-0651-200	MAINT. OF MAINS EXPENSES
Total FERGUSON WATERWORKS #1476:			836.30		
FINGER PUBLISHING					
147022	HYDRANT FLUSHING	09/30/2024	188.00	601-0654-200	MAINT. OF HYDRANTS EXPENSES
Total FINGER PUBLISHING:			188.00		
HAWKINS INC					
6868933	CHLORINE CYLINDERS, CHLORINE	09/20/2024	2,276.65	601-0631-030	PUMPHOUSE #3
6868934	CHLORIDE CYLANDER, CHLORINE, S	09/20/2024	2,488.24	601-0631-010	PUMPHOUSE #1
6868938	CHLORINE CYLINDER, CHLORINE, SO	09/20/2024	2,206.98	601-0631-020	PUMPHOUSE #2
6882500	CHLORINE CYLINDER, CHLORINE, SO	10/07/2024	1,842.61	601-0631-030	PUMPHOUSE #3
6882501	SODIUM SILICATE	10/07/2024	1,654.57	601-0631-010	PUMPHOUSE #1
6903146	SODIUM SILICATE	10/30/2024	1,903.30	601-0631-030	PUMPHOUSE #3
6903147	CHLORIDE CYLANDER, CHLORINE, S	10/30/2024	2,162.23	601-0631-020	PUMPHOUSE #2
6903148	CHLORIDE CYLANDER, CHLORINE, S	10/30/2024	1,874.57	601-0631-010	PUMPHOUSE #1
Total HAWKINS INC:			16,409.15		

Invoice Number	Description	Invoice Date	Invoice Amount	Invoice GL Account	Invoice GL Account Title
KWIK TRIP INC					
00229255 OC	H2O GAS & OIL PURCHASES SEPT/OC	11/02/2024	382.14	601-0933-200	TRANSPORTATION EXPENSES
Total KWIK TRIP INC:			382.14		
MCPMAHON ASSOCIATES INC					
00936929	09-23-00727 2024 UTILITY AND STREE	10/28/2024	615.00	601-0977-234	WELHOUSE DRIVE
Total MCPMAHON ASSOCIATES INC:			615.00		
MENARDS					
64557	SHOVEL W/ REBATE	10/07/2024	8.55	601-0935-200	MAINTENANCE GENERAL
Total MENARDS:			8.55		
MIDWEST CONTRACT OPERATION INC					
INV31104	MONTHLY SERVICES SEPT 2024	10/01/2024	23,991.07	601-0923-100	MCO ALLOCATED LABOR
INV31142	SEPT 2024 MILEAGE & MCO SUPPLIE	10/18/2024	548.65	601-0933-200	TRANSPORTATION EXPENSES
INV31184	MONTHLY SERVICES OCT 2024	11/01/2024	23,991.07	601-0923-100	MCO ALLOCATED LABOR
Total MIDWEST CONTRACT OPERATION INC:			48,530.79		
MIDWEST SALT					
P476403	MVP-INDUSTRIAL COARSE SALT	09/19/2024	3,485.71	601-0631-020	PUMPHOUSE #2
P476452	MVP-INDUSTRIAL COARSE SALT	09/23/2024	3,605.41	601-0631-030	PUMPHOUSE #3
P476479	MVP-INDUSTRIAL COARSE SALT	09/25/2024	3,435.57	601-0631-030	PUMPHOUSE #3
P476541	MVP-INDUSTRIAL COARSE SALT	09/26/2024	3,584.38	601-0631-010	PUMPHOUSE #1
P476595	MVP-INDUSTRIAL COARSE SALT	10/01/2024	3,624.82	601-0631-020	PUMPHOUSE #2
P476763	MVP-INDUSTRIAL COARSE SALT	10/10/2024	3,421.01	601-0631-030	PUMPHOUSE #3
P476797	MVP-INDUSTRIAL COARSE SALT	10/17/2024	3,660.40	601-0631-030	PUMPHOUSE #3
P476821	MVP-INDUSTRIAL COARSE SALT	10/16/2024	3,590.85	601-0631-020	PUMPHOUSE #2
P476859	MVP-INDUSTRIAL COARSE SALT	10/18/2024	3,490.57	601-0631-010	PUMPHOUSE #1
P477077	MVP-INDUSTRIAL COARSE SALT	10/31/2024	3,146.04	601-0631-020	PUMPHOUSE #2
P477151	MVP-INDUSTRIAL COARSE SALT	11/05/2024	3,495.42	601-0631-030	PUMPHOUSE #3
P477214	MVP-INDUSTRIAL COARSE SALT	11/06/2024	3,506.74	601-0631-030	PUMPHOUSE #3
Total MIDWEST SALT:			42,046.92		
MINTEN, JEFFREY					
NOV 2024	OVERPMT ON CLOSED ACCT	11/04/2024	40.00	001-1111	UTILITY CASH CLEARING
Total MINTEN, JEFFREY:			40.00		
POSTAL EXPRESS & MORE LLC					
010158334289	SPEE-DEE SHIPPING SAMPLES	11/01/2024	98.37	601-0638-200	WATER TESTING/ANALYSIS EXPE
010158334289	SPEE-DEE SHIPPING SAMPLES	10/01/2024	79.10	601-0638-200	WATER TESTING/ANALYSIS EXPE
Total POSTAL EXPRESS & MORE LLC:			177.47		
PUBLIC SERVICE COMM OF WISC					
RA25-I-02870	ADVANCE/REMAINDER ASSMNT	09/27/2024	1,541.50	601-0935-200	MAINTENANCE GENERAL
Total PUBLIC SERVICE COMM OF WISC:			1,541.50		
SECURITY LUEBKE ROOFING INC					
7240775-1	ROOF INSPECTIONS	10/01/2024	225.00	601-0935-200	MAINTENANCE GENERAL
7240776-1	ROOF INSPECTIONS	10/01/2024	225.00	601-0935-200	MAINTENANCE GENERAL

Invoice Number	Description	Invoice Date	Invoice Amount	Invoice GL Account	Invoice GL Account Title
7240777-1	ROOF INSPECTIONS	10/01/2024	225.00	601-0935-200	MAINTENANCE GENERAL
Total SECURITY LUEBKE ROOFING INC:			675.00		
TDS					
920-788-7500	PHONE LINES/INTERNET-WATER	09/15/2024	40.77	601-0921-200	OFFICE SUPPLIES EXPENSES
Total TDS:			40.77		
THOMAS GOLDEN					
NOV 2024	OVERPMT ON CLOSED ACCT	11/04/2024	316.48	001-1111	UTILITY CASH CLEARING
Total THOMAS GOLDEN:			316.48		
TOTAL ENERGY SYSTEMS LLC					
INV127327	WELL 1 MAINTENANCE	10/01/2024	1,664.00	601-0935-200	MAINTENANCE GENERAL
INV129081	WELL 3 MAINTENANCE	10/29/2024	280.00	601-0622-030	PUMPHOUSE #3
TOTAL ENERGY SYSTEMS LLC:			1,944.00		
WE ENERGIES					
5238303831	ELECTRIC-PUMP HOUSE #1	10/31/2024	6,217.13	601-0622-010	PUMPHOUSE #1
5238303831	ELECTRIC-PUMP HOUSE #2	10/31/2024	2,243.84	601-0622-020	PUMPHOUSE #2
5238303831	ELECTRIC-PUMP HOUSE #3	10/31/2024	6,602.37	601-0622-030	PUMPHOUSE #3
5238303831	ELECTRIC-WATER TOWER	10/31/2024	19.00	601-0622-040	WATER TOWER #1
5238303831	GAS-PUMP HOUSE #3	10/31/2024	13.32	601-0623-030	PUMPHOUSE #3
5238303831	GAS-PUMP HOUSE #1	10/31/2024	29.26	601-0623-010	PUMPHOUSE #1
5238303831	GAS- WATER TOWER	10/31/2024	12.68	601-0623-040	WATER TOWER #1
5238303831	GAS-PUMP HOUSE #2	10/31/2024	10.23	601-0623-020	PUMPHOUSE #2
Total WE ENERGIES:			15,147.83		
Grand Totals:			131,183.21		

Report Criteria:

Report type: GL detail
 Invoice Detail.GL account = "0011111","601"-602"
 Check.Voided = No

SUMMARY OF ACCOUNTS 2024 (4th QTR)

General Fund Checking Account xxxxxxx 9241

Beginning Balance	\$1,954,989.75	\$1,077,784.98
Deposits	\$670,164.02	\$1,122,756.06
Withdrawals	\$1,547,740.38	\$556,355.32
Interest	\$371.59	\$291.20
Ending Balance	\$1,077,784.98	\$1,644,476.92
	October	November

General Fund Money Market Account xxxxxxx0273

Beginning Balance	\$4,789,490.52	\$4,798,334.07
Deposits	\$0.00	\$0.00
Withdrawals	\$0.00	\$0.00
Interest	\$8,843.55	\$8,574.07
Ending Balance	\$4,798,334.07	\$4,806,908.14
	October	November

Property Tax Savings Account xxxxxxx 9000

Beginning Balance	\$1,080,921.67	\$1,081,013.22
Deposits	\$0.00	\$0.00
Withdrawals	\$0.00	\$0.00
Fee	\$0.00	\$0.00
Interest	\$91.55	\$88.61
Ending Balance	\$1,081,013.22	\$1,081,101.83
	October	November

Water Department Business Money Market Account xxxxxxx 9274

Beginning Balance	\$712,755.22	\$718,218.83
Deposits	\$4,140.15	\$0.00
Withdrawals	\$0.00	\$0.00
Fee	\$0.00	\$0.00
Interest	\$1,323.46	\$1,283.37
Ending Balance	\$718,218.83	\$719,502.20
	October	November

Trust Accounts Business Money Market Account xxxxxxx 5275

Beginning Balance	\$4,760,396.34	\$4,770,355.45
Deposits	\$0.00	\$45,428.37
Withdrawals	\$0.00	\$0.00
Fee	\$0.00	\$0.00
Interest	\$9,959.11	\$9,728.53
Ending Balance	\$4,770,355.45	\$4,825,512.35
	October	November

TIF Money Market Account xxxxxxx 1278

Beginning Balance	\$8,380,426.56	\$8,402,960.07
Deposits	\$5,000.00	\$0.00
Withdrawals	\$0.00	\$0.00
Fee	\$0.00	\$0.00
Interest	\$17,533.51	\$17,012.55
Ending Balance	\$8,402,960.07	\$8,419,972.62
	October	November

American Money Market Account (ADM)

Beginning Balance	\$9,991,578.61	\$9,764,824.26
Deposits	\$0.00	\$0.00
Withdrawals	\$265,935.00	\$123,847.92
Fee	\$0.00	\$0.00
Interest	\$39,180.65	\$36,953.94
Ending Balance	\$9,764,824.26	\$9,677,930.28
	October	November

VILLAGE OF KIMBERLY
REVENUES WITH COMPARISON TO BUDGET
FOR THE 11 MONTHS ENDING NOVEMBER 30, 2024

WATER DEPARTMENT

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>PUBLIC CHARGES FOR SERVICES</u>					
601-46-0461	METERED SALES-RESIDENTIAL	43,412.00	484,048.19	532,000.00	47,951.81 91.0
601-46-0462	METERED SALES-COMMERCIAL	867.76	63,500.39	86,000.00	22,499.61 73.8
601-46-0463	METERED SALES-INDUSTRIAL	1,314.72	54,446.20	69,000.00	14,553.80 78.9
601-46-0464	METERED SALES-MULTI FAM RES	3,193.56	55,273.26	59,000.00	3,726.74 93.7
601-46-0466	OTHER SALES-PUBLIC AUTHORIT	18.00	12,457.70	17,000.00	4,542.30 73.3
601-46-0467	WHOLESALE WATER	52,908.76	548,521.83	645,000.00	96,478.17 85.0
601-46-0469	PRIVATE FIRE PROTECTION	697.00	31,825.28	39,000.00	7,174.72 81.6
	TOTAL PUBLIC CHARGES FOR SERVICES	102,411.80	1,250,072.85	1,447,000.00	196,927.15 86.4
<u>INTERGOVN CHRGS FOR SERVICES</u>					
601-47-0470	HYDRANT RENTAL-KIMBERLY	15,706.86	271,127.31	315,000.00	43,872.69 86.1
601-47-0471	HYDRANT RENTAL-WHOLESALE	5,280.00	58,080.00	64,000.00	5,920.00 90.8
601-47-0474	OTHER WATER REVENUES	40.00	1,030.00	10,000.00	8,970.00 10.3
601-47-0475	WATER LATERAL ASSESSMENTS	1,896.00	1,896.00	1,896.00	.00 100.0
	TOTAL INTERGOVN CHRGS FOR SERVICE	22,922.86	332,133.31	390,896.00	58,762.69 85.0
<u>MISCELLANEOUS REVENUE</u>					
601-48-0419	INTEREST AND DIVIDENDS	.00	11,979.74	11,000.00	(979.74) 108.9
601-48-0420	SPECIAL ASSESSMENT INTEREST	160.48	160.48	246.00	85.52 65.2
601-48-0421	CELLULAR ANTENNA MONTHLY FE	3,452.88	61,398.95	92,100.00	30,701.05 66.7
601-48-0480	FORFEITED DISCOUNTS	4,445.16	14,429.80	11,000.00	(3,429.80) 131.2
	TOTAL MISCELLANEOUS REVENUE	8,058.52	87,968.97	114,346.00	26,377.03 76.9
<u>OTHER FINANCING SOURCES</u>					
601-49-4930	FUND BALANCE APPLIED	.00	.00	274,355.00	274,355.00 .0
	TOTAL OTHER FINANCING SOURCES	.00	.00	274,355.00	274,355.00 .0
	TOTAL FUND REVENUE	133,393.18	1,670,175.13	2,226,597.00	556,421.87 75.0

VILLAGE OF KIMBERLY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 11 MONTHS ENDING NOVEMBER 30, 2024

WATER DEPARTMENT

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>TAXES</u>					
601-0508-200 TAXES EXPENSES	35.70	619.25	168,000.00	167,380.75	.4
TOTAL TAXES	35.70	619.25	168,000.00	167,380.75	.4
<u>POWER</u>					
601-0622-010 PUMPHOUSE #1	6,217.13	59,446.60	37,000.00	(22,446.60)	160.7
601-0622-020 PUMPHOUSE #2	2,243.84	16,356.93	35,000.00	18,643.07	46.7
601-0622-030 PUMPHOUSE #3	6,882.37	68,924.59	55,000.00	(13,924.59)	125.3
601-0622-040 WATER TOWER #1	19.00	155.49	.00	(155.49)	.0
TOTAL POWER	15,362.34	144,883.61	127,000.00	(17,883.61)	114.1
<u>SUPPLIES - GAS</u>					
601-0623-010 PUMPHOUSE #1	29.26	1,170.77	3,200.00	2,029.23	36.6
601-0623-020 PUMPHOUSE #2	10.23	491.55	800.00	308.45	61.4
601-0623-030 PUMPHOUSE #3	13.32	196.70	500.00	303.30	39.3
601-0623-040 WATER TOWER #1	12.68	204.63	.00	(204.63)	.0
TOTAL SUPPLIES - GAS	65.49	2,063.65	4,500.00	2,436.35	45.9
<u>MAINTENANCE - PUMPING</u>					
601-0625-041 DEEPWELL PH #1	.00	496.93	5,000.00	4,503.07	9.9
601-0625-042 DEEPWELL PH #2	.00	19,874.40	5,000.00	(14,874.40)	397.5
601-0625-043 DEEPWELL PH#3	.00	524.93	5,000.00	4,475.07	10.5
601-0625-070 TELEMETRY	.00	2,344.91	7,500.00	5,155.09	31.3
601-0625-100 LABOR	.00	.00	34,500.00	34,500.00	.0
TOTAL MAINTENANCE - PUMPING	.00	23,241.17	57,000.00	33,758.83	40.8
<u>CHEMICALS</u>					
601-0631-010 PUMPHOUSE #1	13,092.33	64,676.92	145,200.00	80,523.08	44.5
601-0631-020 PUMPHOUSE #2	18,216.63	70,370.10	63,800.00	(6,570.10)	110.3
601-0631-030 PUMPHOUSE #3	27,147.11	149,616.61	145,500.00	(4,116.61)	102.8
TOTAL CHEMICALS	58,456.07	284,663.63	354,500.00	69,836.37	80.3

VILLAGE OF KIMBERLY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 11 MONTHS ENDING NOVEMBER 30, 2024

WATER DEPARTMENT

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>MAINTENANCE-SOFTENING</u>					
601-0635-010	PUMPHOUSE #1	5.54	868.95	15,000.00	14,131.05 5.8
601-0635-020	PUMPHOUSE #2	838.71	2,023.13	15,000.00	12,976.87 13.5
601-0635-030	PUMPHOUSE #3	37.72	3,256.81	25,000.00	21,743.19 13.0
601-0635-041	HOV DISCHARGE-PUMPHOUSE #1	.00	11,812.50	23,100.00	11,287.50 51.1
601-0635-042	HOV DISCHARGE-PUMPHOUSE #2	.00	12,893.41	10,100.00	(2,793.41) 127.7
601-0635-043	HOV DISCHARGE-PUMPHOUSE #3	.00	11,376.00	23,100.00	11,724.00 49.3
601-0635-100	LABOR	.00	.00	46,000.00	46,000.00 .0
TOTAL MAINTENANCE-SOFTENING		881.97	42,230.80	157,300.00	115,069.20 26.9
<u>WATER TESTING/ANALYSIS</u>					
601-0638-200	WATER TESTING/ANALYSIS EXPE	177.47	4,689.02	5,500.00	810.98 85.3
TOTAL WATER TESTING/ANALYSIS		177.47	4,689.02	5,500.00	810.98 85.3
<u>MAINTENANCE STORAGE TANKS</u>					
601-0650-100	LABOR	.00	.00	23,000.00	23,000.00 .0
601-0650-200	MAINT. STORAGE TANKS EXPENS	.00	38,708.80	5,000.00	(33,708.80) 774.2
TOTAL MAINTENANCE STORAGE TANKS		.00	38,708.80	28,000.00	(10,708.80) 138.3
<u>MAINTENANCE OF MAINS</u>					
601-0651-100	LABOR	.00	137.80	55,300.00	55,162.20 .3
601-0651-200	MAINT. OF MAINS EXPENSES	836.30	34,068.54	70,000.00	35,931.46 48.7
TOTAL MAINTENANCE OF MAINS		836.30	34,206.34	125,300.00	91,093.66 27.3
<u>MAINTENANCE OF SERVICES</u>					
601-0652-100	LABOR	.00	.00	34,500.00	34,500.00 .0
601-0652-200	MAINT. OF SERVICES EXPENSES	.00	24,875.38	21,000.00	(3,875.38) 118.5
TOTAL MAINTENANCE OF SERVICES		.00	24,875.38	55,500.00	30,624.62 44.8
<u>MAINTENANCE OF METERS</u>					
601-0653-100	LABOR	.00	.00	20,100.00	20,100.00 .0
601-0653-200	MAINT. OF METERS EXPENSES	.00	76,261.76	50,000.00	(26,261.76) 152.5
601-0653-201	WHOLESALE METERS	.00	.00	500.00	500.00 .0
TOTAL MAINTENANCE OF METERS		.00	76,261.76	70,600.00	(5,661.76) 108.0

VILLAGE OF KIMBERLY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 11 MONTHS ENDING NOVEMBER 30, 2024

WATER DEPARTMENT

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>MAINTENANCE OF HYDRANTS</u>						
601-0654-100	LABOR	.00	.00	20,100.00	20,100.00	.0
601-0654-200	MAINT. OF HYDRANTS EXPENSES	188.00	13,364.52	25,000.00	11,635.48	53.5
	TOTAL MAINTENANCE OF HYDRANTS	188.00	13,364.52	45,100.00	31,735.48	29.6
<u>GIS MAPPING</u>						
601-0655-200	GIS MAPPING	.00	1,429.51	6,000.00	4,570.49	23.8
	TOTAL GIS MAPPING	.00	1,429.51	6,000.00	4,570.49	23.8
<u>METER READER</u>						
601-0901-100	WAGES	.00	.00	5,750.00	5,750.00	.0
601-0901-200	METER READER EXPENSES	216.45	1,078.24	3,600.00	2,521.76	30.0
601-0901-201	MAINTENANCE CONTRACT	216.52	2,576.77	4,500.00	1,923.23	57.3
	TOTAL METER READER	432.97	3,655.01	13,850.00	10,194.99	26.4
<u>ADMINISTRATIVE SALARIES</u>						
601-0920-100	WAGES	466.66	7,966.58	146,577.00	138,610.42	5.4
	TOTAL ADMINISTRATIVE SALARIES	466.66	7,966.58	146,577.00	138,610.42	5.4
<u>OFFICE SUPPLIES AND EXPENSE</u>						
601-0921-200	OFFICE SUPPLIES EXPENSES	905.76	12,114.50	25,703.00	13,588.50	47.1
	TOTAL OFFICE SUPPLIES AND EXPENSE	905.76	12,114.50	25,703.00	13,588.50	47.1
<u>OUTSIDE SERVICES</u>						
601-0923-100	MCO ALLOCATED LABOR	47,982.14	263,901.77	.00	(263,901.77)	.0
601-0923-200	OUTSIDE EXPENSES	.00	.00	13,973.00	13,973.00	.0
	TOTAL OUTSIDE SERVICES	47,982.14	263,901.77	13,973.00	(249,928.77)	1888.7
<u>INSURANCE EXPENSE</u>						
601-0924-200	INSURANCE EXPENSES	.00	.00	11,264.00	11,264.00	.0
	TOTAL INSURANCE EXPENSE	.00	.00	11,264.00	11,264.00	.0

VILLAGE OF KIMBERLY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 11 MONTHS ENDING NOVEMBER 30, 2024

WATER DEPARTMENT

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>EMPLOYEE PENSION AND BENEFIT</u>					
601-0926-200	.00	60.94	230.00	169.06	26.5
	.00	60.94	230.00	169.06	26.5
<u>REGULATORY COMM. EXPENSE</u>					
601-0928-200	.00	.00	1,800.00	1,800.00	.0
	.00	.00	1,800.00	1,800.00	.0
<u>TRANSPORTATION EXPENSE</u>					
601-0933-200	930.79	6,235.32	8,000.00	1,764.68	77.9
	930.79	6,235.32	8,000.00	1,764.68	77.9
<u>GENERAL PLANT</u>					
601-0935-100	.00	.00	14,400.00	14,400.00	.0
601-0935-200	3,992.43	11,417.08	32,500.00	21,082.92	35.1
	3,992.43	11,417.08	46,900.00	35,482.92	24.3
<u>CAPITAL OUTLAY-OTHER EXPENSE</u>					
601-0977-200	.00	393.75	15,000.00	14,606.25	2.6
601-0977-227	.00	27,349.87	.00	(27,349.87)	.0
601-0977-234	615.00	329,246.76	474,000.00	144,753.24	69.5
601-0977-235	.00	.00	90,000.00	90,000.00	.0
601-0977-236	.00	.00	50,000.00	50,000.00	.0
601-0977-237	.00	.00	125,000.00	125,000.00	.0
	615.00	356,990.38	754,000.00	397,009.62	47.4
	131,329.09	1,353,579.02	2,226,597.00	873,017.98	60.8
	2,064.09	316,596.11	.00	(316,596.11)	.0



Village of Kimberly REQUEST FOR WATER COMMISSION CONSIDERATION

ITEM DESCRIPTION: Consultant Selection – 2025 Village of Kimberly Water Utility Rate Study

REPORT PREPARED BY: Danielle Block, Administrator/DPW

REPORT DATE: January 3, 2025

ADMINISTRATOR'S REVIEW / COMMENTS:

No additional comments to this report _____

See additional comments attached _____

EXPLANATION:

Based on the Water Utility's 2023 Public Service Commission (PSC) Report, the 2023 Audit and the upcoming 5 and 10 year spending projections, the Commission allocated funds in 2025 to conduct a Water Rate Study with the PSC. \$15,000 was budgeted to complete a rate study in 2025.

