



BOARD OF WATERWORKS COMMISSIONERS AGENDA

December 19, 2022 at 3:30 PM

Water Utility Admin Office, 72 Park Avenue, Sheboygan WI

Persons with disabilities who need accommodations to attend this meeting should contact the Sheboygan Water Utility, (920) 459-3805. Persons other than commission, committee, and board members who wish to participate remotely shall provide notice to the Utility at 920-459-3805 at least 24 hours before the meeting so that the person may be provided a remote link for that purpose.

OPENING OF MEETING

1. Pledge of Allegiance

MINUTES

2. Approval of minutes from Nov. 21, 2022 meeting

REPORTS

- [3.](#) Financial reports and approval of vouchers
- [4.](#) Superintendent's report including operations, construction-maintenance, and customer relations/fiscal

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

- [5.](#) Request approval of write-offs
- [6.](#) Request approval of proposal for 2022 audit services
7. Review rehab of filters#5 and ongoing plans
- [8.](#) Request approval for renewal of cross connection services contract

PERSONNEL

9. Review upcoming performance evaluations and staffing level

NEXT MEETING

10. Next meeting will take place on: January 16, 2023

ADJOURN

11. Motion to Adjourn

In compliance with Wisconsin's Open Meetings Law, this agenda was posted in the following locations more than 24 hours prior to the time of the meeting:

City Hall • Mead Public Library
Sheboygan County Administration Building • City's website



REPORT OF BILLING

NOVEMBER 2022

	<u>2022</u>	<u>2021</u>	<u>Increase or (Decrease)</u>
Quarterly Metered*			
(Dist III - south of Union Ave)			
Residential	229,565.57	215,690.90	13,874.67
Multi-Family	28,099.09	26,640.75	1,458.34
Commercial	38,363.25	33,485.18	4,878.07
Industrial	21,924.42	21,674.97	249.45
Public	<u>12,129.88</u>	<u>10,326.61</u>	<u>1,803.27</u>
Subtotal	330,082.21	307,818.41	22,263.80
Public Fire Protection	70,026.95	67,835.56	2,191.39
Monthly Metered	<u>398,349.40</u>	<u>340,322.12</u>	<u>58,027.28</u>
Sheboygan Net	798,458.56	715,976.09	82,482.47
Sheboygan Falls	56,563.48	51,123.35	5,440.13
Kohler	<u>28,615.04</u>	<u>26,202.85</u>	<u>2,412.19</u>
Total	883,637.08	793,302.29	90,334.79

* Billing for scheduled district only for the three preceding months usage.

Total accumulative billing for 2022 is \$9,428,145.91. An increase of \$631,826.10 from 2021 accounted for as follows:

	<u>2022 -Total Year to Date</u>
Sheboygan	652,526.49
Sheboygan Falls	(44,241.10)
Kohler	<u>23,540.71</u>
	631,826.10

Total bills mailed November, 2022: 6,694

Residential	6,099	Multi-Family	9
Multi-Family	91	Commercial	22
Commercial	326	Industrial	66
Industrial	45	Public	9
Public	27		
Quarterly	6,588	Monthly	106



RETURN ON RATE BASE

November 30, 2022

	NOVEMBER 2022	NOVEMBER 2021
<u>Add 2 YR Average</u>		
Utility Plant Balance	\$ 73,958,839	\$ 69,329,061
Materials and Supplies Inventory	\$ 235,783	\$ 263,556
<u>Less 2 YR Average</u>		
Reserve for Depreciation	\$ 25,160,169	\$ 23,631,783
Customer Adv for Const	\$ 4,776,564	\$ -
Average Rate Base	\$ 44,257,888	\$ 45,960,834
Net Operating Income YTD	\$ 2,236,940	\$ 1,856,082
Net Operating Income As a Percent of Average Net Rate Base	<u>5.05%</u>	<u>4.04%</u>

Rate base is calculated using the two year average balance in the following accounts:

Utility Plant Balance - includes all capital assets less any contributed capital assets.

Materials and Supplies Inventory - includes all materials and supplies on hand and in inventory.

Reserve for Depreciation - includes depreciation on capital assets less any contributed capital assets.



CASH RESERVE
November 30, 2022

Ending balance on report for October 31, 2022	<u>15,579,165.65</u>
Plus: Receipts	328,520.10
Misc Receipts	7,789.81
Direct Pay Receipts	405,517.20
Stop Loss Reimbursement	60,531.54
Money Market/CDARs Investment Interest	6,496.51
Minus:	
Disbursements - vendors and payroll	(2,372,494.51)
Bank Service Fees	(334.88)
Health & Dental Claims/Adm Costs	(129,463.43)
NSF Checks & Customer Refunds	(2,060.59)
Invoice Cloud/Paymentech Deposit Fees	(8,902.11)
Reallocate Sewer/Garbage - payments	208.30
Reallocate Sewer/Garbage - monthly	-
Nov Bond and SDWLP Interest Payment	(140,134.67)
Automated Credit Card Payments	(822.17)
Postage	(5,777.33)
Utility Water Payments	(1,958.49)
Ending Balance November 30, 2022	<u>\$ 13,726,280.93</u>

Note: The above amount includes:	
Bond Reserve Fund	644,319.88
LSL Revolving Loan Fund	180,682.32
Money Market Investment	3,999,253.05
Health Insurance Restricted Reserve	380,000.00
ARPA Money Market Restricted - RWI	5,025,739.87
BAN Funds for Construction	-
Total	<u>\$ 10,229,995.12</u>
General Unrestricted Operating Cash	3,496,285.81



