

**NEW Water 2024 Draft Budget – Questions & Answers  
from Municipal & Industrial Partner Workshop on September 13, 2023**

*Question: The 2024 budgeted Salaries and Benefits is about 17.2% greater than the 2022 actual Salaries and Benefits line. That seems like a very large increase over two years.*

Response: Actual Salaries and Benefits paid during 2022 were \$12,218,427, about 1.1% greater than the 2022 Budget. The amount shown on the 2022 Actual line includes a \$926,486 adjustment for the Pension based on an entry in the 2022 Financial Audit. This is a non-operating expense that may not be appropriate to include in the Budget. We are checking with our Auditors for the correct representation of this adjustment. Excluding this non-operating adjustment, the Budgeted 2024 Salaries and Benefits are 8.3% greater than 2022 Actual over that two year period.

*Question: The Contracted services budget for 2024 as a percentage of salaries and benefits seems to be high. Could some of that expense be offset at a lower cost by hiring additional staff?*

Response: NEW Water has budgeted \$4,050,000 for Contracted Services for 2024. Items within in the Contracted Services budget for example include: Engineering Studies, Legal Services, Watershed Consultant, Payment for Watershed Practices, Watershed Support for Brown and Outagamie Counties, Onsite Electrical Engine Generator Maintenance, Electrical Switchgear Testing, Contracted Laboratory Analysis, WDNR Permit Fees, and Hazardous Waste Management. The budgeted amounts for these items total \$3,375,000, or about 83% of the Contracted Services total. NEW Water receives reimbursement through grants offsetting about \$430,000 of Watershed Practices. Items included in Contracted Services are activities that require specialized or intermittent services that NEW Water staff are not trained to do or it is not cost effective to acquire and retain staff to perform.

*Question: The 2024 NEW Water O&M budget will be increasing 7% compared to the 2023 Budget. And it was noted that the increase was mainly attributed to additional plant maintenance. The plant maintenance cost is increasing by 53%, at an amount of roughly speaking \$ 1 MM. Do you expect this trend to continue? If not, would it make sense to utilize reserves to offset cost to avoid/lower overall O&M budget increase?*

*I believe the wet weather received in 2018, 2019 and 2020 led to additional revenue that was placed in a reserve account. I would support use of reserve to offset O&M budget increase.*

Response: Significant expenses in Plant Maintenance for the 2024 Budget include \$515,000 to purchase refractory bricks to repair the internal heat barrier of the Fluid Bed Incinerator and \$160,000 for replacement of digester gas stream hydrogen sulfide removal media. These are not typical annual expenses. We are expecting overall increases in customer revenue to be 5.5% - 7% higher in each of the next eight years, with the largest factor being increased capital expenses. NEW Water has projected the biggest need for reserves to offset expenses to be in the coming years and is planning to use its reserves to offset expenses during that time.