Requests for Proposals were solicited, three firms responded. Proposals were rated on several qualifications including: staff backgrounds, certifications, firm qualifications, experience in conducting rate studies, availability and delivery schedule, overall compensation model and finally cost. Staff's recommendation is to award the 2025 Village of Kimberly Water Utility Rate Study to Ehlers in an amount not to exceed \$14,500. This award meets the requirements of the water rate study and includes an overall long-range cash flow analysis for the utility.

Included for your review is the original request for proposals, the three proposals received.

RECOMMENDED ACTION: Award the 2025 Village of Kimberly Water Utility Rate Study to Ehlers, in an amount not to exceed \$14,500.00 funded by the Water Utility.



Village of Kimberly

Request for Proposals

Water Rate Study

RFP Issuance Date November 18, 2024
RFP Due Date December 18, 2024 no later than 4:00 pm

Please submit to:

Village of Kimberly
Attn: Danielle Block, Administrator/Director of Public Works
515 W. Kimberly Avenue
Kimberly, WI 54136



Village of Kimberly Water Rate Study Request for Proposals

Issue Date—November 18, 2024

RFP Due Date – December 18, 2024 no later than 4:00 pm CST

I. Summary

The Village of Kimberly, WI is requesting proposals and qualifications from professional firms to complete a revenue requirement/Public Service Commission of Wisconsin (PSCW) water rate application for the village's water utility. Refer to the full scope of work below.

The Village is not liable for any costs incurred by firms prior to the signing of an agreement. Expenses incurred in the preparation of submittal, presentation and other incidental activities related to this solicitation are solely the responsibility of the respondent.

II. Background

The Village of Kimberly (pop. 7,422) is located in the Heart of the Fox River Valley in Northeast Wisconsin. Kimberly boasts a small-town atmosphere within a large metropolitan area. More information is available at www.vokimberly.org.

The Village operates under a Village Board–Village President form of government with seven elected Village Board members. There are seven appointed officials including the Village Administrator/Director of Public Works, Clerk-Treasurer, Police Chief, Fire Chief, Community Development Director, Library Director and Community Enrichment Director. The Village also operates a Water Utility, Sanitary Sewer (collection only) Utility, and Storm Water Utility.

Kimberly owns and operates a water utility serving over 3,000 customers in and around the village. Customers are billed quarterly and charges for service are generally based on metered water usage. Large customers are billed monthly and

again charges for service are generally billed based on metered water usage. The water utility's last full rate study was completed in 2019.

III. Scope of Work

The following outlines the process of completing and filing an application with the Public Service Commission of Wisconsin (PSCW).

1. Obtain historical information, confirm significant assumptions regarding growth and costs, summarize and classify non-routine plant additions, and forecast consumption for the 2026 test year.
2. Compile a forecast in the PSCW prescribed format for the 2025 test year to support the rate study, including supplemental information related to cash flows and debt coverage to support the requested rate of return.
3. Facilitate discussions with management as needed to ensure all additional questions within the PSCW application are answered incorporating any changes desired by the water utility.
4. Provide a draft study to management for its review. Incorporate management's comments into the study.
5. Meet with the governing body to review the study.
6. Prepare the final rate study and submit the application to the PSCW.
7. Review PSC information and proposed rates.
8. Assist management with the rate hearing and implementation of new rates.

VI. Instructions on Submitting a Proposal

Proposal Due Date: 12/18/2024 on or before 4:00 p.m. CST

Five (5) bound copies and one electronic copy (emailed) of the proposal must be received by Wednesday, December 18, 2024 by 4:00 p.m. at the address below:

Village of Kimberly
Danielle Block, Administrator/Director of Public Works
515 W. Kimberly Avenue
Kimberly, WI 54136

The electronic copy may be e-mailed to: dblock@vokimberlywi.gov

Proposals submitted in response to this RFP shall be clearly marked "2025 Village of Kimberly Water Rate Study"

The following information must be included in the submittal:

1. Copy of a rate study performed by the applicant in the State of Wisconsin within the last three years.
2. A description of your firm's qualifications and training for this type of work. Cite specific certifications and/or accreditations.
3. A description of the relevant experience of the firm and of the individuals

likely to be assigned to the project.

4. The names of at least three comparable sized Wisconsin municipalities for which the firm has conducted similar rate analyses within the last five years.
5. Project timeline and estimated completion date.
6. Proposed compensation or method for determining compensation.

VII. Evaluation of Proposals

All proposals will be reviewed by the Village. Proposal will be evaluated based on the firm's qualifications, experience, work history, interactions with other municipalities, and required compensation. Village staff will negotiate a Professional Services Agreement with the selected finalist based on the finalist's proposal. If the Village is unable to reach an agreement with the selected finalist, the Village will begin negotiations with other finalists, until an agreement satisfactory to the Village is reached. The final agreement may be presented to the Water Commission for recommendation and approval.

The Village reserves the right to waive any irregularities in any proposal and to select the proposal that is most advantageous to the Village. The Village and its representatives reserve the right to reject any and all proposals or to request additional information from any or all respondents.

VIII. Questions Regarding the RFP

Contact for questions: Danielle Block, Village Administrator/Director of Public Works
920-788-7500
dblock@vokimberlywi.gov

IX. General Provisions

1. Non-Discrimination Statement: The Village of Kimberly does not discriminate on the basis of race, color, religion, age, marital or veterans' status, sex, national origin, disability, or any other legally protected status in the admission or access to, or treatment or employment in, its services, programs or activities.
2. Proposal Cost: The Village shall not be liable for any costs you incur to prepare or submit a proposal for this project.
3. Withdrawal of Proposals: The proposer upon submission of a written request may withdraw Proposals.
4. Rejection of Proposals: The Village reserves the right to reject any or all proposals, to divide responsibilities among one or more applicants or firms, to waive irregularities, and to select the individual or firm which, in the Village's sole judgment, can best perform the scope of services required. The Village reserves the right to readvertise the project if all proposals are rejected or a final agreement cannot be reached with a qualified respondent.

X. Tax Exemption

The Village of Kimberly is exempt from payment of all federal, state and local taxes in connection with this proposed Contract.

DECEMBER 18, 2024

PROPOSAL TO PROVIDE A WATER RATE STUDY TO THE:

The Village of Kimberly, Wisconsin



Ehlers
N19W24400 Riverwood Drive, Suite 100
Waukesha, WI 53188

Municipal Advisor Registration Number: K0165
SEC CIK Number: 0001604197

ehlers-inc.com

EHLERS' ADVISORS:

Brian Roemer

Senior Municipal Advisor
broemer@ehlers-inc.com
262-796-6178

Jon Cameron

Managing Director/Senior Municipal Advisor
jcameron@ehlers-inc.com
262-796-6179

Peter Curtin

Fiscal Consultant
pcurtin@ehlers-inc.com
262-796-6187

TABLE OF CONTENTS

COVER LETTER	3
SECTION 1: FIRM OVERVIEW	5
SECTION 2: QUALIFICATIONS & EXPERIENCE	8
SECTION 3: PROJECT APPROACH & TIMELINE	14
SECTION 4: PROPOSED COST	19
APPENDIX A: WATER RATE STUDY EXAMPLE	21

December 18, 2024

Danielle Block
Administrator/Director of Public Works
Village of Kimberly
515 W. Kimberly Avenue
Kimberly, WI 54136



RE: Proposal to Provide a Water Rate Study for the Village of Kimberly

Dear Ms. Block,

We are pleased to present this proposal to the Village of Kimberly. We believe our expertise and reputation, our dedication to proactive client service, and our unique project approach provide a compelling relationship option for the Village to consider.

For nearly 70 years, Ehlers has helped its municipal clients build strong and vibrant communities through its fully integrated municipal advisory services. **We also believe the following factors set us apart from competing firms:**

Expertise. Serving clients across Wisconsin and the upper Midwest, Ehlers has a team of 13 fiscal consultants dedicated to the specialized work of completing utility rate studies. Four of our Wisconsin utility team members, Jon Cameron, Brian Roemer, Lisa Trebatoski, and Peter Curtin have all completed the American Water Works Association Cost of Service Water Rate Making Seminar. **Since 2017, our firm has completed over 250 utility rate studies, 71 of which were conventional rate case applications to the Wisconsin Public Service Commission (PSC). In 2024, Ehlers completed and filed 17 conventional rate cases, more than any other consulting firm in the State of Wisconsin.**

Process. Our process is designed to facilitate effective, objective decision-making. Our rate studies go above and beyond those conducted by peer firms, specifically because we begin each one with a long-range cash flow analysis. This critical analysis provides decision makers with a framework for options on how to fund ongoing and future financial obligations. In addition, we evaluate permissible options and educate our clients on the ways they can navigate Conventional Rate Cases relative to their unique utility needs rather than simply following the PSC's prescribed "math."

Accessible Team Players. We are responsive to our clients by meeting short deadlines and assigning more than one Municipal Advisor to each client to ensure we meet their needs. Our process is flexible, which helps avoid delays and facilitates decision-making.

Client-First Values. Ehlers prides itself on transparent communication, proactive service, and an unwavering dedication to deploying client resources most efficiently and effectively. Ultimately, we

COVER LETTER

will provide the Village with ongoing dialogue and idea-sharing, independent analysis, customized water rate options, and a competitive, value-oriented fee structure.

Thank you for including us in this RFP process. We appreciate your consideration and look forward to discussing how Ehlers can best serve the Village of Kimberly.

Respectfully submitted,



Brian Roemer

Senior Municipal Advisor
broemer@ehlers-inc.com
262-796-6178



Jon Cameron

Managing Director/Senior Municipal Advisor
jcameron@ehlers-inc.com
262-796-6179



SECTION 1:
FIRM OVERVIEW

Firm Overview

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Ehlers helps public sector clients build outstanding places to live, work, learn and play by delivering focused, fully-integrated municipal financial advisory services.

We build strong, long-lasting client relationships - working directly and collaboratively with your staff - to complete projects and drive initiatives forward.

We leverage decades of industry experience, deep market and community knowledge, and our unique team-based approach to successfully guide clients through all facets of public finance.

Ehlers' services include:



SECTION 1: FIRM OVERVIEW

Founded in Minnesota in 1955, Ehlers is a regional firm consisting of nearly 90 advisors, fiscal consultants, financial analysts and client support staff. Ehlers is an S-Corporation, 100% employee-owned by all staff members with at least one year of service. We are headquartered in Roseville, Minnesota with an additional office in Waukesha, Wisconsin. We have provided municipal advisory services to municipalities in Minnesota and western Wisconsin since the firm's inception, expanding into central and eastern Wisconsin in 1966. The addresses for both offices follow below:

Company Headquarters	Wisconsin Office
3060 Centre Pointe Drive Roseville, Minnesota 55113	N19W24400 Riverwood Drive, Suite 100 Waukesha, Wisconsin 53188

Today, Ehlers serves more than 1,500 public sector and non-profit clients across five states. We do not represent developers, investors, broker-dealers or any for-profit clientele. Our clients are at the center of everything we do.



SECTION 2:

**QUALIFICATIONS
& EXPERIENCE**

Qualifications & Experience

Ehlers has a team of 13 fiscal consultants dedicated to the specialized work of completing utility rate studies. Four of our Wisconsin utility team members, Jon Cameron, Brian Roemer, Lisa Trebatoski, and Peter Curtin have all completed the American Water Works Association Cost of Service Water Rate Making Seminar.

Ehlers will serve as the lead advisory firm responsible for all aspects of this engagement. We do not intend to subcontract any of the required work. Brian Roemer will be the Village's primary contact and project manager, and will be supported by Jon Cameron and Peter Curtin.

MUNICIPAL ADVISORS

Brian Roemer

Senior Municipal Advisor
*Project Management, Utility Analysis,
Projections & Reporting*

Jon Cameron

Senior Municipal Advisor
Project Oversight & Quality Control

Peter Curtin

Fiscal Consultant
Project Support & Quality Assurance

Professional biographies for the assigned team, including training and certifications, follow below:



Brian Roemer

Senior Municipal Advisor

Brian is a Senior Municipal Advisor with our Wisconsin Municipal Finance team where he helps clients with fiscal studies, debt planning and issuance, and financial management planning. Since he joined the firm as an intern, Brian has quickly risen through the ranks due to his commitment to accuracy, dedication to customer service, and ability to break down complex financial concepts in a way that all client constituents can understand. Brian is an active member of WIAWWA serving on the Young Professionals Committee and recipient of the 2023 Young Professional of the Year Award. He has earned a bachelor's degree in Aeronautics-Aviation Science, a master's degree in Business Administration, and holds holds the Series 50: Registered Municipal Advisor license.



Jon Cameron

Managing Director/Senior Municipal Advisor

Jon is a Senior Municipal Advisor and Managing Director with our Wisconsin Municipal Finance team, where he advises local governments, public utilities and special districts on the design and implementation of custom financial solutions. Prior to joining Ehlers in 2013, Jon was an Economic Consultant with Municipal Economics and Planning, a Division of Ruekert/Mielke. He was also a founding member of Trilogy Consulting, LLC as a Principal and Senior Consultant. Clients rely on Jon for his ability to present complex analysis in an easy-to-understand format. He earned a bachelor's degree in Criminal Justice and a master's degree in Public Administration. Jon holds the Series 50: Registered Municipal Advisor and Series 54: Municipal Advisor Principal licenses.



Peter Curtin

Fiscal Consultant

Peter serves as a Fiscal Consultant with our Wisconsin Municipal Finance team where he supports our municipal advisors with utility cash flow and rate analysis, as well as other fiscal studies. During his graduate work, Peter really found a passion working with local units of government and finding ways to help communities grow and achieve their financial goals. Peter completed the American Water Works Association Cost of Service Water Rate Making Seminar in 2023. He holds a bachelor's degree in Psychology and a master's in Public Administration.

Experience

Ehlers and the team assigned to this engagement bring decades of collective experience conducting fiscal studies for municipalities across Wisconsin, Minnesota, Illinois, Colorado, and Kansas. As we mentioned in our submittal letter, in the last five years alone, we have completed more than 250 utility rate studies for our clients.

Rate Cases Filed by Firm by Test Year (based on application filer)									
	2017	2018	2019	2020	2021	2022	2023	2024	Total
Muni (Internal Staff)	12	16	14	14	19	10	13	16	114
Ehlers	5	11	3	3	14	7	11	17	71
CLA	4	8	6	11	6	10	8	10	63
J Block	6	6	7	8	3	8	7	9	54
Baker Tilly	8	8	2	6	6	4	8	4	46
Others (< 5 in period)	7	13	4	6	5	2	3	3	43
Kerber Rose CPAs			2	1	1	1	2	4	11
Hawkins Ash CPAs	1	1		2			2	4	10
Trilogy	2	1		1	2	2	1	1	10
Ruekert-Mielke	1		2	1	2	1	2		9

Volume aside, we believe our experience is best demonstrated by our performance on similar projects, as illustrated by the following case studies. We invite you to contact the references we've included along with them.

**The Village of Oregon, Wisconsin
Population (as of the 2020 census): 11,179
Length of Relationship: 2008 - Present**

RECENT FISCAL STUDIES HIGHLIGHTS:

- » Performed 2023 Conventional rate case for the Village through the Wisconsin Public Service Commission and Cost of Service Sewer Rate Study.
- » Annually perform a long-range cash flow analysis and financing plan for the water, sewer and storm water utilities and present it to the Village Board as part of the Village's annual budgeting process.

Ehlers' long-range cash flow analysis (phase 1 of the proposed rate study scope of service) includes the preparation of the 10-year financing plan, which the capital improvement costs within each utility by year, estimated source of financing and amount of annual cash on hand (or other sources such as grants, TIF, and special assessments) applied to offset each borrowing, preparation of estimated annual principal and interest payments for each borrowing, and the estimated user rate increases to accommodate capital improvement projects by year. It also includes a benchmark analysis of rate of return, number of days cash on hand, and debt coverage on all revenue bonds, and compares it to applicable rating agency standards and WI Public Service Commission guidelines. Our rate study work helped implement a phased approach for both utilities whereby the Village can increase rates over time to lessen the impact of a one-time rate adjustment.

REFERENCE:

Martin Shanks, ICMA-CM
Village Administrator
Village of Oregon
101 Alpine Parkway
Oregon, WI 53575
608-835-6280
mshanks@vil.oregon.wi.us

The City of Beaver Dam, Wisconsin
Population (as of the 2020 census): 16,708
Length of Relationship: 2021 - Present

RECENT FISCAL STUDIES HIGHLIGHTS:

- » Prepared a long-range cash flow analysis in late 2023 that identified the need for a conventional water rate case.
- » Prepared and submitted a conventional water rate application in July of 2024.

In late 2023, Ehlers performed a long-range cash flow analysis (*Phase 1 of the proposed rate study scope of services*), which included a historical analysis of the utility and a 10-year forward looking cash flow analysis and preparation of a preliminary funding plan for the utility’s capital improvement plan. The cash flow analysis identified the need for an approximate 32% water rate increase by calendar year 2025. The City then directed Ehlers to move to Phase 2 of the study and complete a conventional water rate case for filing with the Wisconsin Public Service Commission (PSC). The application was completed and filed in July of 2024. To date, the utility and Ehlers are responding to PSC questions on the revenue requirement and preparing for an upcoming public hearing on the proposed water rates.

REFERENCE:

Nathan Thiel
City Administrator
205 South Lincoln Avenue
Beaver Dam, WI 53916
920-887-4600
nthiel@ci.beaverdam.wi.gov

The City of Elkhorn, Wisconsin
Population (as of the 2020 census): 10,247
Length of Relationship: 1996-Present

RECENT FISCAL STUDIES HIGHLIGHTS:

- » Prepared a long-range cash flow analysis to examine the current financial health of the water utility and updated the capital improvement plan provided by the City’s engineer.
- » Prepared a conventional water rate application in 2023 with new rates taking effect in early 2024.

The City’s utility last updated its water rates through a conventional rate increase in 2017. Ehlers’ long-range cash flow analysis informed the development of a preliminary funding plan for approximately \$18.3 million in planned capital upgrades and identified the need for a 31.8% increase in water rates over a 10-year period of time. These conclusions led to the need to complete a conventional water rate case with the Wisconsin Public Service Commission (PSC) in 2023. The new water rates were adopted in early 2024 and resulted in a rate increase of 24.66% water rate increase for the average single-family home.

REFERENCE:

Corrie Daly
Finance Director
311 Seymour Ct.
Elkhorn, WI 53121
262-723-2219
cdaly2@cityofelkhorn.com

Ehlers invites you to review a complete copy of the water rate study and supporting materials we completed for the City of Watertown as shown in **Appendix A**.



SECTION 3:

PROJECT APPROACH & TIMELINE

General Project Approach & Timeline

Ehlers conducts water rate studies in three phases. Unlike most peer firms, we will begin with a long-range cash flow analysis which reviews previous five years of financial performance and projects the next 10 years as presented in [Appendix A](#) of this proposal response. This initial work is imperative to educate decision makers on the revenue requirement standards the PSC holds utilities to and how to navigate the PSC's "math." For example, due to increasing costs of capital assets, we generally find utilities are adding utility financed capital faster than they are depreciating it which causes a compounding effect on the magnitude of an adjustment the PSC will look to authorize as seen in Table 1 below.

Table 1
10-Year Rate of Return - Water Utility
Kimberly Water Department

Line	Row Labels	2019	2020	2021	2022	2023
1	Utility Plant in Service (101.1)	9,337,639	9,607,657	9,780,429	10,424,696	10,953,326
2	Materials and Supplies	41,604	43,280	31,285	27,096	24,682
3	Regulatory Liability	62,675	48,746	34,817	20,888	6,962
4	Reserve for Depreciation (111.1)	3,273,461	3,516,462	3,770,476	3,842,883	3,960,507
5	Average Net Rate Base (Sum Lines 1-2 less Sum Lines 3-4)	6,043,107	6,085,729	6,006,421	6,588,021	7,010,539
6	Net Operating Income	116,422	422,850	744,924	741,177	(678,915)
7	ROR (Line 6 ÷ 5)	1.93%	6.95%	12.40%	11.25%	-9.68%
	Reported Water Sales	19,697,837	19,522,478	19,594,261	19,480,651	19,974,428
	Rate Adj. to Current PSC Benchmark	1.28%	-0.26%	-1.93%	-1.74%	5.54%

Notes:

- 1) Source PSC Annual Reports
- 2) Current Benchmark ROR = 6.1% based on PSC Revenue Requirement delivered 11/6/2024.