**STATEMENT OF NET POSITION
NOVEMBER 30, 2022 AND 2021**

<u>Assets and Other Debits Utility Plant</u>	<u>Year to Date 2022</u>	<u>Year to Date 2021</u>	<u>Liabilities and Other Credits</u>	<u>Year to Date 2022</u>	<u>Year to Date 2021</u>
			<u>Proprietary Capital</u>		
Utility Plant	85,184,453	78,607,340	Capital Paid by Municipal	1,640,701	1,640,701
Depreciation- Utility Plant	27,888,537	26,373,289	Unapprop. Earned Surplus	58,420,574	46,749,506
Net Utility Plant	<u>\$ 57,295,916</u>	<u>\$ 52,234,051</u>	Total Proprietary Capital	<u>\$ 60,061,275</u>	<u>\$ 48,390,207</u>
<u>Other Property and Investments</u>			Bonds, Loans & Advances	11,226,674	12,624,174
Appropriated Funds ⁴	5,586,422	1,145,463	Total Long Term Debt	<u>\$ 11,226,674</u>	<u>\$ 12,624,174</u>
Bond Redemption Fund	644,320	668,414			
Net Pension Asset ¹	769,762	411,147			
Deferred Outflow - Pension & OPEB ¹	1,402,233	1,038,866	<u>Current & Accrued Liabilities</u>		
Total Other Prop & Investment	<u>\$ 8,402,737</u>	<u>\$ 3,263,890</u>	Accounts Payable	-	-
			Accrued Liabilities	1,138,338	1,158,585
			Total Current & Accrued Liab.	<u>\$ 1,138,338</u>	<u>\$ 1,158,585</u>
<u>Current and Accrued Assets</u>					
Cash & Investments	7,496,289	7,067,025	<u>Deferred Credits</u>		
Accounts Receivable	1,654,368	1,372,336	Bond Premium	168,982	188,083
LSL Loan Receivable ³	199,608	231,352	Pre 2003 Depr on Contributed Assets	27,167	52,316
Grant Receivable - Restricted ²	34,040	167,588	Other Deferred Credits ³	0	0
Materials & Supplies Inventory	251,391	220,175		<u>\$ 196,149</u>	<u>\$ 240,399</u>
Prepaid Expenses	23,005	27,686			
Total Current & Accrued Assets	<u>\$ 9,658,700</u>	<u>\$ 9,086,161</u>	<u>Operating Reserves</u>		
			Net Pension & OPEB Liability ¹	357,040	324,886
Total Assets and Debits	<u>\$ 75,357,353</u>	<u>\$ 64,584,102</u>	Deferred Inflow - Pension & OPEB ¹	1,752,555	1,260,697
			Accrued Vac & Sick Leave	625,323	585,154
			Total Operating Reserve	<u>\$ 2,734,918</u>	<u>\$ 2,170,737</u>
			Total Liab & Other Credits	<u>\$ 75,357,353</u>	<u>\$ 64,584,102</u>

¹ See full audited Financial Statements for disclosures and details regarding pensions and OPEB.

² Grants Receivable - Restricted pertains to the Lead Water Service Lateral Replacement Program funded by the DNR.

³ Receivable related to the SWU LSL loan program.

⁴ Appropriated funds include \$9,550,000 in American Rescue Plan Act funding designated to the Raw Water Improvement project.



STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
NOVEMBER 30, 2022 AND 2021

	2022		2021		Incr (Decr)	% Incr/Decr
	MONTH	YTD	MONTH	YTD	YTD	YTD
Sales Revenue ¹	\$ 905,450	\$ 9,230,628	\$ 806,745	\$ 8,537,256	\$ 693,372	8.12%
Other Water Revenue	\$ 4,752	\$ 53,945	\$ 5,050	\$ 54,738	\$ (793)	-1.45%
Total Operating Revenues	\$ 910,202	\$ 9,284,573	\$ 811,795	\$ 8,591,994	\$ 692,579	8.06%
Operating Expenses ²	295,169	3,657,865	204,053	3,245,383	412,482	12.71%
Maintenance Expenses ³	74,341	777,163	75,781	882,026	(104,864)	-11.89%
Depreciation Expenses	130,557	1,455,219	129,870	1,447,156	8,063	0.56%
Taxes	106,923	1,157,386	106,504	1,161,347	(3,962)	-0.34%
Total Operating Expenses	\$ 606,990	\$ 7,047,632	\$ 516,208	\$ 6,735,912	\$ 311,720	4.63%
Utility Operating Income	\$ 303,212	\$ 2,236,941	\$ 295,587	\$ 1,856,082	\$ 380,859	20.52%
Other Income & Expense						
Non-operating Grant Revenue	16,250	100,007	-	167,588	(67,581)	
Non-Operating Grant Expenses	(16,250)	(100,007)	(6,000)	(156,603)	56,596	
Bond Premium	2,739	29,384	2,989	32,880	(3,496)	
Interest Earned on Investments	6,525	45,810	745	14,651	31,159	
Contributions ⁴	-	9,553,128	-	-	9,553,128	
Other Expense	-	(17,086)	-	(475)	(16,611)	
Misc Amortization	2,094	23,039	2,094	23,039	-	
Bond Interest Expense	(25,033)	(277,667)	(27,359)	(301,040)	23,374	
Change in Net Position	\$ 289,538	\$ 11,593,548	\$ 268,057	\$ 1,636,122	\$ 9,957,427	

¹ The increase in Sales Revenue is due to a rate increase that was implemented February 1, 2022.

² The increase in Operating Expense is due to an increase in energy and chemical costs, UV treatment and sludge removal costs, consulting costs, salaries, training for existing and new staff, and IT security and equipment.

³ The decrease in 2022 Maintenance Expense is due to reservoir maintenance and work on the Georgia Avenue standpipe in 2021, and a decrease in the number of hydrants painted in 2022.

⁴ The Contribution is 2022 American Rescue Plan Act funding designated to the Raw Water Improvement Project.



APPROVAL OF VOUCHERS
November 30, 2022

<u>Total Of The General Vouchers</u>	<u>\$ 2,202,410.30</u>
<u>Gross Payroll</u>	<u>\$ 182,050.03</u>
<u>Net Payroll</u>	<u>\$ 109,853.30</u>