This information shows that the utility is 5.5% behind on PSC math (as of 2023 PSC Annual Report). Therefore, it should be understood part of the adjustment the PSC will ultimately authorize will include a "catch up" rate adjustment. Our 10-year rate model will incorporate a rate plan that minimizes potential magnitude of one-time PSC adjustments. It will also incorporate full funding of the utility's capital improvement plan and initial recommendations for structuring proposed debt. Finally, we will develop financial benchmarking so the utility can see where certain financial pressure points may be relative to cash on hand, PSC Rate of Return, Leverage, and Asset Condition. Phase I will accomplish objectives 2 and 4 of the Village's "Scope of Services" requested in the RFP. By conducting this work first and presenting to the governing body, we can make a more effective recommendation on how we will complete the PSC Rate Application in Phase II.

Under Phase II, we will gather all the necessary data to complete the application in full and identify potential issues the PSC may raise in their Data Requests early so utility staff can prepare responses since the PSC enforces a two-week deadline for these requests. We will also provide recommendations on normalized expenses, PILOT adjustments, rate structure requests, and potential outside benchmark rate of return requests so the Application can be customized to the Village's needs. All our engagements include a second meeting with the governing body to explain the results of the application and describe any variances from the Phase I presentation so the application can be approved for filing. The Phase II meeting also provides the community a starting point for customer engagement relative to the PSC process as the statutorily required Customer Notice may not go out for 6-8 months from filing the application. Phase II work will accomplish objectives 1,3, 4, 5, and 6 Village's "Scope of Services" requested in the RFP. In the third and final phase, Ehlers will guide the Village through the entire PSC rate case process

SECTION 3: PROJECT APPROACH & TIMELINE

wherein we will help the utility answer data requests, review and provide education on the PSC Revenue Requirement (which may include disagreement with PSC), reviewing and providing understanding on the PSC Cost of Service and Rate Design, review and finalize the customer notice, attend the public hearing to represent the utility, and complete the Rate Implementation Letter. Phase III work will accomplish objectives 7 and 8 Village's "Scope of Services" requested in the RFP.

You'll notice in the below Specific Project Process, we do include optional Phase IV which consists of producing and presenting a final report. Utilities typically only opt in to this phase should the magnitude of the rate adjustment or rate structure changes warrant additional reflection and understanding. Otherwise, the PSC Final Order typically presents a reasonable summary of all actions taken throughout the process.

Specific Project Approach & Timeline

The project team proposes to undertake the following steps for the Water utility. Our approach is flexible and has proven to deliver the information, recommendations, and facilitated discussions essential to setting utility rates with confidence and accuracy. For the Village, we recommend the following approach:

Phase I: Conduct Long-Range Cash Flow Analysis

In this phase, Ehlers will:

- » Under this phase we will assess the need for a Conventional Rate Case with the PSC using a long-range cash flow analysis. This analysis will make projections on future operation expenses, future capital funding, and identify future rate increases.
- » Prepare a cash flow analysis for the next 10 years including the test year and beyond. The analysis will include:
 - * Calculation of the return on net investment rate base (ROI) adequate to finance the appropriate share of debt service, equipment replacement and capital outlay expenses.
 - * Benchmarking of key financial metrics that the PSC, rating agencies, and prospective lenders analyze.
 - * Capital planning and debt schedules with corresponding coverage requirements.
- » This phase includes a meeting at the Village Board or other designated meeting to present the outcome of the Long-Range Cash Flow Analysis before starting the Application.
- » In order to complete this phase, Ehlers will request and review the following:
 - * Capital planning documents identifying estimated costs for future water projects
 - * Annual audits for the past three years
 - * 2024 Water Fund actual expenses and revenues
 - * 2025 Water Fund line-item budget

Phase II: Complete Test Year 2025 PSC Conventional Rate Case Application

In this phase, Ehlers will:

- » Upon review of the Long-Range Cash Flow Analysis and the governing body approves Ehlers to proceed to Phase 2, we will complete the Test Year 2025 PSC Conventional Rate Case Application, including all attachments and supplementary information.
- » In order to complete this phase, Ehlers will request and review the following:
 - * PSC annual reports for the last three years (available on the PSC website)
 - * Current annual debt service schedules for existing utility debt (we currently have this information)
 - * For calendar years 2022, 2023, and 2024: detailed water billing records showing billed water consumption by customer class and rate block and number of customers by class and meter size
 - Based on when we file the Application, we may request a similar report for the previous twelve months prior to filing.
 - * Water billing records listing the four largest users in each customer class (i.e. residential, commercial, industrial, public authority), including the name of the customer, meter size, and total billed consumption for the largest quarter over the last 12-month period
 - * Water tower repainting schedule showing when the last time the tower(s) were repainted, the cost for repainting and whether the utility is on a 15 or 20-year repainting schedule
 - * Current number of un-metered customers within the utility (if any)
 - * Most current depreciation schedule for all water utility assets, showing current year depreciation expense, depreciation rates, and accumulated depreciation for all water utility financed assets
 - * List of four largest users in each customer class (i.e. residential, commercial, industrial, public authority) including the name of the customer, meter size, and total billed consumption for the largest quarter over the last 12-month period.
 - * Current number of private fire protections by the size of connection (if any)
 - * For municipal financed utility plant in service and contributed plant in service, the estimated 2024 and 2025 asset additions, retirements and adjustments
 - * Current percentage allocated to the sewer utility's portion of meter costs and assets (usually the depreciation of the meters is split 50/50 between water and sewer)
 - * Estimated materials and supplies inventory for 2024 and 2025 (if any)
 - * For 2024 and 2025 (estimated), the number of feet of main and hydrants added and retired (with classified additions and retirements as routine or major)
 - * If employees perform work for more than one function, please explain how costs are assigned to the water utility. For example, when an employee performs work for municipal parks, sewer, water, and private lead service lines, describe how the salary and wages dollars are assigned to the regulated water utility.
 - * Water utility credit card billing offering information (details to follow)

- » This phase includes a meeting with the Village Board or other designated meeting to present the outcome of the Application before filing the Application.
- » Ehlers will file the Application upon receiving desired recommendation to do so from the Client's desired governing body or staff.

Phase III: Test Year 2025 PSC Conventional Rate Case Proceedings

In this phase, Ehlers will:

- » Assist utility with Data Request Portion of proceedings
- » Review Revenue Requirement to check for PSC errors or omissions based on Application and Data Request(s) period. Provide disagreement correspondence as necessary
- » Review PSC Cost of Service Study & Rate Design
- » Represent the Utility at required PSC public hearing
 - * Attend the required telephonic public hearing and provide testimony in support of the proposed water rates for the test year on behalf of the Village
- » File Rate Implementation Letter

Phase IV: Prepare Final Report & Deliver Presentation (Optional)

If the Village requests, Ehlers will:

- » Prepare and provide (PDF and paper copy) a report containing a written results summary of the PSC Rate Case and cash flow analysis, along with all supporting worksheets.
- » Attend one meeting with the Village Board or other designated meeting to present the PSC final water rate structure for the test year and answer questions. We note that the Village should request this service on or before filing the PSC Rate Implementation Letter.

Project Timeline

Ehlers will complete the phased approach to the scope of work according to the below schedule:

Phase	Description	Event	Date	Days from previous event	Notes
1	Long-Range Cash Flow Analysis	Staff to send information needs	Wednesday, January 29, 2025		
		Ehlers to send materials for draft analysis	Wednesday, February 26, 2025	28	
		Ehlers and Staff review draft analysis over Microsoft Teams	Wednesday, March 5, 2025	7	
		Ehlers to send packet materials for Final Draft Analysis	Wednesday, March 12, 2025	7	
		Presentation of Final Draft Analysis	Monday, March 17, 2025	5	
2	CRC Application	Staff to send information needs	Thursday, April 3, 2025		
		Ehlers to send materials for draft analysis	Thursday, May 1, 2025	28	
		Ehlers and Staff review draft analysis over Microsoft Teams	Monday, May 5, 2025	4	
		Ehlers to send packet materials for Final Draft Analysis	Monday, May 12, 2025	7	
		Presentation of Final Draft Analysis	Monday, May 19, 2025	7	
		Ehlers File CRC Application with PSC	Monday, May 26, 2025	7	
3	CRC Rate Proceedings (all subject to PSC timing)	Rate Case Filed with PSC	Monday, May 26, 2025		
		Application Approved by PSC	Monday, June 9, 2025	14	
		PSC Data Request	Monday, July 7, 2025	28	
		Ehlers review Data Request with Staff	Tuesday, July 8, 2025	1	
		Ehlers submit Data Request Response to PSC	Monday, July 21, 2025	13	<i>Most times there will be 2 rounds of Data Requests</i>
		PSC Revenue Requirement Released	Monday, August 18, 2025	28	
		Utility Revenue Requirement Response	Monday, August 25, 2025	7	
		PSC Cost of Service Study and Rate Design Released	Monday, September 8, 2025	14	
		PSC Customer Notice Released	Tuesday, September 9, 2025	1	
		Utility Send Customer Notice per PSC instructions	Tuesday, September 23, 2025	14	<i>Timing will depend on statutory required Notice publication</i>
		PSC Public Hearing	Sunday, September 28, 2025	20	
		PSC Final Order Released	Sunday, October 19, 2025	21	



SECTION 4:

PROPOSED COST

Proposed Compensation

Ehlers proposes the following fee structure for the scope of work:

Phase	Scope of Service Event	Fee
I	LRCFA Delivered to Client	\$5,000
II	CRC Application Filed with PSC	\$4,500
III	Completion of PSC Rate Implementation Letter	\$3,500
IV	Final Report Delivered to Client (Optional)	\$500
IV	Final Report Presentation (Optional)	\$500
	Total	\$14,000

The above stated fees include normal travel, printing, computer services, and mail/delivery charges. Ehlers will invoice the Village at the completion of each Scope of Service Event.

For any work the Village requests outside of the scope of work, Ehlers will invoice that work at hourly rates between \$125 and \$350 per hour, depending on the task and its complexity. Prior to commencing any requested work, Ehlers will prepare a good faith estimate for the Village's review and approval.



APPENDIX A:

**WATER UTILITY RATE
STUDY EXAMPLE**

October 8, 2024

2024 WATER RATE STUDY:

City of Watertown, WI

Phase 1: Long-Range Cash Flow Analysis



Prepared by:

Ehlers
N19W24400 Riverwood Drive,
Suite 100
Waukesha, WI 53188

Advisors:

Brian Roemer
Senior Municipal Advisor
Ariana Schmidt
Senior Financial Specialist

BUILDING COMMUNITIES. IT'S WHAT WE DO.



2024 Water Rate Study

Section 1 — Historical Analysis

City of Watertown, WI

Table 1 Water Rate Performance

City of Watertown, WI

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2020	2021	2022	2023	2024	2025
Cash Basis							
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,579,894	\$3,649,805
2	Debt	\$1,331,794	\$1,328,941	\$1,330,123	\$868,016	\$874,420	\$878,183
3	Cash Funded Capital [^]	\$1,544,152	\$1,645,565	\$1,874,648	\$2,052,774	\$1,949,393	\$524,998
Less:							
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500
	Interest Income	\$38,169	\$8,287	\$28,991	\$306,790	\$140,000	\$140,000
	Revenue Requirement (Costs less Other Income)	\$5,274,957	\$5,683,990	\$5,899,244	\$5,238,542	\$6,081,207	\$4,730,486
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790
	Rate Adequacy	(\$32,762)	(\$275,224)	(\$456,454)	\$129,411	(\$638,417)	\$712,304
	Rate Adjustment Needed	0.62%	5.09%	8.39%	0.00%	11.73%	0.00%
Utility Basis (PSC)							
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,579,894	\$3,649,805
2	Depreciation	\$1,034,416	\$1,070,670	\$1,070,083	\$989,522	\$1,009,317	\$1,063,944
	NIRB	\$30,473,640	\$30,311,734	\$30,123,906	\$30,764,399	\$31,503,420	\$32,077,468
	PSC Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%
3	PSC Calculated ROI	\$1,493,208	\$1,485,275	\$1,476,071	\$1,999,686	\$1,984,715	\$1,988,803
Less:							
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500
	Revenue Requirement (Costs less Other Income)	\$4,964,804	\$5,273,716	\$5,269,618	\$5,613,750	\$6,391,427	\$6,520,051
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790
	Rate Adequacy	\$277,391	\$135,050	\$173,172	(\$245,797)	(\$948,637)	(\$1,077,261)
	Rate Adjustment Needed	0.00%	0.00%	0.00%	4.58%	17.43%	19.79%

Notes:

[^]Includes recommended debt coverage at 1.4x annual debt payment

Table 2 Water Utility Rate Performance Charts

City of Watertown, WI

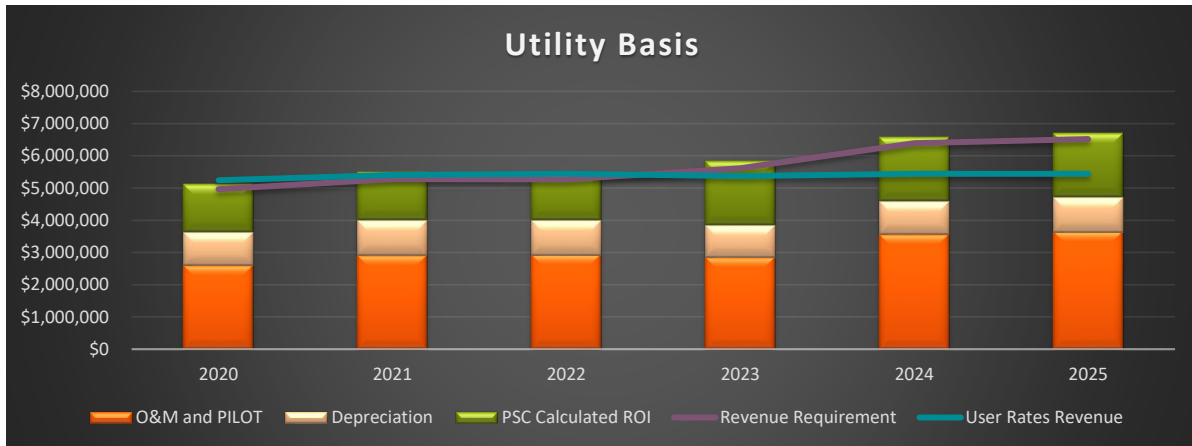
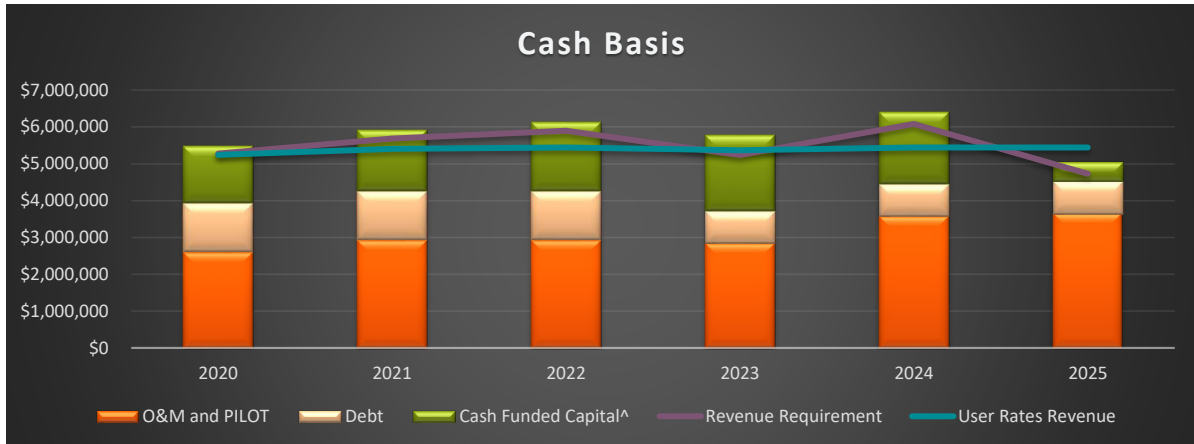


Table 3
Water Utility Cash Flow Analysis - Historical 2020-2024

City of Watertown, WI

	Actual				Estimated
	2020	2021	2022	2023	2024
Revenues					
Total Revenues from User Rates	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790
Percent Increase to User Rates	0.00%	0.00%	0.00%	0.00%	0.00%
Other Revenues					
Interest Income	\$38,169	\$8,287	\$28,991	\$306,790	\$140,000
Other Income	\$169,054	-\$40,330	\$218,718	\$161,107	\$182,500
Total Other Revenues	\$207,223	-\$32,043	\$247,709	\$467,897	\$322,500
Total Revenues	\$5,449,418	\$5,376,723	\$5,690,499	\$5,835,850	\$5,765,290
Less: Expenses					
Operating and Maintenance	\$1,639,893	\$1,952,546	\$2,104,648	\$2,120,902	\$2,729,894
PILOT Payment	\$961,491	\$976,434	\$825,845	\$731,743	\$850,000
Net Before Debt Service and Capital Expenditures	\$2,848,034	\$2,447,743	\$2,760,006	\$2,983,205	\$2,185,396
Existing Debt P&I	\$1,331,794	\$1,328,941	\$1,330,123	\$868,016	\$874,420
Transfer In (Out)/Cap. Contrib.	\$27,600	\$62,000	\$88,000	\$3,600	\$5,500
Less: Capital Improvements	\$1,011,434	\$1,113,989	\$508,206	\$2,532,062	\$1,599,625
Debt Proceeds/Grants	\$0	\$0	-\$834,393	\$826,494	\$0
Reconcile to Audit	\$86,914	\$328,475	\$621,411	-\$469,997	\$591,437
Net Annual Cash Flow	\$619,320	\$395,288	\$796,695	(\$56,776)	\$308,288
Restricted and Unrestricted Cash Balance:					
Balance at first of year	\$4,027,357	\$4,646,677	\$5,041,965	\$5,838,660	\$5,781,884
Net Annual Cash Flow Addition/(subtraction)	\$619,320	\$395,288	\$796,695	-\$56,776	\$308,288
Balance at end of year	\$4,646,677	\$5,041,965	\$5,838,660	\$5,781,884	\$6,090,172

Notes:

Table 4 Water Utility Financial Benchmarking Analysis

City of Watertown, WI

	Actual				Estimated 2024	Budget 2025
	2020	2021	2022	2023		
Target minimum cash balance						
Target minimum working capital - Ehlers ¹	3,442,609	3,444,203	2,903,240	3,166,867	3,349,198	3,529,172
Actual Days Cash Available - PSC ²	812	748	777	864	705	954
Actual Days Cash Available - Moody's ³	951	844	857	945	753	1,012
Actual Days Cash Available - S&P ⁴	1,034	844	857	945	753	1,012
Actual working capital-cash balance						
Over (Under) Ehlers target	4,646,677	5,041,965	5,838,660	5,781,884	6,090,172	8,153,856
Over (Under) PSC target (90 days)	1,204,068	1,597,763	2,935,420	2,615,017	2,740,974	4,624,684
Over (Under) Moody's target (150 days)	722	658	687	774	615	864
Over (Under) S&P target (150 days)	801	694	707	795	603	862
	884	694	707	795	603	862

Notes:

- 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of following year's debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash + expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return

Average Utility Plant in Service	43,892,876	44,129,097	44,286,928	45,586,780	47,338,079	48,745,391
Plus: Materials and Supplies	115,334	113,299	126,481	146,172	125,322	125,322
Less: Avg. Utility Plant Accum. Depreciation	13,439,543	13,862,787	14,248,780	14,954,980	15,756,614	16,793,244
Less: Regulatory Liability	95,027	67,875	40,723	13,573	0	0
Average Net Investment Rate Base (NIRB)	30,473,640	30,311,734	30,123,906	30,764,399	31,706,786	32,077,468
Net Operating Income	1,762,242	1,542,041	1,687,224	1,729,257	1,036,079	1,988,803
ROR	5.78%	5.09%	5.60%	5.62%	3.27%	6.20%
Benchmark	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%

Cost Recovery

Operating Revenues	5,406,399	5,619,975	5,649,819	5,596,056	5,625,290	6,702,551
Operating Expenses incl. Depr & Amortization	3,862,974	4,227,336	4,228,159	4,070,448	4,584,894	4,942,029
Operating Expenses w/o Depr & Amortization	2,601,384	2,928,980	2,930,493	2,852,645	3,579,894	3,649,805
Cost Recovery incl. Depr	1.40	1.33	1.34	1.37	1.23	1.36
Cost Recovery w/o Depr	1.48	1.44	1.44	1.43	1.28	1.35
Target	1.00	1.00	1.00	1.00	1.00	1.00

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage

Total Long-Term Debt	12,296,984	11,190,951	10,051,245	9,352,704	8,539,260	9,239,773
Total Net Assets	54,953,475	54,566,009	55,262,741	57,272,948	58,872,573	60,087,573
Debt-to-Equity Ratio	0.22	0.21	0.18	0.16	0.15	0.15

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

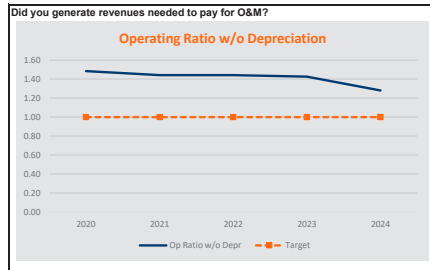
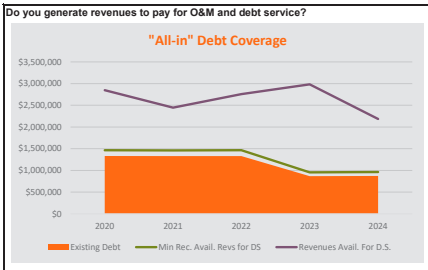
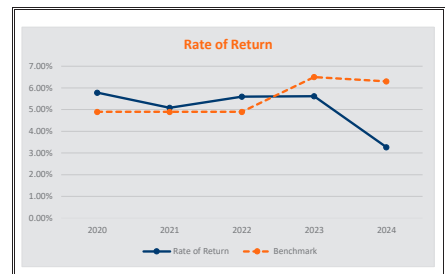
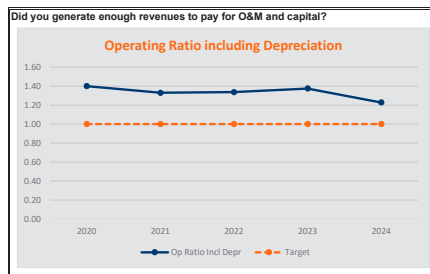
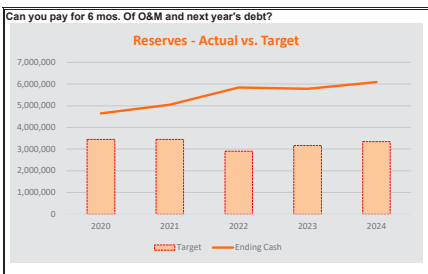
Condition of Assets:

Accumulated Depreciation Expense	17,528,568	17,703,325	18,749,358	19,571,589	20,576,589	21,868,814
Total Net Assets	54,953,475	54,566,009	55,262,741	57,272,948	58,872,573	60,087,573
Asset Depreciation	31.90%	32.44%	33.93%	34.17%	34.95%	36.39%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 5
Water Utility Financial Health Charts
 City of Watertown, WI





2024 Water Rate Study

Section 2 — Long-Range Cash Flow Analysis

City of Watertown, WI

Table 6
Water Utility Capital Improvement Plan

City of Watertown, WI

Projects	Funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Totals
Annual well renovation and pump work (well 5)	Cash	55,000										55,000
Annual hydrant painting	Cash	20,000										20,000
West Street Water tower paint job (phase 2 painting interior / exterior)	Revenue Debt	1,100,000										1,100,000
Water Leak Correlator	Cash	40,000										40,000
TID 9 Johnson Street (1715)	TID 9	368,725										368,725
Annual hydrant painting	Cash		20,000									20,000
Well VFDs	Cash		60,000									60,000
Annual well renovation and pump work (well 9)	Cash		75,000									75,000
Watermain loop projects (Highway 16 Bypass)	Cash		250,000									250,000
DEWEY AVENUE PROJECT	Cash		1,000,000									1,000,000
TID 9 - Hoffmann Drive (Hoffmann to Fairview 900')	TID 9		193,560									193,560
Market St. Seventh to S Eighth 400'	Cash		90,300									90,300
S Eighth (Market to E. Main 300')	Cash		84,500									84,500
Annual well renovation and pump work (well 9)	Cash			100,000								100,000
Annual hydrant painting	Cash			20,000								20,000
Hospital Drive / interior paint job (pending RCV inspection)	Cash			500,000								500,000
Watermain loop projects (Highway 16 Bypass)	Cash			150,000								150,000
TID 9 Hoffmann Drive (Fairview to Termino H2O Johnson to Hoffmann easement)	TID 9			118,250								118,250
S 1/2 Wirth (Falcon Court to Wilma Ct. 2.650')	Cash			569,750								569,750
Wilma Ct Ct 1/2 Wirth to Termino 250'	Cash			55,000								55,000
Annual well renovation and pump work (1 or 2 pumps)	Cash			100,000								100,000
Annual hydrant painting	Cash			20,000								20,000
Almark Drive exterior paint job	Cash			500,000								500,000
MAIN STREET PROJECT (2028 or 2029)	Revenue Debt			1,530,000								1,530,000
TID 9 Fairview Drive and Montgomery St (Hoffmann to Bernard)	TID 9			250,000								250,000
Annual well renovation and pump work (1 or 2 pumps)	Cash					100,000						100,000
Annual hydrant painting	Cash					20,000						20,000
Western Tower exterior paint job	Cash					500,000						500,000
Watermain loop projects (Concord - Humboldt)	Cash					125,000						125,000
Tank Mixers	Cash					50,000						50,000
TID 9 - Hart Street Project area (60% plans ready for water, includes Simpson)	TID 9					1,250,000						1,250,000
TID 9 Depot, Baxter, Simpson	TID 9					716,595						716,595
Annual hydrant painting	Cash									20,000		20,000
Well VFDs	Cash									50,000		50,000
Fiber connectivity to wells and treatment plants (add 6 splices for 9 wells, 5 storage structures, and 3 treatment plants)	Cash									75,000		75,000
Eight St. - Main St. to Western Ave (1,950')	Cash									500,000		500,000
Annual well renovation and pump work (1 or 2 pumps)	Cash									100,000		100,000
Annual hydrant painting	Cash									20,000		20,000
O'Connell Tower exterior / interior paint job	Revenue Debt									1,500,000		1,500,000
4 th Mains (24,500' - @ 4,500 feet a year = 5-year removal)	Cash									1,000,000		1,000,000
Western Ave - Third St. to Twelfth St.	Cash									150,000		150,000
S. Seventh St. - Western to Station St.	Cash									125,000		125,000
Annual well renovation and pump work (1 or 2 pumps)	Cash									100,000		100,000
Annual hydrant painting	Cash									20,000		20,000
W. Green Street (N. Warren to Werner St) 740'	Cash									159,100		159,100
4 th Mains (year 2)	Revenue Debt									1,000,000		1,000,000
Perry St. (Highland to Werner, 317') + Short St (Perry St. to Ann St. 422')	Cash									158,885		158,885
Annual well renovation and pump work (1 or 2 pumps)	Cash									100,000		100,000
Annual hydrant painting	Cash									20,000		20,000
NE Tower exterior paint job	Cash									500,000		500,000
Kiewit & Werner Streets	Cash									750,000		750,000
Annual well renovation and pump work (1 or 2 pumps)	Revenue Debt									1,000,000		1,000,000
Annual hydrant painting	Cash									100,000		100,000
4 th Mains (year 3)	Cash									20,000		20,000
4 th Mains (year 4)	Cash									306,590		306,590
4 th Mains (year 5)	Revenue Debt									1,000,000		1,000,000
Libson St (N. Vorech Dr. to Elba St + Lowell St. To Borner St. 1,320')	Cash									283,800		283,800
Actual CIP Costs		1,583,725	1,743,300	1,513,900	2,400,000	2,761,595	645,000	2,895,000	1,437,885	2,370,000	1,710,390	19,060,835

Sources of Funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Totals
C&D Debt	0	0	0	0	0	0	0	0	0	0	0
Revenue Debt	1,100,000	0	0	1,530,000	0	0	1,500,000	1,000,000	1,000,000	1,000,000	7,130,000
Grants/Aids	0	0	0	0	0	0	0	0	0	0	0
Special Assessment	0	0	0	0	0	0	0	0	0	0	0
User Fees	0	0	0	0	0	0	0	0	0	0	0
Tax Levy	0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund	0	0	0	0	0	0	0	0	0	0	0
Cash	115,000	1,549,800	1,395,850	820,000	795,000	645,000	1,395,000	437,885	1,370,000	710,390	9,033,825
Bill Funding	0	0	0	0	0	0	0	0	0	0	0
TID 9	368,725	193,560	118,250	250,000	1,966,595	0	0	0	0	0	2,897,070
Total	1,583,725	1,743,300	1,513,900	2,400,000	2,761,595	645,000	2,895,000	1,437,885	2,370,000	1,710,390	19,060,835

Notes:

Table 7
Capital Improvements Financing Plan - Water
 City of Watertown, WI

	2025			2027			2029		2031		2033		
	Revenue Bonds	Water Portion	TID 9 Portion	Revenue Bonds	Water Portion	TID 9 Portion	G.O. Notes	TID 9 Portion	Revenue Bonds	Water Portion	Revenue Bonds	Water Portion	
CIP Projects¹													
Sewer	-	-	-	-	-	-	-	-	-	-	-	-	
Water	1,100,000	1,100,000	-	1,530,000	1,530,000	-	-	-	2,500,000	2,500,000	2,000,000	2,000,000	
TID 9	562,225	-	562,225	368,250	-	368,250	1,966,595	1,966,595	-	-	-	-	
Subtotal Project Costs	1,662,225	1,100,000	562,225	1,898,250	1,530,000	368,250	1,966,595	1,966,595	2,500,000	2,500,000	2,000,000	2,000,000	
CIP Projects²	1,662,225	1,100,000	562,225	1,898,250	1,530,000	368,250	1,966,595	1,966,595	2,500,000	2,500,000	2,000,000	2,000,000	
Less Other Available Revenues													
Cash Available	(100,000)	(100,000)	0	(250,000)	(250,000)	0	-	0	(500,000)	(500,000)	(500,000)	(500,000)	
Net Borrowing Requirement	1,562,225	1,000,000	562,225	1,648,250	1,280,000	368,250	1,966,595	1,966,595	2,000,000	2,000,000	1,500,000	1,500,000	
Debt Service Reserve													
Debt Service Reserve Funds On Hand	(453,078)	(453,078)	0	(850,022)	(800,022)	(50,000)	-	0	(782,088)	(782,088)	(697,762)	(697,762)	
New Debt Service Reserve Requirement	850,022	800,022	50,000	782,088	722,088	60,000	-	0	697,762	697,762	#VALUE!	#VALUE!	
Subtotal Reserve Fund Requirement	396,944	346,944	50,000	(67,933)	(77,933)	10,000	0	0	(84,326)	(84,326)	#VALUE!	#VALUE!	
Estimated Issuance Expenses													
Municipal Advisor (Ehlers)	112,175	77,155	35,020	109,063	82,861	26,201	114,838	114,838	116,475	116,475	107,963	107,963	
Bond Counsel	35,700	24,555	11,145	37,400	28,415	8,985	38,300	38,300	40,500	40,500	38,300	38,300	
Disclosure Counsel	20,000	13,756	6,244	20,000	15,195	4,805	20,000	20,000	20,000	20,000	20,000	20,000	
Rating Fee	14,000	9,629	4,371	14,000	10,637	3,363	14,000	14,000	14,000	14,000	14,000	14,000	
Maximum Underwriter's Discount	16,000	11,005	4,995	16,000	12,156	3,844	16,000	16,000	16,000	16,000	16,000	16,000	
Paying Agent	25,625	17,625	8,000	20,813	15,813	5,000	25,688	25,688	25,125	25,125	18,813	18,813	
Subtotal Issuance Expenses	112,175	77,155	35,020	109,063	82,861	26,201	114,838	114,838	116,475	116,475	107,963	107,963	
TOTAL TO BE FINANCED	2,071,344	1,424,098	647,245	1,689,379	1,284,928	404,451	2,081,433	2,081,433	2,032,149	2,032,149	#VALUE!	#VALUE!	
Estimated Interest Earnings	3.00%	(24,933)	(16,500)	(8,433)	3.00%	(28,474)	(22,950)	(5,524)	3.00%	(29,499)	(29,499)	(30,000)	(30,000)
Assumed spend down (months)	6.00				6.00				6.00				
Rounding	3,590	2,402	1,188	4,094	3,022	1,073	3,066	3,066	15,351	15,351	#VALUE!	#VALUE!	
NET BOND SIZE	2,050,000	1,410,000	640,000	1,665,000	1,265,000	400,000	2,055,000	2,055,000	2,010,000	2,010,000	1,505,000	1,505,000	

Notes:
 1) Source of Project Totals

Table 8
Water Utility Projected Debt Service Payments (PROPOSED)
 City of Watertown, WI

NAME AMT DATED MATURE	Water Revenue Bonds Series 2025A				Water Revenue Bonds Series 2027A				Water Revenue Bonds Series 2031A				Water Revenue Bonds Series 2033A				PROPOSED Water Utility Debt Service Summary				
	Principal	Est. Rate ¹	Interest	Total	Principal	Est. Rate ¹	Interest	Total	Principal	Est. Rate	Interest	Total	Principal	Est. Rate	Interest	Total	Total Prin	Total Int	Total P&I	Prin Outstanding	Year
2025																	0	0	0	1,410,000	2025
2026	0	5.00%	99,875	99,875													99,875	99,875	0	1,410,000	2026
2027	50,000	5.00%	69,250	119,250													50,000	69,250	119,250	2,625,000	2027
2028	65,000	5.00%	66,375	131,375	0	5.00%	89,604	89,604									65,000	155,979	220,979	2,560,000	2028
2029	65,000	5.00%	63,125	128,125	35,000	5.00%	62,375	97,375									100,000	125,500	225,500	2,460,000	2029
2030	65,000	5.00%	59,875	124,875	35,000	5.00%	60,625	95,625									100,000	120,500	220,500	2,350,000	2030
2031	65,000	5.00%	56,625	121,625	35,000	5.00%	58,875	93,875									100,000	115,500	215,500	4,270,000	2031
2032	65,000	5.00%	53,375	118,375	35,000	5.00%	57,125	92,125	0	5.00%	142,375	142,375					100,000	252,875	352,875	4,170,000	2032
2033	180,000	5.00%	47,250	227,250	35,000	5.00%	55,375	90,375	70,000	5.00%	98,750	168,750					285,000	201,375	486,375	5,390,000	2033
2034	60,000	5.00%	41,250	101,250	35,000	5.00%	53,625	88,625	50,000	5.00%	95,750	145,750	0	5.00%	106,604	106,604	145,000	297,229	442,229	5,245,000	2034
2035	60,000	5.00%	38,250	98,250	35,000	5.00%	51,875	86,875	50,000	5.00%	93,250	143,250	40,000	5.00%	74,250	114,250	185,000	257,625	442,625	5,060,000	2035
2036	60,000	5.00%	35,250	95,250	40,000	5.00%	50,000	90,000	55,000	5.00%	90,625	145,625	40,000	5.00%	72,250	112,250	195,000	248,125	443,125	4,865,000	2036
2037	60,000	5.00%	32,250	92,250	50,000	5.00%	47,750	97,750	55,000	5.00%	87,875	142,875	40,000	5.00%	70,250	110,250	205,000	238,125	443,125	4,660,000	2037
2038	120,000	5.00%	27,750	147,750	80,000	5.00%	44,500	124,500	115,000	5.00%	83,625	198,625	95,000	5.00%	66,875	161,875	410,000	227,750	637,500	4,250,000	2038
2039	120,000	5.00%	21,750	141,750	90,000	5.00%	40,250	130,250	125,000	5.00%	77,625	202,625	95,000	5.00%	62,125	157,125	430,000	201,750	631,750	3,820,000	2039
2040	120,000	5.00%	15,750	135,750	100,000	5.00%	35,500	135,500	125,000	5.00%	71,375	196,375	105,000	5.00%	57,125	162,125	450,000	179,750	629,750	3,370,000	2040
2041	120,000	5.00%	9,750	129,750	120,000	5.00%	30,000	150,000	125,000	5.00%	65,125	190,125	105,000	5.00%	51,875	156,875	470,000	156,750	626,750	2,900,000	2041
2042	135,000	5.00%	3,375	138,375	125,000	5.00%	23,875	148,875	125,000	5.00%	58,875	183,875	105,000	5.00%	46,625	151,625	490,000	132,750	622,750	2,410,000	2042
2043	0	5.00%	0	0	125,000	5.00%	17,625	142,625	125,000	5.00%	52,625	177,625	105,000	5.00%	41,375	146,375	355,000	111,625	466,625	2,055,000	2043
2044	0	5.00%	0	0	125,000	5.00%	11,375	136,375	130,000	5.00%	46,250	176,250	115,000	5.00%	35,875	150,875	370,000	93,500	463,500	1,685,000	2044
2045	0	5.00%	0	0	125,000	5.00%	5,125	130,125	135,000	5.00%	39,625	174,625	125,000	5.00%	29,875	154,875	385,000	74,625	459,625	1,300,000	2045
2046					40,000	5.00%	1,000	41,000	135,000	5.00%	32,875	167,875	125,000	5.00%	23,625	148,625	300,000	57,500	357,500	1,000,000	2046
2047					0	5.00%	0	0	135,000	5.00%	26,125	161,125	135,000	5.00%	17,125	152,125	270,000	43,250	313,250	790,000	2047
2048									135,000	5.00%	19,375	154,375	135,000	5.00%	10,375	145,375	270,000	29,750	299,750	460,000	2048
2049									135,000	5.00%	12,625	147,625	140,000	5.00%	3,500	143,500	275,000	16,125	291,125	185,000	2049
2050									185,000	5.00%	4,625	189,625	0	5.00%	0	0	185,000	4,625	189,625	0	2050
2051									0	5.00%	0	0	0	5.00%	0	0	0	0	0	0	2051
2052									0	5.00%	0	0	0	5.00%	0	0	0	0	0	0	2052
2053									0	5.00%	0	0	0	5.00%	0	0	0	0	0	0	2053
2054									0				0				0	0	0	0	2054
TOTALS	1,410,000		741,125	2,151,125	1,265,000		796,479	2,061,479	2,010,000		1,199,375	3,209,375	1,505,000		769,729	2,274,729	6,190,000	3,506,708	9,696,708		TOTALS

Notes:
 1) Rate assumes recent WI Rev sale plus 50 bps (or 0.50%).
 Legend: Maturities subject to optional redemption (callable) based on current call vs. non-call.

Table 9
Water Utility Cash Flow Analysis - Projected 2025-2034

City of Watertown, WI

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051
Percent Increase to User Rates	19.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%
Dollar Amount Increase to Revenues	\$1,077,261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenues	\$322,500	\$347,402	\$228,857	\$238,452	\$237,183	\$233,467	\$239,711	\$243,581	\$290,247	\$292,759
Total Revenues	\$6,842,551	\$6,867,453	\$6,748,908	\$6,758,503	\$6,757,235	\$6,753,518	\$6,759,762	\$6,763,632	\$6,810,298	\$6,812,810
Less: Expenses										
Operating and Maintenance ²	\$2,774,305	\$2,857,534	\$2,943,260	\$3,031,557	\$3,122,504	\$3,216,179	\$3,312,665	\$3,412,045	\$3,514,406	\$3,619,838
PILOT Payment	\$875,500	\$906,143	\$937,857	\$970,682	\$1,004,656	\$1,039,819	\$1,076,213	\$1,113,880	\$1,152,866	\$1,193,217
Net Before Debt Service and Capital Expenditures	\$3,192,747	\$3,103,777	\$2,867,791	\$2,756,263	\$2,630,074	\$2,497,519	\$2,370,884	\$2,237,707	\$2,143,026	\$1,999,756
Debt Service										
Existing Debt P&I	\$878,183	\$876,721	\$870,182	\$764,998	\$766,087	\$766,855	\$767,297	\$767,562	\$630,100	\$629,999
New (2025-2034) Debt Service P&I	\$0	\$99,875	\$119,250	\$220,979	\$225,500	\$220,500	\$215,500	\$352,875	\$486,375	\$442,229
Total Debt Service	\$878,183	\$976,596	\$989,432	\$985,977	\$991,587	\$987,355	\$982,797	\$1,120,437	\$1,116,475	\$1,072,228
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements & COI	\$1,660,880	\$1,743,300	\$1,596,761	\$2,400,000	\$2,761,595	\$645,000	\$3,011,475	\$1,437,985	\$2,477,963	\$1,710,390
Debt Proceeds	\$1,410,000	\$0	\$1,265,000	\$0	\$0	\$0	\$2,010,000	\$0	\$1,505,000	\$0
Net Annual Cash Flow	\$2,063,684	\$383,881	\$1,546,598	(\$629,714)	(\$1,123,108)	\$865,164	\$386,612	(\$320,714)	\$53,589	(\$782,862)
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$6,090,172	\$8,153,856	\$8,537,737	\$10,084,334	\$9,454,620	\$8,331,513	\$9,196,677	\$9,583,289	\$9,262,575	\$9,316,164
Net Annual Cash Flow Addition/(subtraction)	\$2,063,684	\$383,881	\$1,546,598	-\$629,714	-\$1,123,108	\$865,164	\$386,612	-\$320,714	\$53,589	-\$782,862
Balance at end of year	\$8,153,856	\$8,537,737	\$10,084,334	\$9,454,620	\$8,331,513	\$9,196,677	\$9,583,289	\$9,262,575	\$9,316,164	\$8,533,302
"All-in" Debt Coverage	3.64	3.18	2.90	2.80	2.85	2.53	2.41	2.00	1.92	1.87
PSC Days Cash on Hand	864	912	1,079	953	816	888	907	817	813	697

Notes:

- 1) Assumes no changes in customer count or usage beyond Test Year.
- 2) Assumes 3.00% annual inflation beyond budget year.

Legend:

- Simplified Rate Case (projected eligibility)
- Conventional (Full) Rate Case

Table 10
Water Utility Financial Benchmarking Analysis Projected 2025 - 2034

City of Watertown, WI

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Target minimum cash balance										
Target minimum working capital - Ehlers ¹	3,529,172	3,628,542	3,716,223	3,815,818	3,889,835	3,977,611	4,228,498	4,327,669	4,396,225	4,492,862
Actual Days Cash Available - PSC ²	954	1,002	1,169	1,043	906	978	997	907	903	787
Actual Days Cash Available - Moody's ³	1,012	1,091	1,251	1,138	974	1,044	1,056	991	968	860
Actual Days Cash Available - S&P ⁴	1,012	1,091	1,251	1,138	974	1,044	1,056	991	968	860
Actual working capital-cash balance										
Over (Under) Ehlers target	4,624,684	4,909,194	6,368,111	5,638,802	4,441,678	5,219,066	5,354,792	4,934,906	4,919,939	4,040,439
Over (Under) PSC target (90 days)	864	912	1,079	953	816	888	907	817	813	697
Over (Under) Moody's target (150 days)	862	941	1,101	988	824	894	906	841	818	710
Over (Under) S&P target (150 days)	862	941	1,101	988	824	894	906	841	818	710

Notes:

- 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of following year's debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return

Average Utility Plant in Service	48,745,391	50,127,791	51,600,516	53,373,341	54,845,841	55,565,841	57,335,841	59,502,334	61,406,326	63,446,521
Plus: Materials and Supplies	125,322	125,322	125,322	125,322	125,322	125,322	125,322	125,322	125,322	125,322
Less: Avg. Utility Plant Accum. Depreciation	16,793,244	17,688,088	18,460,915	19,217,105	20,110,477	21,237,327	22,141,402	23,016,971	24,035,348	25,092,045
Less: Regulatory Liability	0	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	32,077,468	32,565,025	33,264,923	34,281,557	34,860,686	34,453,835	35,319,761	36,610,684	37,496,300	38,479,797
Net Operating Income	1,988,803	1,827,506	1,656,280	1,475,870	1,289,779	1,135,182	952,432	727,875	523,566	299,936
ROR	6.20%	5.61%	4.98%	4.31%	3.70%	3.29%	2.70%	1.99%	1.40%	0.78%
PSC Projected Benchmark	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Rate Adj. to Benchmark	0.00%	2.94%	6.23%	9.96%	13.37%	15.35%	18.98%	23.65%	27.63%	31.99%

Cost Recovery

Operating Revenues	6,702,551	6,704,376	6,706,219	6,708,081	6,709,961	6,711,861	6,713,779	6,715,716	6,717,673	6,719,649
Operating Expenses incl. Depr & Amortization	4,066,529	4,199,008	4,340,363	4,489,809	4,643,807	4,765,140	4,913,415	5,102,241	5,269,521	5,454,777
Operating Expenses w/o Depr & Amortization	2,774,305	2,857,534	2,943,260	3,031,557	3,122,504	3,216,179	3,312,665	3,412,045	3,514,406	3,619,838
Cost Recovery incl. Depr	1.65	1.60	1.55	1.49	1.44	1.41	1.37	1.32	1.27	1.23
Cost Recovery w/o Depr	1.47	1.47	1.47	1.48	1.49	1.48	1.48	1.50	1.50	1.51
Target	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of < 1 could be a sign of financial concern. In general, this ratio should be > 1 to accommodate future capital investments.