BOARD OF WATER COMMISSIONERS

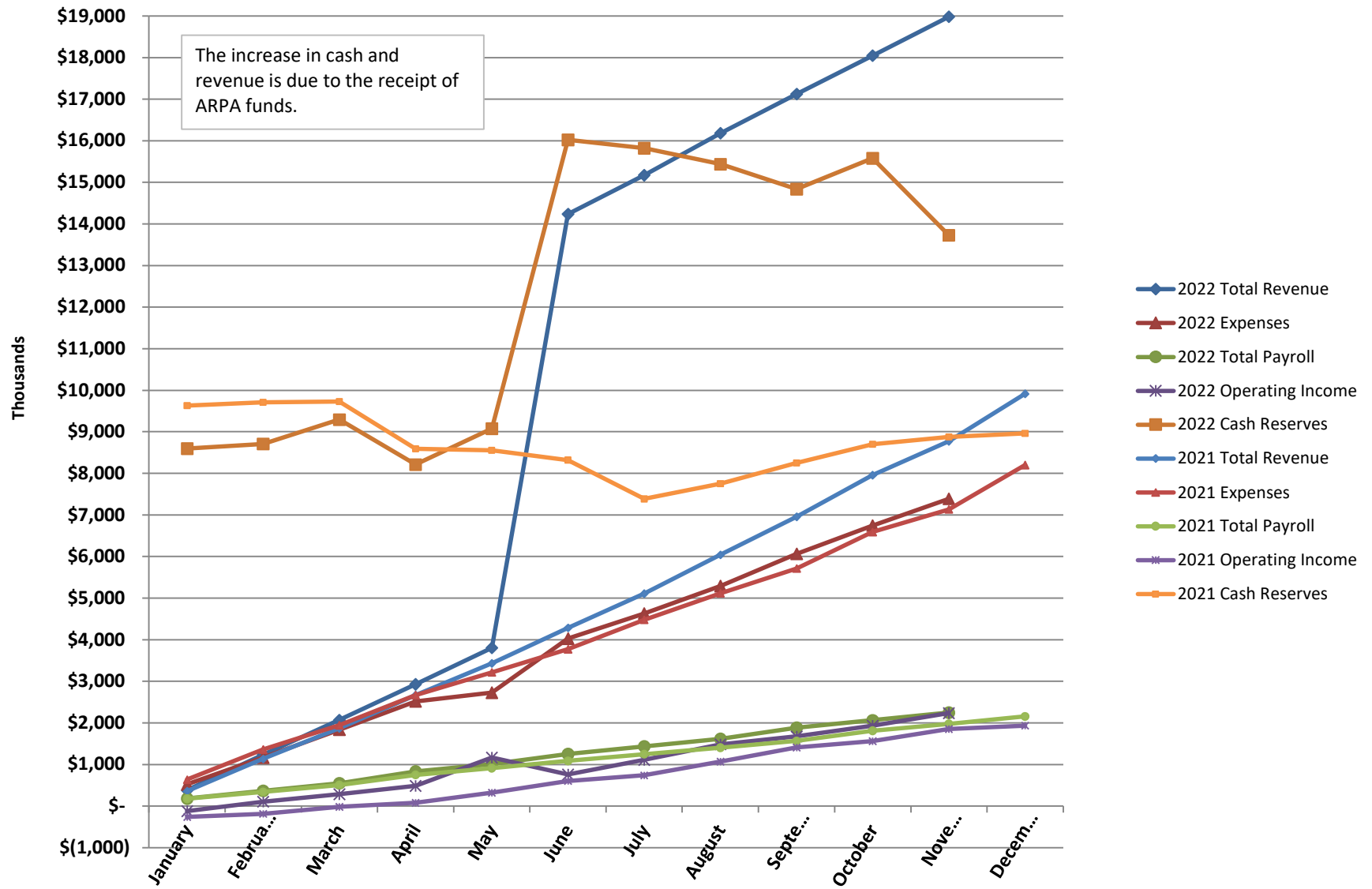
 PRESIDENT

 SECRETARY

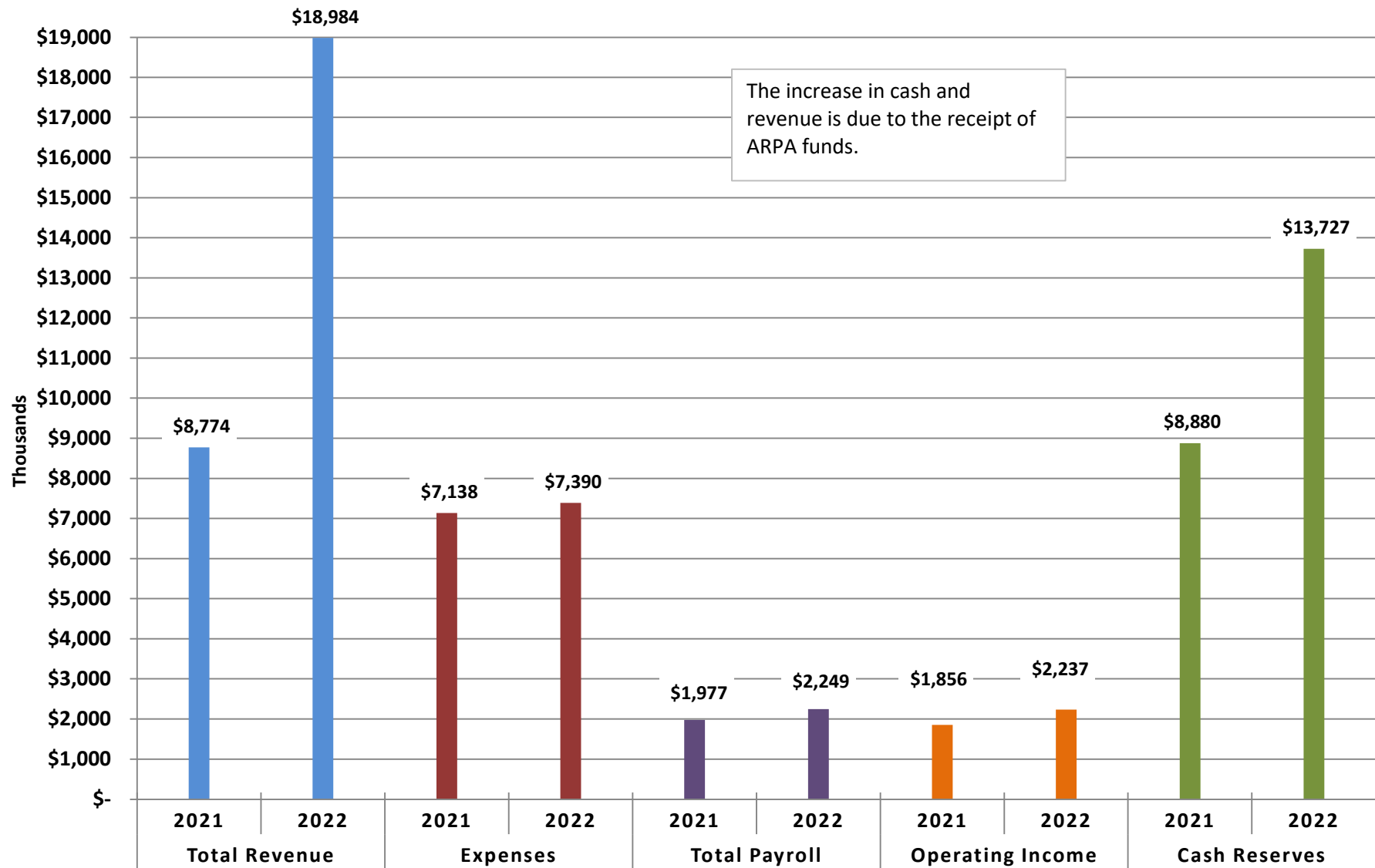
 MEMBER

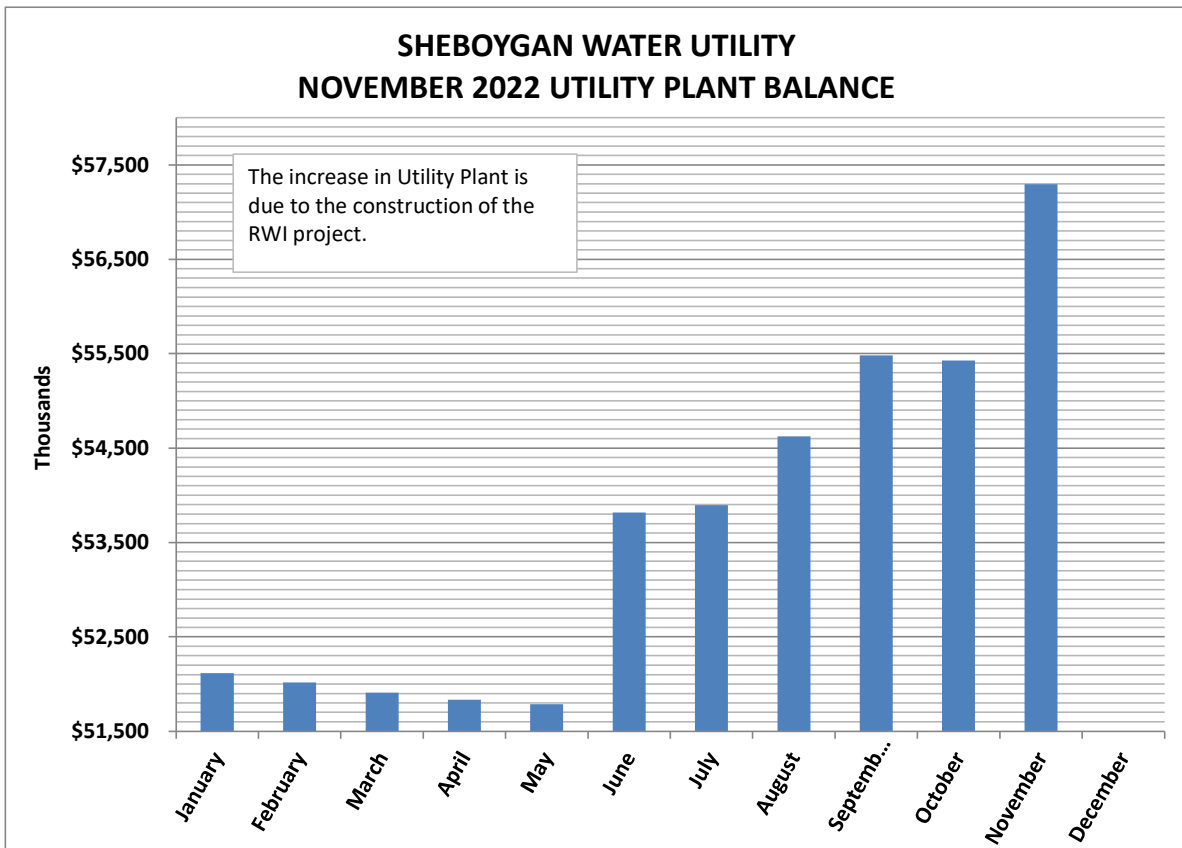
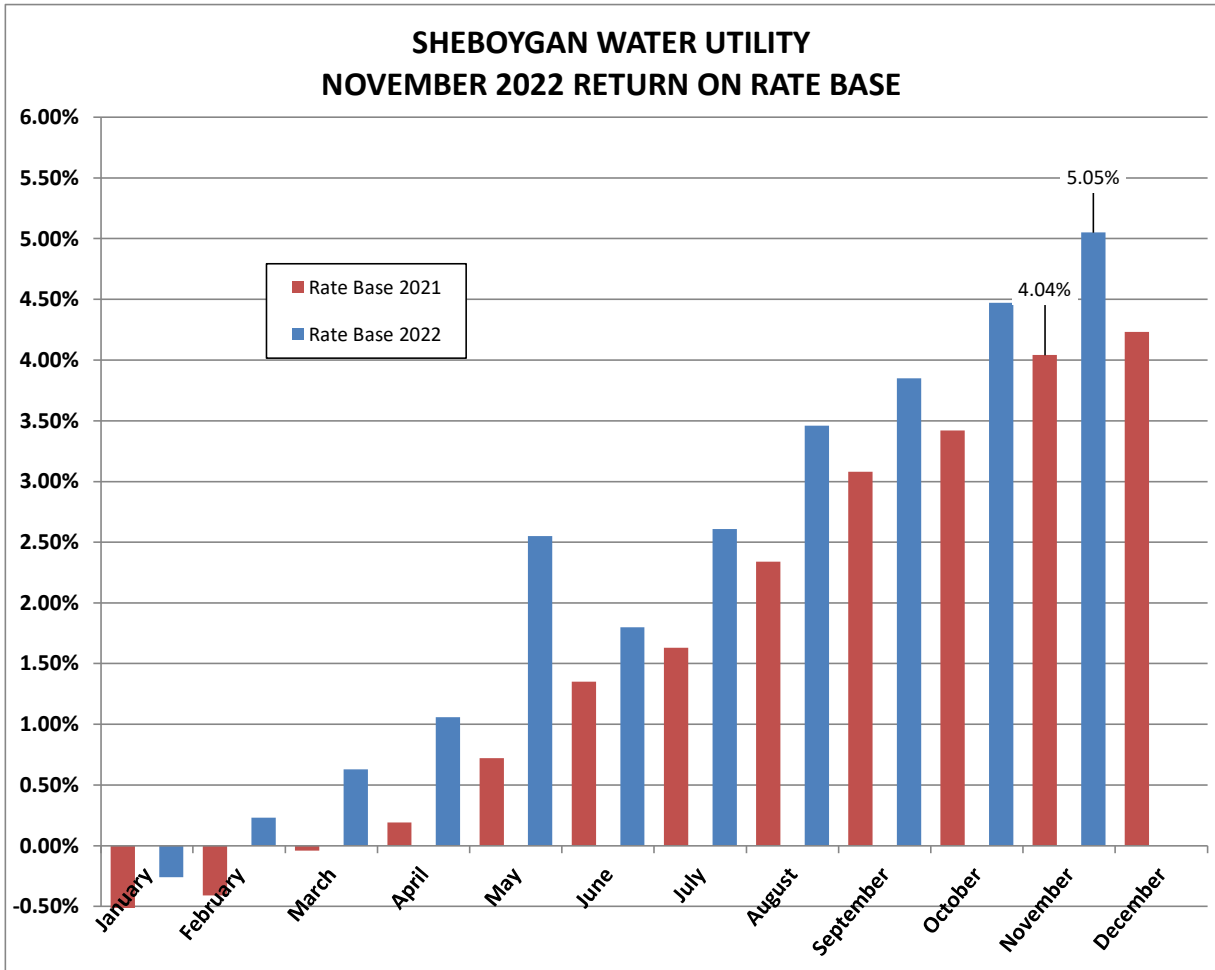
 SUPERINTENDENT