Leverage

Total Long-Term Debt	9,239,773	8,515,945	8,997,602	8,289,566	7,531,656	6,758,687	7,980,470	7,176,815	7,817,527	7,082,405
Total Net Assets	60,087,573	61,637,373	63,033,023	65,183,023	65,978,023	66,623,023	69,518,023	70,956,008	73,326,008	75,036,398
Debt-to Equity Ratio	0.15	0.14	0.14	0.13	0.11	0.10	0.11	0.10	0.11	0.09

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio > 1 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:

Accumulated Depreciation Expense	16,793,244	17,688,088	18,460,915	19,217,105	20,110,477	21,237,327	22,141,402	23,016,971	24,035,348	25,092,045
Total Net Assets	60,087,573	61,637,373	63,033,023	65,183,023	65,978,023	66,623,023	69,518,023	70,956,008	73,326,008	75,036,398
Asset Depreciation	27.95%	28.70%	29.29%	29.48%	30.48%	31.88%	31.85%	32.44%	32.78%	33.44%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 11
Water Utility Statement of Projected Revenue Bond Coverage

City of Watertown, WI

Year	Total Operating Revenues	Transfers In (Out)	Less:		Amount Available for Debt Service	Existing Rev Debt		Future Rev Debt (2025-2034)		Total Water Debt Service	Coverage	Debt Service Capacity @ 1.25x
			Total O&M Expense			Total	Total					
2025	6,842,551	0	(2,774,305)		4,068,247	878,183	-	878,183	4.63	2,376,414		
2026	6,867,453	0	(2,857,534)		4,009,920	876,721	99,875	976,596	4.11	2,231,340		
2027	6,748,908	0	(2,943,260)		3,805,649	870,182	119,250	989,432	3.85	2,055,087		
2028	6,758,503	0	(3,031,557)		3,726,945	764,998	220,979	985,977	3.78	1,995,579		
2029	6,757,235	0	(3,122,504)		3,634,730	766,087	225,500	991,587	3.67	1,916,198		
2030	6,753,518	0	(3,216,179)		3,537,339	766,855	220,500	987,355	3.58	1,842,516		
2031	6,759,762	0	(3,312,665)		3,447,097	767,297	215,500	982,797	3.51	1,774,881		
2032	6,763,632	0	(3,412,045)		3,351,588	767,562	352,875	1,120,437	2.99	1,560,833		
2033	6,810,298	0	(3,514,406)		3,295,892	630,100	486,375	1,116,475	2.95	1,520,239		
2034	6,812,810	0	(3,619,838)		3,192,972	629,999	442,229	1,072,228	2.98	1,482,150		
2035	6,806,978	0	(3,728,433)		3,078,545	629,895	442,625	1,072,520	2.87	1,390,315		
2036	6,816,704	0	(3,840,286)		2,976,418	629,790	443,125	1,072,915	2.77	1,308,219		
2037	6,824,993	0	(3,955,495)		2,869,498	629,683	443,125	1,072,808	2.67	1,222,791		
2038	6,824,993	0	(4,074,160)		2,750,834	-	632,750	632,750	4.35	1,567,917		
2039	6,824,993	0	(4,196,384)		2,628,609	-	631,750	631,750	4.16	1,471,137		
2040	6,824,993	0	(4,322,276)		2,502,717	-	629,750	629,750	3.97	1,372,424		
2041	6,824,993	0	(4,451,944)		2,373,049	-	626,750	626,750	3.79	1,271,689		
2042	6,824,993	0	(4,585,503)		2,373,049	-	622,750	622,750	3.81	1,275,689		

Notes:

1) Revenue Coverage determined from 2012 Revenue Bonds.

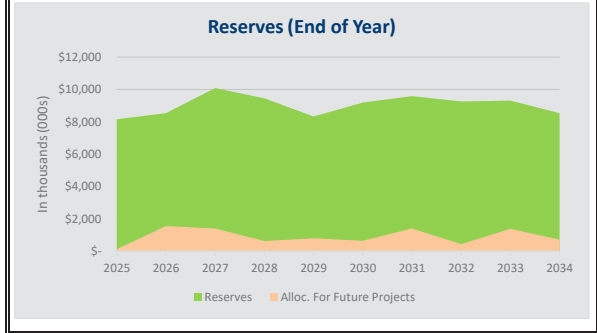
Table 12
Water Utility Long-Range Planning Analysis

City of Watertown, WI

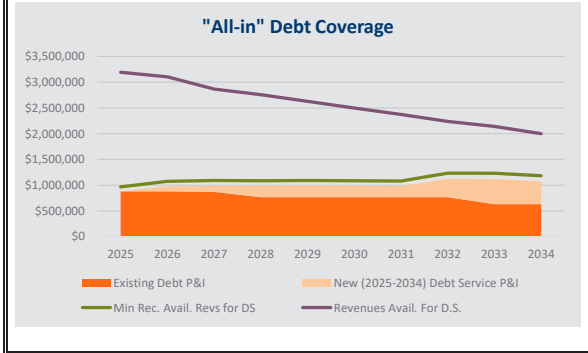
Are rates set to maintain adequate reserves?



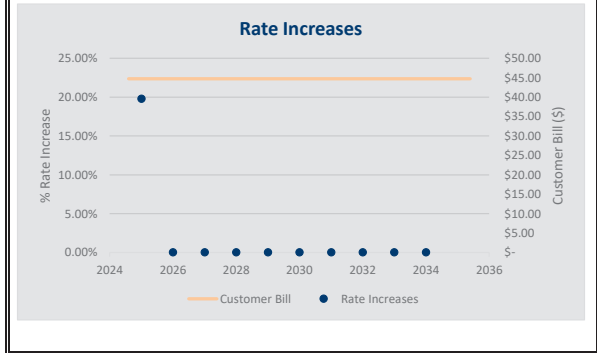
How much reserves are planned for future projects?



Are rates set to pay for financial obligations?



Rate Increases





2024 Water Rate Study

Section 3 — Rate Impact Analysis

City of Watertown, WI

Table 13
Projected Impact of CIP on Typical Residential Utility Bill

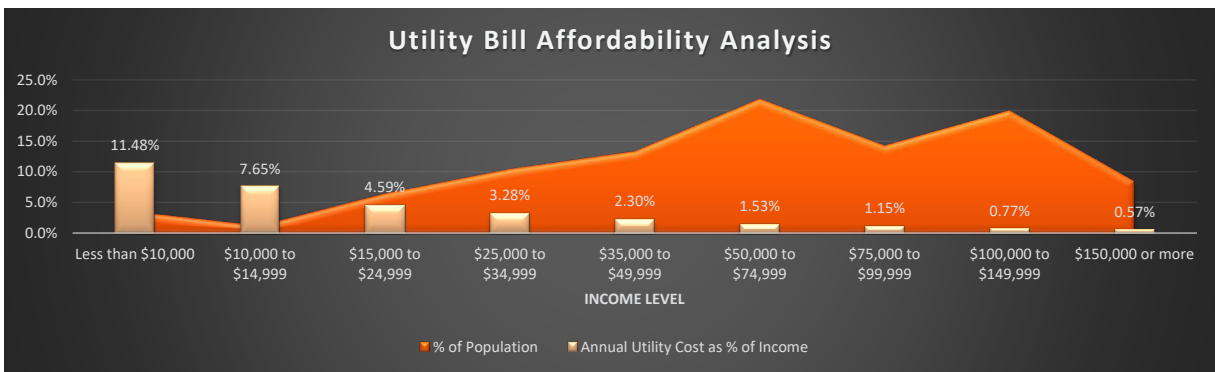
City of Watertown, WI

Year	Water					Sewer					Stormwater				Utility Bill (Annual)	Change Over Prior Year	% of MHI (67,189)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year	Increase	Sewer Vol. Charge ³	Sewer User Charge ³	Utility Bill (Monthly)	Change Over Prior Year	Increase	Storm User Charge ⁵	Utility Bill (Monthly)	Change Over Prior Year				
		Tiered	Serv. + PFP				100CF	Gen Service				Per ERU						
2024		3.80	17.00	\$ 37.33			3.51	21.78	\$ 40.56			10.39	\$ 10.39	\$ 1,059.34		1.58%	2024	
2025	19.79%	4.55	20.36	\$ 44.72	\$ 7.39	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ 88.66	1.71%	2025	
2026	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2026	
2027	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2027	
2028	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2028	
2029	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2029	
2030	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2030	
2031	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2031	
2032	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2032	
2033	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2033	
2034	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2034	
Total Change over planning period					\$ 7.39					\$ -				\$ -	\$ 88.66			

Notes:

1. Current water volumetric rate is \$3.80 per 100 cubic feet for the first 1600 cubic feet monthly
2. The water user charges include a monthly service charge of \$8.40 plus a public fire protection charge of \$8.60 for a 5/8 inch meter.
3. The current Sewer volumetric rate is \$3.51 per 100 cubic feet and a service charge of \$21.78 for 5/8 inch meter.
4. The usage is assumed to be 535 CF per month.
5. The current stormwater rate is \$10.39 per ERU for a Single Family user (plus \$2.13 admin fee per customer)
6. No Sewer or Stormwater Analysis completed to date. Sewer Analysis planned for 2025.

Table 14
Projected Impact of CIP on Typical Residential Utility Bill - Affordability
City of Watertown, WI



Notes:

- 1) Utility Cost taken as a 5-year average of water, wastewater, electric and stormwater bills for an average (5/8"; 3,250 gal./mo.) Residential User.
- 2) City Income Level from U.S. Census Bureau's American Community Survey.
- 3) 11.4% of residential customers are estimated to have less than \$25,000 of income. These households will have spent more than 7.91% of their income under the 5-year average for this plan.



City of Watertown, WI 2024 Water Long-Range Cash Flow Analysis

October 8, 2024 Public Works Meeting

Why are we here?

- Water Utility completing future capital investment & have upcoming 2025 SDWFL to close
- Ehlers to identify fiscal sustainability
- Our Process
 - ✓ Historical Rate Implementation & Performance
 - ✓ Future Projections
 - O&M, Debt Service, Cash Funded Capital
 - Funding Project(s): Debt vs. Cash
 - ✓ Rate Impact analysis



2

PSC Windows of Opportunity to Adjust Rates

Simplified Rate Case ("SRC")

- Once a year and only if eligible
- Eligibility based on time and finances
 - Time: Once a year and w/in 5 years since last CRC
 - Finances: if PSC report indicates that year's SRC rate would not take utility over benchmark ROR

Conventional Rate Case ("CRC")

- Eligible whenever
- PSC will generally want their math



3

Water: Historical Rate Implementation

- Rates were last adjusted in
 - ✓ April 15, 2017 through a CRC
 - ✓ July 16, 2016 through a SRC
- **Ineligible** for SRC
 - ✓ Only opportunity to adjust rates will be a CRC until that is completed and then another 5 year window would be opened for SRCs



4

PSC Math Review

How much revenue should we generate from user rates?

Cash Basis

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Debt Service (P&I)
- + Capital funded from rates
- Less Non-rate Revenue
- = Total Revenue Requirements

Utility Basis - PSC

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Depreciation
- + Rate of Return on Rate Base
- Less Non-Rate Revenue
- = Total Revenue Requirements



5

Water: Historical Rate Performance

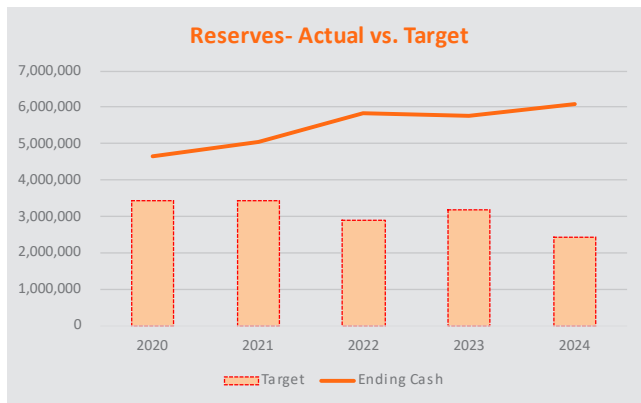
		Shown with no increase				Est	Budget
Component	Revenue Requirement Description	2020	2021	2022	2023	2024	2025
Cash Basis							
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,579,894	\$3,649,805
2	Debt	\$1,331,794	\$1,328,941	\$1,330,123	\$868,016	\$874,420	\$878,183
3	Cash Funded Capital ^a	\$1,544,152	\$1,645,565	\$1,874,648	\$2,052,774	\$1,949,393	\$534,998
Less:							
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500
	Interest Income	\$38,169	\$8,287	\$28,991	\$306,790	\$140,000	\$140,000
	Revenue Requirement (Costs less Other Income)	\$5,274,957	\$5,683,990	\$5,899,244	\$5,238,542	\$6,081,207	\$4,740,486
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790
	Rate Adequacy	(\$32,762)	(\$275,224)	(\$456,454)	\$129,411	(\$638,417)	\$702,304
	Rate Adjustment Needed	0.62%	5.09%	8.39%	0.00%	11.73%	0.00%
Utility Basis (PSC)							
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,579,894	\$3,649,805
2	Depreciation	\$1,034,416	\$1,070,670	\$1,070,083	\$989,522	\$1,009,317	\$1,063,944
	NIRB	\$30,473,640	\$30,311,734	\$30,123,906	\$30,764,399	\$31,503,420	\$32,077,468
	PSC Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%
3	PSC Calculated ROI	\$1,493,208	\$1,485,275	\$1,476,071	\$1,999,686	\$1,984,715	\$1,988,803
Less:							
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500
	Revenue Requirement (Costs less Other Income)	\$4,964,804	\$5,273,716	\$5,269,618	\$5,613,750	\$6,391,427	\$6,520,051
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790
	Rate Adequacy	\$277,391	\$135,050	\$173,172	(\$245,797)	(\$948,637)	(\$1,077,261)
	Rate Adjustment Needed	0.00%	0.00%	0.00%	4.58%	17.43%	19.79%

Notes:
^aIncludes recommended debt coverage at 1.4x annual debt payment

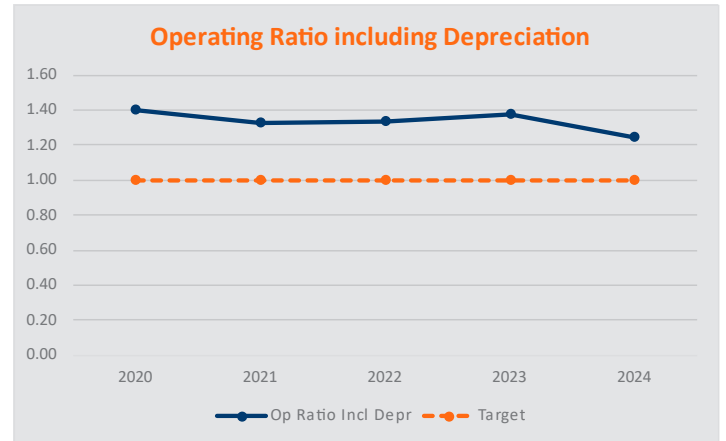
6



Water: Historical Financial Indicators



- Reserve target = 6 months O&M and 1 year debt service



Water rate options

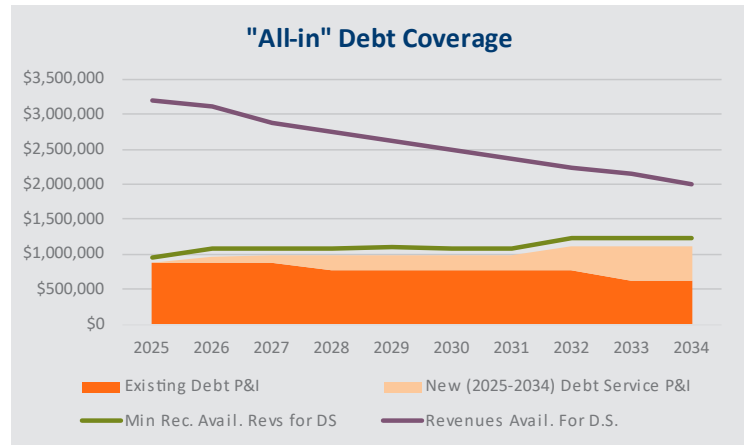
- Simplified: not eligible
- Conventional: even in a scenario with declining ROR, the adjustment needed increases

	Budget	Projected		
	2025	2026	2027	2028
Rate of Return				
Average Utility Plant in Service	48,745,391	50,127,791	51,600,516	53,373,341
Plus: Materials and Supplies	125,322	125,322	125,322	125,322
Less: Avg. Utility Plant Accum. Depreciation	16,793,244	17,688,088	18,460,915	19,217,105
Less: Regulatory Liability	0	0	0	0
Average Net Investment Rate Base (NIRB)	32,077,468	32,565,025	33,264,923	34,281,557
Net Operating Income	911,542	754,623	588,058	412,609
ROR	2.84%	2.32%	1.77%	1.20%
PSC Projected Benchmark	6.20%	6.00%	5.80%	5.60%
Rate Adj. to Benchmark	19.79%	22.03%	24.64%	27.69%



Water: Future Projection (Tables 6-12)

- Utility investing in 19M of added capital 2025-2034
- Can cash fund 9M remainder by debt or outside sources
- LSLs to be discussed later with more factors to be resolved
 - ✓ Left room in reserves to absorb



Water: Future Projection

	Budget 2025	2026	2027	2028	2029	Projected 2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051	\$6,520,051
Percent Increase to User Rates	19.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%	19.79%
Dollar Amount Increase to Revenues	\$1,077,261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenues	\$322,500	\$347,402	\$228,857	\$238,452	\$237,183	\$233,467	\$239,711	\$243,581	\$290,247	\$292,759
Total Revenues	\$6,842,551	\$6,867,453	\$6,748,908	\$6,758,503	\$6,757,235	\$6,753,518	\$6,759,762	\$6,763,632	\$6,810,298	\$6,812,810
Less: Expenses										
Operating and Maintenance ²	\$2,774,305	\$2,857,534	\$2,943,260	\$3,031,557	\$3,122,504	\$3,216,179	\$3,312,665	\$3,412,045	\$3,514,406	\$3,619,838
PILOT Payment	\$875,500	\$906,143	\$937,857	\$970,682	\$1,004,656	\$1,039,819	\$1,076,213	\$1,113,880	\$1,152,866	\$1,193,217
Net Before Debt Service and Capital Expenditures	\$3,192,747	\$3,103,777	\$2,867,791	\$2,756,263	\$2,630,074	\$2,497,519	\$2,370,884	\$2,237,707	\$2,143,026	\$1,999,756
Debt Service										
Existing Debt P&I	\$878,183	\$876,721	\$870,182	\$764,998	\$766,087	\$766,855	\$767,297	\$767,562	\$630,100	\$629,999
New (2025-2034) Debt Service P&I	\$0	\$99,875	\$119,250	\$220,979	\$225,500	\$220,500	\$215,500	\$352,875	\$486,375	\$442,229
Total Debt Service	\$878,183	\$976,596	\$989,432	\$985,977	\$991,587	\$987,355	\$982,797	\$1,120,437	\$1,116,475	\$1,072,228
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements & COI Debt Proceeds	\$1,660,880	\$1,743,300	\$1,596,761	\$2,400,000	\$2,761,595	\$645,000	\$3,011,475	\$1,437,985	\$2,477,963	\$1,710,390
Net Annual Cash Flow	\$2,063,684	\$383,881	\$1,546,598	(\$629,714)	(\$1,123,108)	\$865,164	\$386,612	(\$320,714)	\$53,589	(\$782,862)
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$6,090,172	\$8,153,856	\$8,537,737	\$10,084,334	\$9,454,620	\$8,331,513	\$9,196,677	\$9,583,289	\$9,262,575	\$9,316,164
Net Annual Cash Flow Addition/(subtraction)	\$2,063,684	\$383,881	\$1,546,598	-\$629,714	-\$1,123,108	\$865,164	\$386,612	-\$320,714	\$53,589	-\$782,862
Balance at end of year	\$8,153,856	\$8,537,737	\$10,084,334	\$9,454,620	\$8,331,513	\$9,196,677	\$9,583,289	\$9,262,575	\$9,316,164	\$8,533,302
"All-in" Debt Coverage	3.64	3.18	2.90	2.80	2.65	2.53	2.41	2.00	1.92	1.87
PSC Days Cash on Hand	864	912	1,079	953	816	888	907	817	813	697

Notes:
 1) Assumes no changes in customer count or usage beyond Test Year.
 2) Assumes 3.00% annual inflation beyond budget year.