SHEBOYGAN WATER UTILITY NOVEMBER 2022 MONTHLY FINANCIAL TREND



SHEBOYGAN WATER UTILITY NOVEMBER 2022 YTD FINANCIAL POSITION





November 2022

OPERATIONS' DEPARTMENT MONTHLY REPORT	
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		HIGH LIFT		LOW LIFT		2022 VS 2021
PUMPAGE		2021	2022	2021	2022	HL
Total in MG		345.043	340.745	351.585	355.420	-1.25%
Daily Average (MG)		11.501	11.376	11.720	11.847	
Max. Day (MG)		13.408	12.913	13.862	14.122	2022 VS 2020
						HL
Gal/KwH		1,207	1,206	4,950	4,951	-1.20%
ELECTRICAL COSTS						
		2021		2022		
A. Pumping:		KwH	\$	KwH	\$	
High Lift		285,951	\$19,661.78	279,759	\$21,140.83	
Low Lift		71,031	\$4,884.04	71,305	\$5,388.38	
Wash Pump 1		2,800	\$192.53	2,800	\$211.59	
Georgia St. Bstr.		46,500	\$4,297.29	55,800	\$5,209.04	
Wilgus Ave. Bstr.		3,100	\$379.76	3,200	\$431.30	
EE Pit / Bstr.		3,473	\$413.28	5,418	\$697.38	
Erie Ave. Bstr.		0	\$2,144.10	16,000	\$2,259.52	\$/KwH
Sub Total		412,855	\$31,972.78	434,282	\$35,338.04	5.1%
B. Treat./Fiscal/Misc.		KwH	\$	KwH	\$	
Office & Maint. Bldg.		5,671	\$630.74	4,764	\$621.89	
Filter Plant / Pump Station / 2nd Service		49,818	\$5,249.50	55,736	\$6,530.20	
Sub Total		55,489	\$5,880.24	60,500	\$7,152.09	\$/KwH
						11.6%
C. Distribution:		KwH	\$	KwH	\$	
Taylor Hill Tank		1,431	\$182.92	2,019	\$275.91	
Kohler Meter Pit		0	\$0.00	0	\$0.00	
EE Tower		1,746	\$219.12	1,232	\$175.77	
Washington (PRV) Pit		587	\$89.89	301	\$59.90	
Sub Total		3,764	\$491.93	3,552	\$511.58	\$/KwH
Total Electrical Costs		472,108	\$38,344.95	498,334	\$43,001.71	6.2%
Electrical Cost / MG		\$111.13		\$126.00		
		2021		2022		
NATURAL GAS COSTS		CCF Used	Cost	CCF Used	Cost	
Production Facility		1,324	\$1,038.88	2,099	\$2,033.58	
South Basin		2,224	\$1,911.20	2,226	\$2,163.29	
Georgia St. Bstr.		26	\$38.76	23	\$34.97	
Erie Ave. Bstr.		188	\$188.99			
Wilgus Ave. Bstr.		4	\$19.91	5	\$20.21	
Office & Maint. Bldg.		791	\$702.39	821	\$791.60	\$/CCF
Total Natural Gas Costs		335	\$3,900.13	5,174	\$5,043.65	-91.6%
Natural Gas Cost / MG		\$11.30		\$14.78		
		2021		2022		
CHEMICAL COSTS		Lbs. Used	Cost	Lbs. Used	Cost	
Alum		59,811	\$8,463.26	52,492	\$9,527.30	28.3%
Carbon		0	\$0.00	0	\$0.00	#DIV/0!
Chlorine		6,095	\$4,205.55	5,996	\$8,874.08	114.5%
Fluoride		1,669	\$1,814.20	1,652	\$2,296.28	27.9%
KMnO4		16	\$56.98	0	\$0.00	#DIV/0!
Cationic Polymer		0	\$0.00	0	\$0.00	#DIV/0!
Liquid Phosphate		2,945	\$3,893.29	3,973	\$6,269.39	19.4%
Total Chemical Costs		\$18,433.28		\$26,967.05		46.3%
Chemical Cost / MG		\$53.42		\$79.01		
		Grand Total		\$75,012.41		23.62%
		Total Cost / MG		\$219.79		24.98%

YTD HL 2022 vs 2021	-0.34%	YTD HL HIGH DAY PUMPAGE	17.388	July 19, 2022		
YTD HL 2022 vs 2020	5.03%	YTD HL LOW DAY PUMPAGE	7.138	November 25, 2022		
					YTD HL Ave Day	
NOTE: Electrical costs include an Alliant Energy 8.3% rate increase approved by PSC. all WPS bills available.					2022	12.426
				Not	2021	12.537
					2020	11.724

COMPARATIVE SUMMARY OF PLANT OPERATIONS

November 2021

vs

November 2022

Pumping Record

High Lift

Low Lift

	2021	2022	Diff.		2021	2022	Diff.
Tot. Water in MG	345.043	340.745	-1.25%	Tot. Water in MG	351.585	355.420	1.09%
Daily Average	11.501	11.376	-1.09%	Daily Average	11.720	11.847	1.08%
Maximum Day	13.408	12.913	-3.69%	Maximum Day	13.862	14.122	1.88%
Minimum Day	7.990	7.138	-10.66%	Minimum Day	7.975	7.230	-9.34%
By Natural Gas	0.000	3.932	#DIV/0!	By Natural Gas	0.000	2.418	#DIV/0!
Power in KWH	285,951	279,759	-2.17%	Power in KWH	71,031	71,305	0.39%
Gals. per KWH	1,207	1,206	-0.09%	Gals. per KWH	4,950	4,951	0.02%
Power \$ / KWH	\$0.06876	\$0.07557	9.90%	Power \$ / KWH	----	----	----
Power \$ / MG	\$56.98	\$61.94	\$4.96	Power \$ / MG	\$13.89	\$15.16	\$1.27
Tot. Power \$/MG	\$105.40	\$126.79	\$21.39	Tot. Power \$/MG	----	----	----

Treatment Chem.

Lbs. Used

Cost

Total Lbs.	2021	2022	Diff.	Total Cost	2021	2022	Diff.
Alum	59,811	52,492	-12.24%	Alum	\$8,463.26	\$9,527.30	\$1,064.04
Carbon			#DIV/0!	Carbon	\$0.00	\$0.00	\$0.00
Chlorine	6,095	5,996	-1.62%	Chlorine	\$4,205.55	\$8,874.08	\$4,668.53
KMnO4	16	0	-100.00%	KMnO4	\$56.98	\$0.00	(\$56.98)
Polymer	0	0	#DIV/0!	Polymer	\$0.00	\$0.00	\$0.00
Liquid Phosphate	2,945	3,973	34.91%	Liquid Phosphate	\$3,893.29	\$6,269.39	\$2,376.10
Lb/ MG:				Cost / MG:			
Alum	170.1	147.7	-13.18%	Alum	\$24.07	\$26.81	\$2.73
Carbon	0.0	0.0	#DIV/0!	Carbon	#DIV/0!	#DIV/0!	#DIV/0!
Chlorine	17.3	16.9	-2.69%	Chlorine	\$11.96	\$24.97	\$13.01
KMnO4	0.0	0.0	-100.00%	KMnO4	\$0.16	#DIV/0!	#DIV/0!
Liquid Phosphate	8.4	11.2	33.45%	Liquid Phosphate	\$11.07	\$17.64	\$6.57

Fluoride:	2021	2022		Fluoride:	2021	2022	
Total Lbs.	1,669	1,652	-1.02%	Cost	\$1,814.20	\$2,296.28	\$482.08
mg/l applied as F	0.69	0.71		Cost/MG	\$5.27	\$6.74	\$1.47
Av. Res. Plt. Tap	0.70	0.75					

Water Quality:

Raw

TAP

	2021	2022
Turbidity	7.60	4.40
pH	8.23	8.26
Alkalinity	111.6	112.5
MF (E-Coli)	0.5	6.9
Temperature	44.0	41.2
Wash-H2O % /LL	2.44	2.66
Av. Flt. Run/hrs	116.7	94.5
Av. ROF / MG	1.34	1.40

	2021	2022
Turbidity	0.059	0.035
pH	7.56	7.63
Alkalinity	101.0	102.5
Plate Count	0.00	0.00
Colilert	0	0
Temp.	46.4	43.5
Cl Res.	0.91	0.88

Natural Gas:

	2021	2022		2021	2022	Diff.
Nat. Gas Heating	2,160	3,826	Plant & South Basin	\$959.01	\$3,713.23	\$2,754.22
Nat. Gas Pumping	64	499		\$943.83	\$483.64	(\$460.19)

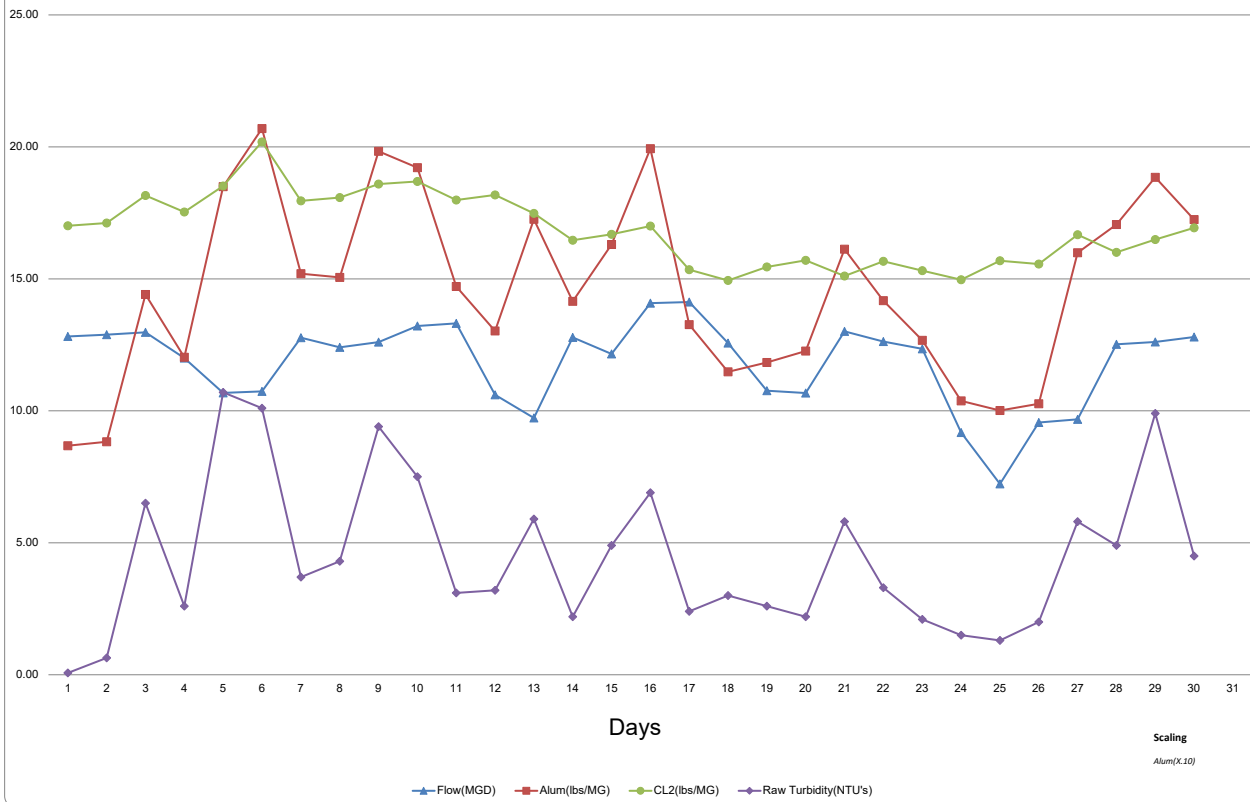
	CCF	Cost	Natural Gas Cost	Natural Gas CCF
#3 Gas Pump	130.2	\$126.14	\$4,196.87	4,325
#4 Gas Pump	193.5	\$187.47		
#7 Gas Pump	107.5	\$104.15		
Electric Generator	68.0	\$65.88		
Pumping totals	499.2	\$483.64		