Legend:
 Simplified Rate Case (projected eligibility)
 Conventional (Full) Rate Case

Water: Impact on Avg. Res. Bill

Year	Water					Sewer					Stormwater				Utility Bill (Annual)	Change Over Prior Year	% of MHI (67,189)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year	Increase	Sewer Vol. Charge ³	Sewer User Charge ³	Utility Bill (Monthly)	Change Over Prior Year	Increase	Storm User Charge ⁵	Utility Bill (Monthly)	Change Over Prior Year				
		Tiered	Serv. + PPP				100CF	Gen Service				Per ERU						
2024		3.80	17.00	\$ 37.33			3.51	21.78	\$ 40.56			10.39	\$ 10.39	\$ 1,059.34		1.58%	2024	
2025	19.79%	4.55	20.36	\$ 44.72	\$ 7.39	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ 88.66	1.71%	2025	
2026	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2026	
2027	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2027	
2028	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2028	
2029	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2029	
2030	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2030	
2031	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2031	
2032	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2032	
2033	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2033	
2034	0.00%	4.55	20.36	\$ 44.72	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ 1,148.00	\$ -	1.71%	2034	
Total Change over planning period					\$ 7.39						\$ -					\$ 88.66		

Notes:

1. Current water volumetric rate is \$3.80 per 100 cubic feet for the first 1600 cubic feet monthly
2. The water user charges include a monthly service charge of \$8.40 plus a public fire protection charge of \$8.60 for a 5/8 inch meter.
3. The current Sewer volumetric rate is \$3.51 per 100 cubic feet and a service charge of \$21.78 for 5/8 inch meter.
4. The usage is assumed to be 535 CF per month.
5. The current stormwater rate is \$10.39 per ERU for a Single Family user (plus \$2.13 admin fee per customer)
6. No Sewer or Stormwater Analysis completed to date. Sewer Analysis planned for 2025.



Water Bill Comparison

Utility Name	County	Utility Class	Min. Quarterly Bill (5/8 in. meter)	9,000 GAL	12,000 GAL	15,000 GAL	Effective Date
Cambridge Municipal Water Utility	Jefferson	D	66.00	189.75	231.00	272.25	5/1/2024
Hustisford Utilities	Dodge	D	68.10	145.95	171.90	197.85	1/1/2013
City of Waukesha Water Utility	Waukesha	AB	48.00	110.10	130.80	151.50	10/1/2023
Waupun Public Utilities	Dodge	C	41.46	105.54	126.90	148.26	5/1/2012
Columbus Water And Light Department	Dodge	C	43.74	104.82	125.18	145.54	2/1/2024
City of Waukesha Water Utility	Waukesha	AB	48.00	100.38	123.09	145.80	10/1/2023
Iron Ridge Municipal Water Utility	Dodge	D	48.00	103.35	121.80	140.25	2/3/2020
Fond Du Lac Water Utility	Fond du Lac	AB	44.00	100.88	119.84	138.80	1/6/2023
Brownsville Water Utility	Dodge	D	44.56	99.01	117.16	135.31	12/31/2021
Lowell Municipal Water And Sewer Utility	Dodge	D	30.00	92.10	112.80	133.50	7/1/2020
Lomira Municipal Water Utility	Dodge	D	30.00	89.85	109.80	129.75	3/22/2024
Lake Mills Light And Water Department	Jefferson	C	34.83	88.74	106.71	124.68	10/1/2023
Theresa Municipal Water And Sewer Utility	Dodge	D	42.00	90.06	106.08	122.10	8/2/2024
Watertown Water Department (TY25 CRC)	Two	AB	30.19	84.81	103.02	121.23	TBD
Waterloo Water And Light Commission	Jefferson	C	38.88	83.61	98.52	113.43	9/1/2023
City of Horicon Water Utility	Dodge	C	31.41	74.79	89.25	103.71	12/1/2023
City of Fox Lake Water Utility	Dodge	D	32.40	73.92	87.76	101.60	12/27/2023
Jefferson Water Utility	Jefferson	C	31.59	72.99	86.79	100.59	1/1/2024
Mayville Municipal Water Utility	Dodge	C	30.00	72.36	86.48	100.60	5/29/2024
Watertown Water Department (Current)	Two	AB	25.20	70.80	86.00	101.20	4/15/2017
Randolph Municipal Water Utility	Dodge	D	30.90	72.12	85.86	99.60	1/2/2020
Juneau Utility Commission	Dodge	D	30.00	68.25	81.00	93.75	7/1/2020
Leroy Sanitary District No 1	Dodge	D	23.55	66.48	80.79	95.10	12/1/2023
City of Oconomowoc Utilities	Waukesha	AB	27.00	64.80	77.40	90.00	9/1/2021
City of Fort Atkinson Water Utility	Jefferson	AB	21.71	62.99	76.75	90.51	7/1/2024
Reeseville Water Utility	Dodge	D	33.30	62.19	71.82	81.45	12/31/2018
Beaver Dam Water Utility	Dodge	AB	18.54	58.02	71.18	84.34	2/1/2020
Whitewater Municipal Water Utility	Jefferson	C	29.40	59.22	71.16	83.10	4/28/2023
Johnson Creek Water Utility	Jefferson	C	37.23	60.09	67.71	75.33	6/28/2024
Sun Prairie Utilities	Dane	AB	29.91	53.31	61.11	68.91	1/1/2024
Town of Portland Sanitary District #1	Dodge	D	29.58	52.62	60.30	67.98	1/15/2008
Village of Palmyra Water and Sewer Utility	Jefferson	D	18.54	46.53	55.86	65.19	12/17/2013
Stevens Point Municipal Water Utility	Portage	AB	29.66	46.94	52.70	58.46	12/1/2021
Clyman Utility Commission	Dodge	D	31.74	46.50	51.42	56.34	8/7/2024

*Sorted largest to smallest by 12,000 Gallons



LSL Replacement Considerations

- Partially or fully funded by EIF (State DNR Program)
- Private Side LSLs cannot be funded by user rates or special assessments
 - ✓ Generally, communities have used GO debt or available cash (outside of grants) and used a loan program to the property getting the work completed
 - ✓ EIF Loan program also has a special revenue pledge (customer loan repayments) for those with GO debt capacity concerns



13

Recommendations & Next Steps

- File a Conventional Rate Case Application for Test Year 2025, in preparation for 2025 SDWFL
- Consider inflationary increases as needed in future years
- Future considerations for Phase 2:
 - ✓ PILOT discussion
 - ✓ Mixed use of cash and debt (abated with revenues of the water utility) for future projects outlined in CIP



TONIGHT's ACTION: Consensus on water rate approach

Questions?



15



City of Watertown, WI

2024 Water Rate Study

Phase 2: PSC CRC Application & LRCFA

November 12, 2024 Public Works Committee

Why are we here?



Phase 1 completed 10/2024: Initial Long-Range Cash Flow Analysis



Phase 2: Ehlers completes PSC CRC Application



Ehlers presents initial results of application



Action tonight: consensus to file application



Water: Historical Rate Implementation

- Rates were last adjusted in
 - ✓ April 15, 2017 through a CRC
 - ✓ July 16, 2016 through a SRC
- **Ineligible** for SRC
 - ✓ Only opportunity to adjust rates will be a CRC until that is completed and then another 5 year window would be opened for SRCs



Water Rate Application Initial Results

		Shown with no increase					Est	Budget	Test Year
Component	Revenue Requirement Description	2020	2021	2022	2023	2024	2025	2025	
Cash Basis									
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,467,350	\$3,523,415	\$3,371,327	
2	Debt	\$1,331,794	\$1,328,941	\$1,330,123	\$868,016	\$874,420	\$903,542	\$1,406,181	
3	Cash Funded Capital ^A	\$1,544,152	\$1,645,565	\$1,874,648	\$2,052,774	\$1,949,393	\$535,142	\$535,142	
Less:									
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500	\$170,000	
	Interest Income	\$38,169	\$8,287	\$28,991	\$306,790	\$140,000	\$140,000	\$140,000	
	Revenue Requirement (Costs less Other Income)	\$5,274,957	\$5,683,990	\$5,899,244	\$5,238,542	\$5,968,663	\$4,639,598	\$5,002,650	
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790	\$5,329,760	
	Rate Adequacy	(\$32,762)	(\$275,224)	(\$456,454)	\$129,411	(\$525,873)	\$803,192	\$327,111	
	Rate Adjustment Needed	0.62%	5.09%	8.39%	0.00%	9.66%	0.00%	0.00%	
Utility Basis (PSC)									
1	O&M and PILOT	\$2,601,384	\$2,928,980	\$2,930,493	\$2,852,645	\$3,467,350	\$3,523,415	\$3,371,327	
2	Depreciation	\$1,034,416	\$1,070,670	\$1,070,083	\$989,522	\$1,009,317	\$1,151,722	\$1,065,720	
	NIRB	\$30,473,640	\$30,311,734	\$30,123,906	\$30,764,399	\$31,503,420	\$35,580,179	\$30,930,918	
	PSC Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%	6.20%	
3	PSC Calculated ROI	\$1,493,208	\$1,485,275	\$1,476,071	\$1,999,686	\$1,984,715	\$2,205,971	\$1,917,717	
Less:									
	Other Revenue	\$164,204	\$211,209	\$207,029	\$228,103	\$182,500	\$182,500	\$170,000	
	Revenue Requirement (Costs less Other Income)	\$4,964,804	\$5,273,716	\$5,269,618	\$5,613,750	\$6,278,883	\$6,698,608	\$6,184,764	
	User Rates Revenue	\$5,242,195	\$5,408,766	\$5,442,790	\$5,367,953	\$5,442,790	\$5,442,790	\$5,329,760	
	Rate Adequacy	\$277,391	\$135,050	\$173,172	(\$245,797)	(\$836,093)	(\$1,255,818)	(\$855,004)	
	Rate Adjustment Needed	0.00%	0.00%	0.00%	4.58%	15.36%	23.07%	16.22%	

Notes: ^AIncludes recommended debt coverage at 1.4x annual debt payment

Water: Future Projection Initial PSC App.

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$6,325,761	\$6,325,761	\$6,325,761	\$6,325,761	\$6,325,761	\$6,515,533	\$6,710,999	\$6,710,999	\$6,710,999	\$6,710,999
Percent Increase to User Rates	16.22%	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	16.22%	16.22%	16.22%	16.22%	16.22%	19.71%	23.30%	23.30%	23.30%	23.30%
Dollar Amount Increase to Revenues	\$882,971	\$0	\$0	\$0	\$0	\$189,773	\$195,466	\$0	\$0	\$0
Total Other Revenues	\$322,500	\$345,537	\$223,999	\$229,170	\$223,439	\$217,221	\$221,944	\$225,309	\$252,785	\$254,289
Total Revenues	\$6,648,261	\$6,671,297	\$6,549,759	\$6,554,930	\$6,549,199	\$6,732,754	\$6,932,943	\$6,936,308	\$6,963,784	\$6,965,288
Less: Expenses										
Operating and Maintenance ²	\$2,774,305	\$3,257,534	\$3,355,260	\$3,455,917	\$3,159,595	\$3,254,383	\$3,352,014	\$3,452,575	\$3,556,152	\$3,662,837
PILOT Payment ³	\$749,110	\$771,584	\$794,731	\$818,573	\$843,130	\$868,424	\$894,477	\$921,311	\$948,950	\$977,419
Net Before Debt Service and Capital Expenditures	\$3,124,846	\$2,642,180	\$2,399,769	\$2,280,440	\$2,546,474	\$2,609,947	\$2,686,452	\$2,562,423	\$2,458,682	\$2,325,032
Debt Service										
Existing Debt P&I	\$878,183	\$876,721	\$870,182	\$764,998	\$766,087	\$766,855	\$767,297	\$767,562	\$630,100	\$629,999
New (2025-2034) Debt Service P&I	\$25,358	\$516,665	\$535,999	\$637,686	\$642,164	\$637,121	\$632,077	\$769,408	\$902,862	\$858,670
Total Debt Service	\$903,542	\$1,393,386	\$1,406,181	\$1,402,684	\$1,408,251	\$1,403,976	\$1,399,374	\$1,536,969	\$1,532,962	\$1,488,669
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements & COI Debt Proceeds	\$15,681,680	\$1,743,300	\$1,596,761	\$2,400,000	\$2,761,595	\$645,000	\$3,011,475	\$1,437,985	\$2,477,963	\$1,710,390
	\$15,430,800	\$0	\$1,265,000	\$0	\$0	\$0	\$2,010,000	\$0	\$1,505,000	\$0
Net Annual Cash Flow	\$1,970,425	(\$494,506)	\$661,826	(\$1,522,244)	(\$1,623,372)	\$560,971	\$285,603	(\$412,532)	(\$47,243)	(\$874,026)
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$6,090,172	\$8,060,597	\$7,566,091	\$8,227,917	\$6,705,673	\$5,082,301	\$5,643,271	\$5,928,874	\$5,516,343	\$5,469,100
Net Annual Cash Flow Addition/(subtraction)	\$1,970,425	-\$494,506	\$661,826	-\$1,522,244	-\$1,623,372	\$560,971	\$285,603	-\$412,532	-\$47,243	-\$874,026
Balance at end of year	\$8,060,597	\$7,566,091	\$8,227,917	\$6,705,673	\$5,082,301	\$5,643,271	\$5,928,874	\$5,516,343	\$5,469,100	\$4,595,073
"All-in" Debt Coverage	3.46	1.90	1.71	1.63	1.81	1.86	1.92	1.67	1.60	1.56
PSC Days Cash on Hand	845	672	728	548	441	488	505	433	424	322

Notes:
 1) Assumes no changes in customer count or usage beyond Test Year.
 2) Assumes 3.00% annual inflation beyond budget year.

Legend:
 Simplified Rate Case (projected eligibility)
 Conventional (Full) Rate Case

Water: Impact on Avg. Res. Bill

Year	Water					Sewer					Stormwater				Utility Bill (Annual)	Change Over Prior Year	% of MHI (67,189)	Year		
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year	Increase	Sewer Vol. Charge ³	Sewer User Charge ³	Utility Bill (Monthly)	Change Over Prior Year	Increase	Storm User Charge ⁵	Utility Bill (Monthly)	Change Over Prior Year						
2024		Tiered 3.80	Serv. + PFP 17.00	\$ 37.33			100CF 3.51	Gen Service 21.78	\$ 40.56			Per ERU 10.39	\$ 10.39		\$ 1,059.34			2024		
2025	16.22%	4.42	19.76	\$ 43.39	\$ 6.06	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,132.01	\$ 72.67	1.68%	2025		
2026	0.00%	4.42	19.76	\$ 43.39	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,132.01	\$ -	1.68%	2026		
2027	0.00%	4.42	19.76	\$ 43.39	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,132.01	\$ -	1.68%	2027		
2028	0.00%	4.42	19.76	\$ 43.39	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,132.01	\$ -	1.68%	2028		
2029	0.00%	4.42	19.76	\$ 43.39	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,132.01	\$ -	1.68%	2029		
2030	3.00%	4.55	20.35	\$ 44.69	\$ 1.30	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,147.63	\$ 15.62	1.71%	2030		
2031	3.00%	4.69	20.96	\$ 46.03	\$ 1.34	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,163.72	\$ 16.09	1.73%	2031		
2032	0.00%	4.69	20.96	\$ 46.03	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,163.72	\$ -	1.73%	2032		
2033	0.00%	4.69	20.96	\$ 46.03	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,163.72	\$ -	1.73%	2033		
2034	0.00%	4.69	20.96	\$ 46.03	\$ -	0.00%	3.51	21.78	\$ 40.56	\$ -	0.00%	10.39	\$ 10.39	\$ -	\$ 1,163.72	\$ -	1.73%	2034		
Total Change over planning period															\$ 8.70	\$ -	\$ -	\$ 104.38		

Notes:
 1. Current water volumetric rate is \$3.80 per 100 cubic feet for the first 1600 cubic feet monthly.
 2. The water user charges include a monthly service charge of \$8.40 plus a public fire protection charge of \$8.60 for a 5/8 inch meter.
 3. The current Sewer volumetric rate is \$3.51 per 100 cubic feet and a service charge of \$21.78 for 5/8 inch meter.
 4. The usage is assumed to be 535 CF per month.
 5. The current stormwater rate is \$10.39 per ERU for a Single Family user (plus \$2.13 admin fee per customer)
 6. No Stormwater Analysis completed to date. Sewer Analysis planned for 2025.



Water Rate Comparison

Utility Name	County	Utility Class	Min Quart Bill (5/8 Inch meter)	6000 GAL	12000 GAL	15000 GAL	Effective Date
Cambridge Municipal Water Utility	Jefferson	D	66	148.5	231	272.25	5/1/2024
City of Waukesha Water Utility	Waukesha	AB	60.00	115.98	171.96	199.95	10/1/2024
Hustisford Utilities	Dodge	D	68.1	120	171.9	197.85	1/1/2013
Waupun Public Utilities	Dodge	C	41.46	84.18	126.90	148.26	5/1/2012
Waupun Public Utilities	Fond du Lac	C	41.46	84.18	126.90	148.26	5/1/2012
Columbus Water And Light Department	Dodge	C	43.74	84.46	125.18	145.54	2/1/2024
Iron Ridge Municipal Water Utility	Dodge	D	48	84.9	121.8	140.25	2/3/2020
Fond Du Lac Water Utility	Fond du Lac	AB	44.00	81.92	119.84	138.80	1/6/2023
Brownsville Water Utility	Dodge	D	44.56	80.86	117.16	135.31	12/31/2021
Lowell Municipal Water And Sewer Utility	Dodge	D	30	71.4	112.8	133.5	7/1/2020
Lomira Municipal Water Utility	Dodge	D	30	69.9	109.8	129.75	3/22/2024
Village of Oakfield Municipal Water Utility	Fond du Lac	D	29.58	68.7	107.82	127.38	1/1/2018
Lake Mills Light And Water Department	Jefferson	C	34.83	70.77	106.71	124.68	10/1/2023
Theresa Municipal Water And Sewer Utility	Dodge	D	42	74.04	106.08	122.1	8/2/2024
Watertown Water Department (CRC, 16.22%)	Dodge	AB	58.11	80.77	103.44	114.77	TBD
Waterloo Water And Light Commission	Jefferson	C	38.88	68.70	98.52	113.43	9/1/2023
Village of Sussex Water Public Utility	Waukesha	C	39.00	66.30	93.60	107.25	12/26/2019
City of Horicon Water Utility	Dodge	C	31.41	60.33	89.25	103.71	12/1/2023
City of Pewaukee Water Utility	Waukesha	C	30.00	58.50	87.00	101.25	3/1/2024
Jefferson Water Utility	Jefferson	C	31.59	59.19	86.79	100.59	1/1/2024
Mayville Municipal Water Utility	Dodge	C	30.00	58.24	86.48	100.60	5/29/2024
Watertown Water Department	Dodge	AB	25.20	55.60	86.00	101.20	4/15/2017
Watertown Water Department	Two	AB	25.2	55.6	86	101.2	4/15/2017
Randolph Municipal Water Utility	Dodge	D	30.9	58.38	85.86	99.6	1/2/2020
Juneau Utility Commission	Dodge	D	30	55.5	81	93.75	7/1/2020
Leroy Sanitary District No 1	Dodge	D	23.55	52.17	80.79	95.1	12/1/2023
City of Oconomowoc Utilities	Waukesha	AB	28.11	54.33	80.55	93.66	10/1/2024
City of Fort Atkinson Water Utility	Jefferson	AB	21.71	49.23	76.75	90.51	7/1/2024
Ripon Water Utility	Fond du Lac	C	25.50	49.90	74.30	86.50	9/1/2024
Beaver Dam Water Utility	Dodge	AB	18.54	44.86	71.18	84.34	2/1/2020
Johnson Creek Water Utility	Jefferson	C	37.23	52.47	67.71	75.33	6/28/2024
North Fond Du Lac Water Utility	Fond du Lac	C	23.18	40.82	58.46	67.28	1/1/2016
Clyman Utility Commission	Dodge	D	31.74	41.58	51.42	56.34	8/7/2024

Sorted by 12 kgal consumption column

7

Recommendations

- File CRC Application for Test Year 2025 at benchmark ROR
 - Not eligible for SRC based on Class restriction
- PSC CRC Rate Proceedings ESTIMATED Timeline:
 - Audit: 2-3 months (~January 2025)
 - Public Hearing: 4-5 months (to be held around March-April 2025)
 - Implementation: 6 months (rate order around late April 2025)
 - *Subject to PSC timing*



TONIGHT's ACTION: Consensus on water rate application approach.

8







WATER UTILITY RATE STUDY PROPOSAL

Village of Kimberly, Wisconsin

December 18, 2024

SUBMITTED BY:

KerberRose SC
Greg Pitel, CPA
Shareholder

487 Riverwood Lane
Green Bay, WI 54313
920.434.7310

Greg.Pitel@kerberrose.com

Table of Contents

Table of Contents.....	2
Executive Summary	3
Firm Qualifications and Experience.....	5
Audit Team Qualifications	7
Scope of Services	8
Appendices	9
<i>A - Total Dollar Cost</i>	
<i>B - Biographies</i>	



KerberRose SC
487 Riverwood Lane
Green Bay, WI 54313
P: 920.434.7310
KerberRose.com

December 18, 2024

Ms. Danielle Block
Administrator/Director of Public Works
Village of Kimberly, Wisconsin

Dear Ms. Block:

Thank you for the opportunity to submit a proposal for assisting with a water utility rate study for the Village of Kimberly, Wisconsin. At KerberRose, we understand the importance of selecting a firm with proven expertise and experience to provide quality, timely services. As a full-service firm providing audit, accounting, management consulting, information technology, and other specialized services; we are especially well-qualified to serve the Village. Our proposal is based on our substantial experience with governmental entities, especially those with utilities that are both nonregulated and regulated by the Public Service Commission of Wisconsin. Based on this experience, we believe our proposal will establish KerberRose as a firm possessing the talent necessary to address your rate study needs.

As a governmental entity responsible for the provision of a full range of services, including public safety (police and fire), street maintenance, Water and sewer utilities, sanitation, parks and recreation, planning, zoning, assessing, building inspections, municipal court, financial management, and general administrative services, KerberRose understands the Village has distinctive needs. We are eager to prove how KerberRose can help you address these needs.