November 2022

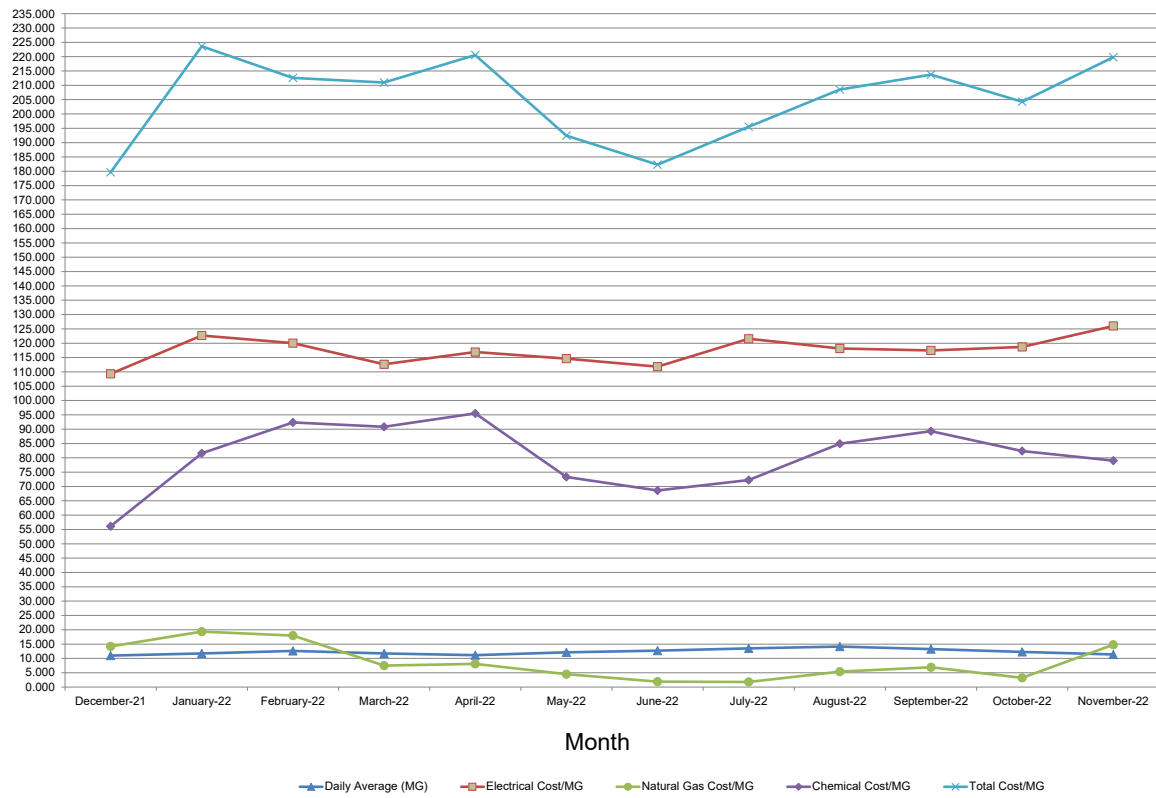
		12/1/2022	11/1/2022			12/1/2022	11/1/2022		
% Run	Elapsed Time:				SLUDGE No. 1 Hour Meter	0.0	0.0	0	
50.1%	No. 6 Pump	70,127.8	69,755.3	372.5	SYSTEM No. 2 Mag Meter	6,720,960	6,302,450	418,510	
2.65%	Wash Pump Meter	5,585.98	5,566.28	19.70	Recycle Meter (Reset to zero each month)			418,510	
0.6%	No. 7 Pump	786.3	782.0	4.3					
0.0%	No. 8 Pump	59,540.3	59,540.3	0.0					
95.7%	No. 9 Pump	24,014.0	23,302.0	712.0					
1.6%	Wash Pump 2	67	55	12	Power Cost	\$0.0755680	Bill >>>>	\$33,189.47	
	No. 1 Prime Pump	1,046.2	1,045.7	0.5		0.214225	KWH >>>	439,200	
	No. 2 Prime Pump	1,121.2	1,120.1	1.1	Init. Chg.	\$31,557.20	Low L. KWH	71,305	
					\$	KWH	L.L. Cost \$	\$5,388.38	
Kw/Hr run	Watt hour Meters:				Kohler Pit		High L. KWH	279,759	
142.1	Wash Pump 1	1275.1	1271.1	2,800	Horizon	\$269.91	1,862	H.L. Cost \$	\$21,140.83
62.4	No. 9 Pump	5767.83	5723.40	44,425	Taylor	\$275.91	2,019	Total Cost	\$26,529.21
#DIV/0!	No. 8 Pump	6837.1	6837.1	0	ALT. 72 Park	\$1,713.80	8,000	Plant Costs	\$6,530.20
72.2	No. 6 Pump	1289.2	1193.2	26,880	Geo. Ave.	\$5,209.04	55,800		
123.7	Wash Pump 2	6.94	5.703	1,484	Wilgus Ave.	\$431.30	3,200		
#DIV/0!	No. 1 Pump	9309.184	9309.184	0	EE Pit	\$697.38	5,418		
239.5	No. 2 Pump	4798.854	4788.268	10,586	EE Tower	\$175.77	1,232		
298.5	No. 3 Pump	272.831	177.888	94,943	Washington	\$59.90	301		
#DIV/0!	No. 4 Pump			0	Office	\$621.89	4,764		
479.2	No. 5 Pump	10,921.228	10,746.998	174,230	Erie Ave.	\$2,259.52	16,000		
					Total	\$43,271.62	516,196		
	Garage (MWatt/Hrs.)	1,076.13	1,071.69	4,440					
	Power Co. (Step #3)	38,546	38,198	417,600					
	Left Meter - OUTSIDE								
	Volume Used:				SUMMARY	HIGH LIFT		LOW LIFT	
	Nat. Gas (Correct)	45,085,211	44,964,842	151,304		2021	2022	2021	2022
					Tot. Pump	345.043	341.292	351.585	355.420
	Elapsed Time:				Daily Ave.	11.501	11.376	11.720	11.847
	Emer. Generator	1,056.7	1,053.3	3.4	Max. Day	13.408	12.913	13.862	14.122
					Min. Day	7.990	7.138	7.975	7.230
% Run	Elapsed Time:				By Nat. Gas	0.000	3.932	0.000	2.418
0.0%	No. 1 Pump	17,263.2	17,263.2	0.0	Power KWH	285,951	279,759	71,031	71,305
5.9%	No. 2 Pump	20,482.50	20,438.30	44.20	Gals/KWH	1207	1206	4950	4951
42.8%	No. 3 Elec. Pump	949.4	631.3	318.1	Cost/KWH	\$0.06876	\$0.07557	*****	*****
0.6%	No. 3 Nat. Gas Pump	556.2	552.0	4.2	Cost/MG	\$56.98	\$61.94	\$13.89	\$15.16
0.0%	No. 4 Elec. Pump	0.00	0.00	0.0	Tot. Cost/MG	\$105.40	\$126.79	*****	*****
0.6%	No. 4 Nat. Gas Pump	59.0	54.7	4.3					
48.9%	No. 5 Pump	22,839.140	22,475.570	363.570					
0.4%	UV Building Generator	134.3	131	3.3					