Key factors of our expertise, quality of work and culture which distinguish our firm are:

- **Trusted people who will serve the Village of Kimberly.** We believe consulting excellence is derived from great communication and positive relationships. KerberRose's people-first philosophy ensures our services are built on developing trusted relationships with our clients. We pride ourselves in the services we deliver and the way we deliver them; we were founded on the principles of providing proactive, attentive compliance and consulting services to the people and businesses in our local communities—and we remain committed to this goal today.
- **Experience of the engagement team.** At KerberRose, we bring knowledge, experience and insight to every project. This means our clients and their stakeholders have confidence in the results of a KerberRose engagement and trust the information they are relying on to make critical decisions. The biographies of our trusted experts are included with this proposal, and we comprehensively offer more than 60 years of hands-on governmental audit experience with specialization in consultation agreements, financial statements and reports, assurance, ERP system consulting, quality control and peer reviews.

- **Investment.** As a governmental entity, we understand your need to control costs and be cost-effective without sacrificing quality and timeliness. Our lower overhead is reflected in our rates and investment structure.
- **Communication.** Communication is integral to the success of any consulting service. As a local firm, we understand the importance of personal communication with our clients. Consequently, our responsive advisors communicate regularly throughout every step of the audit or consulting process.

We understand the scope of the work to be performed for the Village to include water utility rate study during the year 2025 and other applicable services and deliverables described in more detail on page 8; we are committed to executing the above services within a mutually agreeable timeframe.

We sincerely appreciate the opportunity to submit this proposal and look forward to discussing our approach to providing the Village with proactive, quality solutions in more detail. The information in this proposal explains KerberRose's tailored approach to delivering the services you ask, and information which we believe will help you make your decision. If you require any additional information or have questions regarding this proposal, please contact me at 715-318-7737 or greg.pitel@kerberrose.com.

Sincerely,

KerberRose S.C.

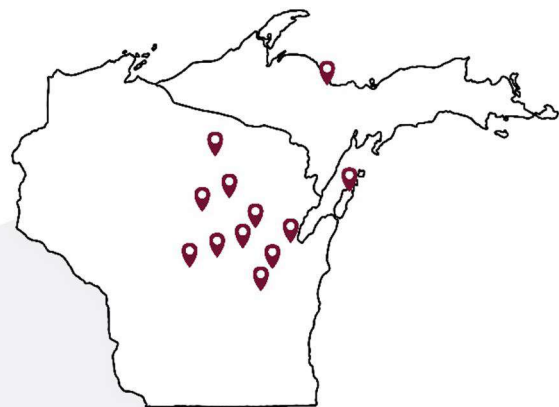
A handwritten signature in black ink, appearing to read "Greg Pitel", with a stylized flourish at the end.

Greg Pitel, CPA
Shareholder

Firm Qualifications

Profile of KerberRose

KerberRose S.C. is a Wisconsin-based service corporation. We are a full-service regional firm of certified public accountants and management consultants providing audit, accounting, tax, information technology, payroll, consulting, human resource, strategic planning and investment advisory services. Our roots began in the Village of Shawano, WI, in the late seventies, and we have been providing Trusted Advisor services since 1979. By providing quality, timely services to our clients, our firm has grown to include more than 180 team members located in 12 offices in Antigo, Appleton, Clintonville, Green Bay, Oshkosh, Rhinelander, Sister Bay, Shawano, Stevens Point, Wausau, Wisconsin Rapids, and Marquette, MI.



KerberRose combines the expertise of a leading regional firm with the convenience, familiarity and passion of a local provider. We are different from most, if not all, of our competitors and what makes us different is we are a niche firm. As such, we attract highly-talented people and offer more services than smaller firms; at the same time, our smaller and less-complex organizational structure allows us to be more cost-effective than larger firms. Our values – Honesty, Integrity, Respect, Balanced Life, Community Oriented – dictate a high-level of personal involvement when addressing our client’s needs. As a result, when our Trusted Advisors conduct audits, partners or managers are on-site during a significant portion of the fieldwork to ensure an accurate and timely audit process. We believe our clients are attracted to this personal approach, allowing relationships to develop.

To enhance our ability to serve our clients, KerberRose became a member of PrimeGlobal, a global association of independent accounting firms. PrimeGlobal is the third largest association of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to their clients.

Financial statement audits of governmental, employee benefit plans, and business entities represent a critical portion of the many audits performed by CPAs each year. The American Institute of Certified Public Accountants (AICPA) is committed to helping its members achieve the highest standards in performing quality audits. To help CPAs meet the challenges of performing quality audits in this unique and complex area, the AICPA launched the Governmental Quality Audit Center, which is a firm-based voluntary membership Center for firms that perform these types of audits. KerberRose S.C. is one of the original members of the Quality Center.

The Center’s primary purpose is to promote the quality of audits. To meet this overall goal, the Center:



- Creates a community of firms which demonstrate a commitment to audit quality.
- Serves as a comprehensive resource provider for member firms.
- Provides information about the Center’s activities to other stakeholders.
- Raises awareness about the importance of audits.
- Provide Center members with an online forum tool for sharing best practices as well as discussions on audit, accounting, and regulatory issues.

KerberRose's Qualifications and Experience

Experience with Tax Increment Districts, Community Development Authorities, and Utilities

Tax Increment Districts

KerberRose has widespread experience with the audits of Tax Increment Districts (TIDs) as part of our audit experience with cities throughout Wisconsin. We approach the TIDs with additional procedures each year so that information is audited and gathered during each year's audit. When the time aligns for the 30 percent expenditure audit, end of expenditure period audit and final closing audit for each TID, the audit process involves limited procedures if we have records of testing the information previously. Additionally, we have worked in conjunction with financial consultants on TID related plans and assistance. Our firm has the expertise and resources to provide consultation and support as needed in relation to the Village's TID financing activities.

Community Development Authorities

KerberRose strives to ensure the financials reflect development agreements accurately and capture the essence of these development agreements. We read through developer agreements and ask follow-up questions to management to accurately record financial transactions in conjunction with Generally Accepted Accounting Principles in the United States of America.

Utilities, Rate Studies and Plant Expansions

KerberRose works with municipal utilities to achieve a desirable rate structure that supports the Utility's operating and capital improvement plan objectives, as well as benefits the rate payer. Our most recent Water rate study involved a unique case of a new Water Utility operation to the Village of Maine, Wisconsin. We successfully advocated a zero percent rate of return with the Wisconsin Public Service Commission (PSC) after demonstrating our knowledge of the Utility's operations and effectively communicating with the PSC. Similar engagements that KerberRose has worked on in the past are noted below:

Village of Maine – assisted the Village with a 2020 Water utility rate study.

Village of Shiocton – assisted the Village with a 2020 Water utility rate study.

Village of Iola – assisted the Village with a 2021 Water utility rate study.

City of Marinette – assisted the Village with a 2021 sewer utility rate study.

Village of Whiting – assisted the Village with a 2023 Water rate study

City of Crandon – assisted the City with water rate studies in 2022-2023.

Audit Team Qualifications

Assigned Partners, Managers and In-charge



GREG PITEL, CPA
Engagement Partner – Water Utility Rate Study

Greg will serve as the partner responsible for the services to be provided to the Village.

As the engagement partner for the study Greg will have the following responsibilities:

- Overall direction of the Water study, including attending meetings with the Village, establish utility rate timeline and process, and coordinate expectations on scope of services as listed in the request for proposal.
- Selection and direction of the resources of the firm necessary for the success of the engagements.
- Assurance of the technical quality of the final reports.
- Review all work performed by members of the engagement team, including the documentation obtained to arrive at the recommended conclusions.
- Presentation to the board and utility commission.



DAVID MINCH, CPA
Resource Partner

The resource partner is responsible for any consultation required on the engagement as well as assuring technical quality in the final reports.



ETHAN HOFFMAN, CPA
Engagement Manager

The engagement manager is responsible for carrying out the determined analysis and plan as determined by the rate study team, along with input from the Village and Utility. Ethan will work hand in hand with the Village to obtain information and documentation to perform the thorough analysis to provide recommendations to the Village and Utility.

Please refer to the resumes included in Appendix B of this proposal to learn more about your assigned partners and in-charge.

Scope of Services for the Village of Kimberly Water Utility Rate Study

We understand the Village is requesting the following services:

- Prepare and submit a detailed list and time schedule of tasks, information requirements, review, meetings, and submission of report.
- Collect and provide all information necessary to complete the PSC application and respond to PSC staff inquiries
- Suggest rate structure changes if appropriate
- Application submitted two weeks after Board approval to file
- Attend public hearing and approval of recommended Water rates as PSC schedules

APPENDIX A



FEE SCHEDULE – WATER RATE STUDY

Our fees are based on the amount of time required to complete an assignment and the level of personnel assigned. We render interim billings as work progresses and a final billing at the conclusion of each engagement.

Our fees are based on the assumption that the accounting records and other reports needed for analysis will be readily available and that we will receive assistance from your personnel in obtaining such information.


If requested, we will provide additional services to the Utility and provide the Utility with a cost estimate prior to undertaking the tasks. These services will be billed at the standard hourly rate as indicated below.

Also, please be assured that although the following are our maximum estimated fees for each year based on the information we received, our fees may be less if we incur less time and costs while performing the services for the Utility.

The all-inclusive fee for the study is noted below:

	2025
All Inclusive Water Utility Rate Study Cost	\$5,000 - \$7,500

As Shareholder at KerberRose, I am authorized to submit this proposal and authorized to contract with the Village of Kimberly.



Greg Pitel, CPA



APPENDIX B



Greg Pitel, CPA

Shareholder, State and Local Government

✉ greg.pitel@kerberrose.com

☎ (715) 526-9400



Profile

Greg has more than 17 years of governmental accounting and auditing experience. He specializes in providing services to governmental entities, including audits, accounting services, and various consulting services.

Education

- University of Wisconsin, Green Bay, Bachelor of Science in Accounting and Business Administration

Industry Involvement

- AICPA – American Institute of Certified Public Accountants
- WICPA – Wisconsin Institute of Certified Public Accountants

Greg oversees the completion of audits for a variety of Wisconsin municipalities and school districts. He prepares financial statements and reports for the Wisconsin Department of Public Instruction, Public Service Commission of Wisconsin, and other state agencies. In addition, he prepares water and sewer rate studies for local utilities and provides recommendations on rate structure. Greg has worked with a variety of governments across Wisconsin. Greg brings a consultative approach to governmental entities by listening to their challenges and finding customized solutions through a variety of capabilities, including assurance, compilation, outsourcing, and advisory services.

Personal Interests

Whether it's an early, sun-filled morning on the water in July, or a frigid day on the ice in January, Greg enjoys fishing for walleye and whitefish. He also enjoys camping and spending as much time outdoors as possible with his wife, two daughters, and three dogs.

David Minch, CPA

Shareholder, State and Local Government

✉ david.minch@kerberrose.com

☎ (920) 993-0105



Profile

David has 10 plus years of governmental accounting and auditing experience. His specializations include: providing services to governmental entities, including audits, accounting services and various consulting services.

Furthermore, he oversees the completion of audits for a variety of Wisconsin municipalities, school districts, and governments. Additionally, he prepares financial statements and reports for the Wisconsin Department of Public Instruction, Public Service Commission of Wisconsin, and other state agencies. David has also worked with clients on implementing internal control systems, efficiency studies and fraud investigations. He brings a consultative approach to governmental entities by listening to their challenges and finding customized solutions through a variety of capabilities, including assurance, compilation, outsourcing, and advisory services.

Education

University of Wisconsin, River Falls – Bachelor of Science in Accounting and Business Administration.

Industry Involvement

- AICPA
- WICPA

Community Involvement

- Treasurer for Ripon Area Youth Wrestling Club
- Finance Committee Member for First Congregational Church of Ripon
- Committee Chair for Ripon Cub Scout Pack
- Coach for various youth sports teams

Personal Interests

Outside of work, you can find David on the water fishing, in a duck blind, sitting in a deer stand, or on a ball field coaching youth sports. His family has a passion for the outdoors and he enjoys spending as much time as possible outside with his wife, son, two daughters and the family dog Zeek.

Ethan Hoffman, CPA

Manager, State and Local Government

✉ ethan.hoffman@kerberrose.com

☎ (920) 993-0105



Profile

Ethan has more than three years of experience in public accounting and has been with KerberRose for more than three years. He specializes in providing financial accounting and auditing services to state and local government entities. These services include, but are not limited to: providing services for clients which are subject to Government Auditing Standards, Uniform Guidance audit requirements, State Single Audit Guidelines and Wisconsin Department of Public Instruction (DPI) audit requirements. Examples of performed work include: preparation of PSC Report, Form C, as well as preparation of financial statements, Single Audits and other State Financial Report Forms for government entities.

Education

- Ripon College—Bachelor of Arts in Business Management, Minor in Sports Management
- University of Wisconsin - Green Bay—Continuing education in Accounting

Industry Involvement

- AICPA—American Institute of Certified Public Accountants
- WICPA—Wisconsin Institute of Certified Public Accountants

Continuing Professional Education

- School District Audit Conference
- AuditSense Training Program
- Audit Boot Camp
- DPI—Choice and SNSP Annual Audit Training
- Minimum of 40 credit hours of continuing professional education annually

Personal Interests

Ethan enjoys spending time with family and friends and enjoys the outdoors in his free time. He is an active hunter and fisherman, and also enjoys playing in various sports leagues, such as golfing and disc golf. Ethan also enjoys working with his hands by fixing and completing projects around the house.

Your Trusted Advisor™ | www.kerberrose.com



Accounting | Advisory | Audit & Assurance | Payroll | Retirement Plans | Tax | Human Resources | Wealth Management | Technology

Proposal—2025 Village of Kimberly Water Rate Study

Village of Kimberly, Wisconsin



Submitted by Trilogy Consulting, LLC

December 18, 2024

Table of Contents



Firm Overview / Qualifications	3
Staff Qualifications	5
Recent Experience	10
Scope of Services	13
Project Timeline	18
Fees	19
References	20

Firm Overview & Qualifications



Trilogy Consulting, LLC offers local governments and utilities an objective, independent perspective on planning, administrative and financial issues. Our core services include sewer, storm water and water user charge rate studies and financial plans; utility customer demand studies; funding for capital improvement plans; economic feasibility studies; ordinance preparation; intergovernmental cooperation studies and agreements; impact fees and public facilities needs assessments; and specialized economic and policy analysis.

Trilogy was formed in November 2011 and is jointly owned by our principals, Erik Granum and Christine DeMaster. Erik and Christine have 44 years of experience working with dozens of municipalities on a wide variety of issues related to managing, operating, regulating and funding local government infrastructure and services, particularly sanitary sewer service, water service and stormwater management. We do not have any additional staff at this time, so all of our consulting services are provided by our principals. As owners of the company, we are passionate about providing excellent customer service and the highest quality work.

Trilogy Consulting, as well as each of our principals, is a registered municipal advisor with the Securities Exchange Commission and Municipal Securities Rulemaking Board. This registration is required for professionals offering advice regarding the potential issuance of municipal securities to finance capital improvements. As registered municipal advisors, we provide independent advice to our client communities regarding potential funding and financial plans. Both Christine and Erik have taken and passed the Series 50 Exam for Municipal Advisor Representatives and the Series 54 Exam for Municipal Advisor Principals.

Both Erik and Christine are members of the national and Wisconsin chapter of the American Water Works Association, with Christine serving on the AWWA Rates and Charges Committee and a sub-committee charged with developing recommendations for utility reserve policies. Additionally, both Erik and Christy served on the Review Committee for the Wisconsin Public Service Commission (PSC) Docket 5-WI-104, which was a PSC-sponsored docket evaluating alternative methodologies in determining appropriate costs and rates for public fire protection in Wisconsin. Christine is the current Chair of the Finance Committee for the Wisconsin section of AWWA.

Our general approach to this study will be to conduct a thorough review of the current utility finances and their supporting rates; independently compile and analyze the relevant system data, customer data, and financial data and develop recommendations for a long term financial plan; update cost of service allocations and analyze rate structures; prepare reports and presentations of our recommendations for Village staff and the Village Board; and support the Village throughout the Public Service Commission water rate case process. Our goal with this study will be to develop a financial plan and rate structure that are sound and equitable based on the characteristics of the utility and its customers and accomplish the desired policy objectives of the Village. In order to achieve this goal, our work plan includes both rigorous data analysis and a collaborative process of working with Village staff.

In particular, we want to emphasize that our approach includes preparing a detailed cost-of-service analysis. It is important to perform a cost of service analysis in order to ensure that rates for water are reason-

Firm Overview & Qualifications



ble, fair and defensible, and that charges for service reflect the cost of providing that service to utility customers. We perform this analysis in the vast majority of the studies we undertake and highly encourage municipalities to update these studies when considering a rate increase so that rates always reflect the most recent utility cost structure and customers are fairly charged. While water utilities are not required to prepare their own cost of service study to obtain a water rate increase from the Public Service Commission, it is beneficial to do so in order to understand the impacts of a proposed rate increase on different classes of customers, particularly if a utility is considering requesting a change in rate structure.

In reviewing the Village's most recent rate case and PSC reports, it was noted that while all expenses increased since the time of the last rate case, O&M expenses showed the greatest increase, around 50%. While an increase in water sales have offset that to some degree, the utility's financial position, including reserves, does indicate an increase in rates will be necessary.

Specific to the requirements of this proposal, Trilogy's experience includes:

- Preparing dozens of rate studies and financial plans for municipal utilities.
- Experience with financial plans and rate studies for utilities similar to Kimberly, such as Grafton, Cottage Grove, Hudson, Fort Atkinson, River Falls, and New Richmond, Wisconsin.
- Experience working with state regulatory agencies in a variety of situations, including obtaining approval for new rate-setting approaches and contested rate cases.
- Preparing water cost of service rate studies using the proper techniques for cost allocation with the base-extra capacity method.
- Detailed analysis of monthly, week, daily and/or hourly water use data for sampled customers or customer classes to develop seasonal rates, irrigation rates, and inclining block rates tied closely to actual customer demand patterns and extra capacity needs.
- Implementation of a wide variety of water rate structures including conservation rates, outdoor irrigation rates, wholesale rates, inclining block rates, and separate rates for different customer classes based on analysis of customer demand patterns by class (peaking ratios, seasonality, etc).
- Preparing long-range financial plans for utilities that incorporate forecasts of changes in customer demand and expenses, alternative funding plans for capital improvements, existing and recommended cash reserve levels, debt service, and debt coverage, in order to forecast future rate increases and test the sensitivity of changes in capital financing, customer demand and other variables.

Staff Qualifications



Erik Granum, Principal and Senior Consultant, has 17 years of experience in municipal consulting and sewer and water rate consulting. He will be the Project Manager and primary contact for this project. His specialized areas of expertise include customer demand analysis; cost of service studies; policy analysis related to user charge rate structures; and developing new user charge rate structures.

Christine DeMaster, Principal and Senior Consultant, has 27 years of experience in municipal consulting and sewer and water rate consulting. She will provide supporting analysis for this project. Her specialized areas of expertise include cost of service allocation; policy analysis and analysis of rate structures; facilitating workshops with elected officials; public education and information; and ordinance writing.

Detailed resumes for our staff are included on the following pages.

Erik A. Granum

Principal / Senior Consultant

169 E. Wisconsin Ave., Suite R
Oconomowoc, WI 53066
Phone: 920-723-2169
Fax: 262-436-2102
Email: egranum@trilogy-llc.com



Erik has been working in the field of municipal and utility consulting since 2007, performing a wide variety of financial, economic and planning-related consulting services. His philosophy to municipal consulting is to provide an objective, fair and independent perspective for the client, while recognizing the political difficulties in public policy decision-making. He excels in developing alternative scenarios that meet the objectives of the municipality, while being reasonable and defensible for government decision makers that are held accountable to the residents and businesses in their communities.

Erik believes in providing local government officials and decision-makers recommendations that are based on the best available information so that public policy is sound, fair and logical. His passions lie in using available data and interpreting it into something that is understandable and has a positive real impact on communities.

Education:

- Master's of Urban Planning, University of Wisconsin—Milwaukee, 2009
- Bachelor of Business Administration, Marketing & Operations Management, University of Wisconsin—Whitewater, 2004

Professional Affiliations:

- American Water Works Association, Wisconsin Chapter

Professional Certification:

- Municipal Securities Rulemaking Board Series 50 and 54 Exams

Experience & Expertise

- Water and Sewer Rate Studies
- Cost-of-Service Rate Studies
- Specialized Rate Design, including Conservation Water Rates and High-Strength Sewer Rates
- Capital Cost Allocation
- Storm Water Utility Rate Studies and Development
- Public Facilities Needs Assessments and Impact Fee Studies
- Utility Creation and Acquisition Feasibility Studies
- Land Use Planning Services
- Long-Term Capital Planning and Financial Analysis
- Geographic Information Systems (GIS) - Mapping & Spatial Analysis
- Tax Incremental Financing Planning and Analysis
- Expert Witness Testimony and Litigation Support
- Specialized Economic and Statistical Analysis
- Public Policy Research and Analysis
- Ordinance Review and Updating
- Fiscal Impact Analysis
- Life Cycle Cost Analysis
- Analysis of New Funding Methods
- Grant Funding Research and Preparation of Applications

Erik A. Granum

Project Experience



Since forming Trilogy Consulting, Erik has performed water and/or wastewater rate studies and financial plans (including updates) for the following municipal entities:

- Milwaukee Water Works—Water, 2014, 2022
- Madison Water Utility—Water, 2014, 2017, 2019, 2021, 2023, 2025
- Village of Mukwonago—Water & Wastewater, 2017, 2019, 2021, 2023
- Village of Sussex—Wastewater, 2012, 2020, 2023
- Village of Clinton—Wastewater, 2013
- City of Port Washington—Water, 2016
- Town of Beloit—Wastewater, 2014, 2018, 2020, 2024
- City of River Falls—Water & Wastewater, 2015, 2024
- Oak Creek Water & Sewer Utility—Water, ongoing
- Village of Menomonee Falls—Wastewater, 2017
- City of La Crosse—Wastewater, 2019, 2020, 2021, 2023
- City of Ashland—Water, 2016
- Village of Grafton—Water & Wastewater, 2017, 2024; Wastewater Updates, 2018, 2019, 2020
- Green Bay Water Utility—Water, 2018, 2019, 2024
- City of Janesville—Water, 2018
- City of New Richmond—Water & Wastewater, 2019, 2022
- City of Hudson—Water & Wastewater, 2020, 2022
- City of Appleton—Wastewater, 2020
- City of Fort Atkinson—Water & Wastewater, 2020, 2023, 2024
- Watertown Municipal Utilities, South Dakota—Water, 2020, 2023
- City of Merrill—Water, 2021
- Village of Little Chute—Wastewater, 2022, 2024
- City of Fond du Lac—Wastewater, 2023, 2024
- Village of Cottage Grove—Water, 2023
- Mill Creek Water Reclamation District, Illinois—Water & Wastewater, 2023
- Village of Osceola—Water & Wastewater, 2024
- Village of Cary, Illinois—Water & Wastewater, 2013, 2017

Christine A. DeMaster

Principal / Senior Consultant

169 E. Wisconsin Ave., Suite R
Oconomowoc, WI 53066
Phone: 262-470-2277
Fax: 262-436-2102
Email: ccramer@trilogy-llc.com



Christine has been a consultant to local governments and utilities since 1997, providing analysis and advice on a wide variety of planning, economic and fiscal issues. While her work experience varies widely the common theme is a focus on helping local governments and utilities develop fair and equitable long-term plans and policies. Her strengths include not only sound, detailed and accurate analysis, but also the ability to explain her recommendations in terms that are easy to understand.

Christine is a member of the national and Wisconsin chapter of the American Water Works Association, and has served on the AWWA Rates and Charges Committee and a sub-committee charged with developing recommendations for utility reserve policies. Christine is currently serving as the Chair of the WIAWWA Finance Committee.

Education:

- Master's of Urban Planning, University of Wisconsin—Milwaukee, 1997
- Bachelor of Science, Physics, Carroll College, 1994

Professional Affiliations:

- American Planning Association, Wisconsin Chapter
- American Water Works Association, Wisconsin Chapter

Professional Certification:

- Municipal Securities Rulemaking Board Series 50 and 54 Exams

Experience & Expertise

- Water and Sewer Rate Studies
- Cost-of-Service Rate Studies
- Specialized Rate Design, including Conservation Water Rates and High-Strength Sewer Rates
- Capital Infrastructure Cost Allocations
- Storm Water Utility Rate Studies and Development
- Public Facilities Needs Assessments and Impact Fee Studies
- Utility Creation and Acquisition Feasibility Studies
- Redevelopment, Site and General Planning Services
- Long-Term Capital Infrastructure Planning and Financial Analysis
- Tax Incremental Financing Planning and Analysis
- Expert Witness Testimony and Litigation Support
- Specialized Economic and Statistical Analysis
- Public Policy Research and Analysis
- Ordinance Drafting, Review and Updating

Christine A. DeMaster

Project Experience



Since forming Trilogy Consulting, Erik has performed water and/or wastewater rate studies and financial plans (including updates) for the following municipal entities:

- Milwaukee Water Works—Water, 2014, 2022
- Madison Water Utility—Water, 2014, 2017, 2019, 2021, 2023, 2025
- Village of Mukwonago—Water & Wastewater, 2017, 2019, 2021, 2023
- Village of Sussex—Wastewater, 2012, 2020, 2023
- City of Port Washington—Water, 2016
- Town of Beloit—Wastewater, 2014, 2018, 2020, 2024
- City of River Falls—Water & Wastewater, 2015, 2024
- Oak Creek Water & Sewer Utility—Water, ongoing
- Village of Menomonee Falls—Wastewater, 2017
- City of La Crosse—Wastewater, 2019, 2020, 2021, 2023
- City of Ashland—Water, 2016
- Village of Grafton—Water & Wastewater, 2017, 2024; Wastewater Updates, 2018, 2019, 2020
- Green Bay Water Utility—Water, 2018, 2019, 2024
- City of Janesville—Water, 2018
- City of New Richmond—Water & Wastewater, 2019, 2022
- City of Hudson—Water & Wastewater, 2020, 2022
- City of Appleton—Wastewater, 2020
- City of Fort Atkinson—Water & Wastewater, 2020, 2023, 2024
- Watertown Municipal Utilities, South Dakota—Water, 2020, 2023
- Village of Little Chute—Wastewater, 2022, 2024
- City of Brookfield—Water, 2019
- Village of Cottage Grove—Water, 2023
- Mill Creek Water Reclamation District, Illinois—Water & Wastewater, 2023
- Village of Osceola—Water & Wastewater, 2024
- Village of Cary, Illinois—Water & Wastewater, 2017

Recent Experience



Village of Grafton, WI (Population 12,094)

Water and Wastewater Rate Study—Ongoing

Services Provided:

- Prepare analysis of each utility’s finances, including future capital planning and borrowing, to determine the desired amount of overall rate increase, the requested rate of return on net investment rate base, and prepare materials to present to Board of Public Works and Village Board for approval to establish new wastewater rates and to submit rate application to the Public Service Commission of Wisconsin (PSCW).
- Prepare and submit application to increase water rates to the PSCW.
- Preparation of water COSS using the base-extra capacity method, including non-standard allocation of public fire protection costs that reflects Village policy.
- Appearance at a future rate case hearing for cross examination.
- Future analysis of rates with final PSCW order and review of final tariff document.

City of River Falls, WI (Population 16,935)

Water Rate Study—Ongoing

Services Provided:

- Prepare analysis of utility finances, including future capital planning and borrowing, to determine the desired amount of overall rate increase, the requested rate of return on net investment rate base, and prepare materials to present to City Council for approval to submit rate application to the Public Service Commission of Wisconsin (PSCW).
- Prepare and submit application to increase water rates to the PSCW.
- Assist Utility in responding to data requests from PSCW staff.
- Preparation of water COSS using the base-extra capacity method, including allocation of costs to fire protection among all customer classes based on property value.
- Analysis of monthly billing data for all customers to determine appropriate peak demand factors for each customer class to be used in the cost-of-service study to determine the appropriate rate structure for the utility.
- Appearance at a future rate case hearing for cross examination.
- Future analysis of rates with final PSCW order and review of final tariff document.

Recent Experience

Village of Cottage Grove, WI (Population 7,303)

Water Rate Study—2023

Services Provided:

- Assist Utility in preparing and submitting application to increase water rates to the Public Service Commission of Wisconsin (PSCW).
- Assist Utility in responding to data requests from PSCW staff.
- Preparation of water COSS using the base-extra capacity method, including allocation of costs to fire protection.
- Analysis of alternative rate structures to change the rate structure from a 4-tier declining rate structure to a class-based rate structure with conservation rates for single-family residential and a uniform volumetric rate for multi-family customers, and change from quarterly to monthly billing. Analysis of public and private fire protection costs and proposed rate design.
- Appearance at the rate case hearing for cross examination.
- Analysis of rates with final PSCW order and review of final tariff document.

City of Fort Atkinson, WI (Population 12,579)

Water and Sewer Utility Rate Study—2020, 2023, 2024

Services Provided:

- Preparation of a water COSS using the base-extra capacity method, including allocation of costs to fire protection.
- Preparation of proposed water rate design, including a new fixed charge for the City's increased main replacement program to spread costs more evenly between smaller customers and several very large industrial customers.
- Analysis of alternative levels of investment in water infrastructure renewal and replacement and recommended financial plan to gradually increase investment while minimizing rate shock.
- Assist Utility in preparing and submitting application to increase water rates to the Public Service Commission of Wisconsin (PSCW).
- Assist Utility in responding to data requests from PSCW staff.
- Preparation of several rounds of pre-filed expert witness testimony in support of the water utility's application to the Wisconsin PSC to cash fund the capital cost of replacing aging water mains using the expense depreciation method and a change in the water rate structure to fund the main replacement program.
- Coordinate rate case strategy and testimony from multiple Utility witnesses, including drafting testimo-

Recent Experience



ny for Utility witnesses.

- Appearance at the rate case hearing for cross examination.
- Analysis of rates with final PSCW order and review of final tariff document.
- Updating financial projections and rates for water, wastewater, and stormwater utilities in 2023 for 2024 and future years.
- Assisting in developing financial policies for the utilities regarding rates, reserves, and reporting.

City of Hudson, WI (Population 18,566)

Sewer Utility Rate Study, Water Rate Case—2020/2021, ongoing

Services Provided:

- Analysis of data for a sample of water utility customers from the City's newly installed AMI meters and to prepare a cost of service study with adjusted customer demand factors.
- Preparation of an adjusted water rate structure to align with the new COSS.
- Submittal of COSS and proposed rate design to PSCW and assist the Utility with responses to PSCW data requests.
- Attend the water rate case hearing.
- Analysis of rates with final PSCW order and review of final tariff document.
- Assistance with negotiating new water and sewer service agreements with the Village of North Hudson.

City of New Richmond, WI (Population 10,079)

Water and Sewer Rate Study—2019/2020

Services Provided:

- Preparation of a detailed long-term cash flow analysis for each utility that included evaluation of the utility's current financial condition relative to a variety of metrics, evaluation of multiple rate change alternatives, a growth sensitivity analysis, price elasticity analysis and a recommended strategy for funding future capital improvements.
- Preparation of water utility COSS using the base-extra capacity method and preparation of multiple alternative rate structures for consideration by utility staff, including alternatives to mitigate the impacts of the updated COSS and cost structure on a large industrial customer.
- Assist the Utility in preparing and submitting application to increase water rates to the Public Service Commission of Wisconsin (PSCW).
- Assist Utility in responding to data requests from PSCW staff.
- Appearance at the rate case hearing.
- Analysis of rates with the final PSCW order and review of the final tariff document.

Scope of Services

Project Work Plan

- **Project Kickoff Meeting.** Upon approval of the start of the project, we will conduct a kickoff meeting with Village staff. The goal of the meeting will be to discuss the overall objectives of the water utility, such as potential changes to the current rate structure and other fees, available information and data for the study, current billing policies and procedures, anticipated schedule and deadlines and main points of contact and preferred communication procedures. Prior to the meeting, we will also provide a detailed draft list of information requested for the study.
- **Information Review and Preparation of Detailed Project Schedule.** Following the kickoff meeting, we will review all information received from the Village.
 - a. Upon receipt, we will review the information and follow up with Village staff as needed for clarification or to request additional detail
 - b. The project schedule will include the following:
 - i. Tasks and assignments for their completion;
 - ii. Target dates for completion of draft and final analyses;
 - iii. Target dates for review by Village staff;
 - iv. Target dates for review meetings;
 - v. Dates for submittal of draft and final reports;
 - vi. Meeting dates for presentation to the Village Board;
 - vii. Date for submittal of the water rate application to the PSC.
- **Utility Data Analysis.** We will perform an analysis of overall trends in operating expenses and consumption by customer class for the utility. This will be used to determine overall projections in water usage and O&M expenses for the future forecast, as well as water use patterns to be used in the cost of service study and rate design. Specifically, we will:
 - a. Prepare trend analysis of operating expenses by category to identify any expenses that are increasing significantly greater than others and discuss the causes of that difference with Village staff;
 - b. Prepare detailed trend analysis of historical customer data to evaluate trends in numbers of customers and demand per customer by customer class;
 - c. Discuss with Village staff any known local factors, development trends or policies that are likely to influence future patterns in the growth or decline of the customer base or water use per customer;
 - d. Project total customers billed by customer class and meter size, and total billed water consumption by rate tier and customer class;
 - e. Compile and analyze system data such as daily pumpage, utility asset information, and functions of

Scope of Services

system facilities, to determine if there should be any adjustment in allocation factors for O&M and capital costs;

- e. Based on available data from billing or AMI systems, we will perform an analysis of peak water usage by customer class. This will be used to determine the appropriate peaking factors to be used within the cost-of-service study, which determines the proportionate amount of certain facilities' costs that are allocated to each customer class. This data may also be used to adjust water usage blocks and rate tiers if that is desirable.
- **Long-Term Financial Forecast.** The purpose of this task is to prepare information needed to provide projections to the Village regarding adequacy of rates to meet future obligations, including capital improvements. For this task, we will develop a plan and recommendations for funding all utility functions for 2025 and a future forecast of operating and capital needs. We will prepare a cash flow analysis incorporating all projected revenues and expenses, including debt service and capital expenses. As part of the development of recommendations for funding current and future expenses, we will develop a capital funding plan. We will test alternative funding plans to evaluate the impacts of various funding options, including varying levels of debt vs. cash-financing from current revenues or reserves. The alternative plans will be evaluated to develop recommendations for a capital funding plan, potential future rate increases and criteria to use for the ongoing analysis and monitoring of the utility's financial status, taking into consideration the Village's ability to issue debt, the avoidance of rate spikes, and any other goals regarding rate levels and Village policies. Specifically, the forecasts will include the following:
 - a. Projected customers and customer demand;
 - b. Projected user charge revenues at current rates;
 - c. Projected other operating revenues and non-operating revenues;
 - d. Projected operation and maintenance expenses;
 - e. Future debt service payments for existing debt obligations;
 - f. Evaluation of the feasibility and desirability of cash financing vs. debt financing each year's improvements, based on the magnitude of costs, the useful life of the improvements, the availability of current rate revenues and/or reserve balances to use for cash financing, Village policies and ability to issue debt, debt coverage requirements, debt to equity ratios and any other criteria identified for the study;
 - g. Capital funding plan showing the projects, costs, and proposed financing sources by year, and estimated debt service for anticipated debt issuances;
 - h. Analysis of debt coverage and the utility's ability to meet coverage requirements;
 - i. Projected reserve fund balances;

Scope of Services

- j. Recommended minimum reserve levels;
 - k. Estimated timing and amount of overall user charge rate increases needed to provide adequate debt coverage and maintain recommended reserve fund balances;
 - l. An estimate of the net investment rate base by year and the rate of return that would be generated by the proposed overall user charge revenues. This will be used to evaluate the feasibility of the funding plan in the context of PSC policies for allowable rate of return.
 - m. After the draft funding plan and financial forecast is completed, we will meet with Village staff to review the analysis, assumptions and recommendations, and test the impacts of changes in key assumptions.
 - n. Following the meeting, we will prepare the updated and/or modified financial forecast.
- **Cost-of-Service Analysis.**
 - a. We will prepare a cost-of-service model, remaining consistent with the base-extra capacity method used by the Wisconsin Public Service Commission, and as outlined in the AWWA M1 Manual. Performing the cost-of-service for the water system involves the following tasks:
 - i. Allocation of the various categories of revenue requirements to utility functions, including base system and distribution, facilities providing maximum day demand (system and distribution), facilities providing maximum hour demand (system, distribution and storage), and fixed customer costs (billing, meters, services). As part of this task, we will evaluate the balance of costs allocated to fixed vs. volume functions.
 - ii. Allocation of main assets between transmission and distribution functions.
 - iii. Determining each customer class's proportionate share of functionalized costs.
 - 1) For each utility function, the analysis will determine the share of demand for each customer class.
 - 2) Depending on the unique makeup of the utility and its customers, these may be adjusted based on many different factors, such as estimated ratios of peak demand.
 - vi. Allocation of functional costs to customer classes.
 - 1) Based on the previous analyses, costs will be allocated to each customer class to result in a total amount of proportionate revenue to be collected from each customer class that serves as the basis for the appropriate rate design.
 - 2) Other operating revenues (non-user rate) will be allocated proportionately among customer classes to offset the amount of revenue that is required to be recovered through user rates.
 - b. While performing the cost-of-service, we will confer with Village staff as needed to discuss any additional information needs or clarification of any of the data used in the cost-of-service.
 - c. After the draft cost of service study is completed, we will meet with Village staff to review the

Scope of Services

analysis, assumptions and recommendations of the cost of service study and the overall increases in revenues per customer class, and test the impacts of changes in key assumptions.

- d. Following the meeting, prepare the updated and/or modified cost of service model.
- **Rate Structure Recommendation.** As part of the review meeting described above, we will discuss in detail the objectives for rate structures for the utility. Based on this discussion, we will prepare and evaluate alternative rate structures.
 - a. We will prepare a base rate structure for use as a point of comparison that will mirror the utility's current rate structure with the revenue requirements previously determined. The baseline rate structure will:
 - i. Recover approximately the amount of the revenue requirements;
 - ii. Follow cost-of-service principles;
 - iii. Calculate total projected revenues from each customer class and compare them to projected revenues under current rates;
 - iv. Show the impacts of the rate structures on customers at the full range of usage levels from each customer class;
 - v. Show how much revenue is collected through fixed charges vs. volume charges.
 - b. We will test any alternative water rate structures that the Village desires to explore and/or are indicated by the utility cost structure. Examples of rate structures that we may consider include the adjustment of water rate tiers, adjustment to public or private fire protection charges, or any other rate structure that may be deemed appropriate based on the results of the analysis performed and discussions with Village staff. For any rate structure alternative, we will prepare the following:
 - i. The overall increase in revenues from each customer class;
 - ii. The amount of revenues collected through fixed charges vs. volume charges;
 - iii. A table of the percentage increase in customer bills for various usage levels for each customer class;
 - iv. A comparison with the water bills for the average residential customer for a number of peer communities;
 - c. We will conduct a meeting with Village staff to discuss the preliminary findings and recommendations of the rate structure analysis and any adjustments that should be made to better align with the Village's objectives.
 - d. Following the meeting, we will prepare the proposed rate schedule, including any proposed adjustments for future years.
 - **Written Report and Presentation.**

Scope of Services

-
- a. We will prepare a draft report containing all analysis and findings and submit it to Village staff for review and discussion.
 - b. After discussing the preliminary results and proposed rates with Village staff, we will make any necessary adjustments and prepare a final report.
 - c. We will prepare a PowerPoint presentation of the analysis and key findings and recommendations of the cash flow projections, cost of service studies and rate structure analysis.
 - d. We will attend one Village Board meeting in person to present the key findings of the report, explain the analysis behind the proposed rates and answer any questions.
- **Public Service Commission Water Rate Case Application.** Based on the information review and analysis performed for the water utility above, we will prepare the application to increase rates for the water utility that the PSC requires.
 - a. Input all relevant information requested, including data on water sales, revenues, expenses, capital assets, debt, etc.
 - b. Determine the appropriate rate of return on net investment rate base to request based on analysis of the utility's financials and cash flows.
 - c. Prepare all supporting documentation needed for a complete application.
 - d. Working with input from Village staff, compile notes explaining any significant deviations in information from previous years, as stated within the application's instructions.
- **PSC Rate Case Assistance.** Once the PSC application is submitted to the Commission electronically for review, we will provide assistance and support in the following manner:
 - a. Review questions received from PSC staff regarding the details of the application and coordinate responses with Village staff.
 - b. Review exhibits prepared by the PSC, revise the water utility cost-of-service based on any changes to the revenue requirements, and submit the cost-of-service and rate proposal, as necessary.
 - c. Attend the PSC rate hearing, via the preferred medium of the PSC, in support of the proposal.
 - d. Review the final PSC order and provide any assistance with implementation requested by Village staff.
- **Optional Tasks.** The Village may request additional services or additional in-person meetings with the Village Board. If the Village desires any additional optional services, we will work with staff to develop a defined scope of service and cost, based on our standard hourly billing rates and the requested level of effort.

Scope of Services



Proposed Project Timeline:

The projected timeline for the rate study is designed to align with the reporting and filing requirements of the PSC. Annual reports are due on May 1 of each year, so by the time the rate application is ready to be filed, we can input the final numbers from the previous year that will match the filed PSC annual report for 2024. The goal of this is to reduce the number of data requests after PSC’s initial review and make sure that the application is 100% complete.

Task	Target Completion Date
Project Kickoff Meeting	1/21/2025
Information Review and Detailed Project Schedule	2/7/2025
Utility Data Analysis	2/21/2025
Future Financial Forecast	3/14/2025
Water Utility Cost-of-Service Analysis	3/21/2025
Develop Rate Structure Recommendations	4/4/2025
Review rate alternatives with Village staff and make any modifications	4/11/2025
Written Report and Presentations	
Prepare draft report	4/25/2025
Discuss draft with Village staff	4/30/2025
Prepare final report	5/8/2025
Prepare PowerPoint presentation	5/12/2025
Attend Village Board meeting	5/19/2025
Submit PSC Water Rate Case Application	6/1/2025
	Depends on PSC review schedule
PSC Rate Case Assistance	
Implementation of New Rates	12/1/2025

Fees



Our proposal was prepared under the assumption that any additional work requested would be considered out-of-scope. Both principals of Trilogy would be involved in the project tasks. The cost proposal follows the scope of work by task, with a cost summary broken down by task below. Our standard hourly rate is \$120 per hour. We do not charge for any mileage, and do not anticipate the need for any other materials or expenses. Invoices will be prepared monthly based on actual work performed.

Task	Total Estimated Hours	Rate	Cost
Project Kickoff Meeting			
Task Subtotal	3.00	\$ 120.00	\$ 360.00
Information Review and Detailed Project Schedule			
Task Subtotal	6.00	\$ 120.00	\$ 720.00
Utility Data Analysis			
Task Subtotal	10.00	\$ 120.00	\$ 1,200.00
Future Financial Forecast			
Task Subtotal	14.00	\$ 120.00	\$ 1,680.00
Water Utility Cost-of-Service Analysis			
Task Subtotal	14.00	\$ 120.00	\$ 1,680.00
Rate Structure Recommendations			
Task Subtotal	13.50	\$ 120.00	\$ 1,620.00
Written Report and Presentations			
Task Subtotal	20.00	\$ 120.00	\$ 2,400.00
PSC Water Rate Case Application			
Task Subtotal	28.50	\$ 120.00	\$ 3,420.00
PSC Rate Case Assistance			
Task Subtotal	16.00	\$ 120.00	\$ 1,920.00
Grand Total	125.00		\$ 15,000.00

References

Cottage Grove, Wisconsin

Contact:

JJ Larson, Deputy Administrator/Director of
Administrative Services (now with the City of
Cudahy) at the following:
414-769-2277

Fort Atkinson, Wisconsin

Contact:

Andy Selle, City Engineer
920-563-7760 x307
ASelle@fortatkinsonwi.net

Grafton, Wisconsin

Contact:

Brecken Gries, Assistant Utility Director/Engineer
262-375-5331
bgries@villageofgraftonwi.gov

Hudson, Wisconsin

Contact:

Kip Peters, Utility Director
715-386-4765 x115
kpeters@ci.hudson.wi.us

New Richmond, Wisconsin

Contact:

Rae Ann Ailts, Assistant City Administrator/Finance
Director
715-243-0489
railts@newrichmondwi.gov

River Falls, Wisconsin

Contact:

Josh Solinger, Finance Director
715-426-3449
jsolinger@rfcity.org