November 2022: Sheboygan Water Utility Plant Operations Summary

Item 4.



Plant Operations: Expense Report



Filter Plant Maintenance Completed For November 2022

Subject	StartDate	EndDate	Description	
Water Heater (Final)	1-Nov-22		Check for leaks, insulate pipes, label, and clean up area.	
Closet and Maintenance Shop	1-Nov-22		Cleanup water heater closet, place items back on shelving, and put maintenance tools away.	
Menards	1-Nov-22		Purchase L.E.D. lights, band aids, and 3/8 concrete anchors.	
Filter plant trash	1-Nov-22		Removed filter plant trash	
Filter 5	1-Nov-22		Drill and tap ¾. hole for sample point.	
Filter 3	1-Nov-22		Prepare filter 3 pipe-t for ¾. threaded hole.	
Natural Gas Oil Drum	2-Nov-22		Place N/G oil drum into high lift.	
Filter 3 Wash	2-Nov-22		Wash filter 3 and collect back wash data.	
Filter 3	2-Nov-22		Install new sample point plumbing, clean filter to waste line, and leak check install.	
Filter 3	2-Nov-22		Drill and Tap ¾. hole for NTU sample pump.	
Home Depot	3-Nov-22		Purchase grout for filter 5.	
Erie Ave.	3-Nov-22		Check reagents, inspect engine, turn on heat in electrical room, turn off water heater, etc.	
Taylor Hill	3-Nov-22		Replace reagents, walk grounds, adjust NTU meter flow, etc.	
Georgia Ave.	3-Nov-22		Check reagents, adjust hypo meter flow, walk grounds, check doghouse.	
Horizon Ave.	3-Nov-22		Check reagents, walk grounds, sweep floor; Josh McDonald Mowed.	
Dan sick time	3-Nov-22	4-Nov-22	Dan out sick	
Menards	4-Nov-22		Purchase LED bulbs, 5/8. hose, small torch, and paint.	
Pipe Gallery Light	4-Nov-22		Replace pipe gallery light by south steps.	
East Alum Feed	4-Nov-22		Clean pump, re-install fittings, flush lines, etc.	
FSO	4-Nov-22		Assist FSO turning valves, acquiring electrical socket, RPZ, insulation blankets, etc.	
East Basin	4-Nov-22		Begin draining East basin for Monday service.	
East Basin (FSO)	7-Nov-22		Open decant valves, shut outfall, open drain valves, pump water to city, and swap to sludge pump 1 once sludge appeared.	
Plant Engines	7-Nov-22		Check oil and coolant in plant NG engines; generator was 1.5 quarts low.	
East Basin Valve Repair	7-Nov-22		Remove east basin, south east valve stem for repair.	
East SWAN Hypo Meter	7-Nov-22		CLR and clean east SWAN hypo meter.	
South Basin	7-Nov-22		Inspect and grease floc idlers, inspect chains, and lube auger motor.	
East Basin	8-Nov-22		Setup FSO and collect lab sample.	
Menards	8-Nov-22		Purchase ¾. stainless valves and nipples; looked for 24x25x4 filters to no avail.	
Auer Steel	8-Nov-22		Purchase 4 new filter 24x25x4 for laboratory furnace.	
Dakota Supply Group	8-Nov-22		Purchase new filters for upstairs furnace and inquire about annular bits for Milwaukee drill.	
Laboratory Furnace	8-Nov-22		Install new filter, add bleach to evap pump, and check operation.	
H.L. Cleaning	8-Nov-22		Move plywood and 2x4's into Jonson shed from H.L.	
East Basin Brackets	9-Nov-22		Weld, fabricate, and drill new brackets for East Basin wall repair.	
East basin stem removal	9-Nov-22		Removed bottom part of East basin decant valve stem, east side	
East Basin Inspection	9-Nov-22		Perform East basin inspection. Found and replaced to door hinges, need to install new 2x6 and brackets for South West wall.	
East Basin Sludge Sample	9-Nov-22		Collect East basin sludge sample	
East basin wall brace	10-Nov-22		East basin west side, new mid wall brace and mounting brackets installed	
East basin bottom wall brackets	10-Nov-22		East basin west side, new floor mounted bracing brackets installed to secure wall	
East basin decant stem	10-Nov-22		Installed new east basin (east side) decant stem, both upper and lower level	
Cleaned maintenance tools	10-Nov-22		Cleaned and organized maintenance tools from east basin repairs	
East basin back in service	11-Nov-22		East basin valves and sluice gates closed and basin back in service	
West basin shut down	11-Nov-22		Opening decant valves and sluice gates and taking west basin out of service for cleaning	
Menards	11-Nov-22		Menards for filter plant maintenance items	

Removed plant trash	11-Nov-22		Removed plant trash and cardboard
UV Reference Check	11-Nov-22		Perform UV reference check and install new dehumidifier pack in UVT% meter.
Josh covering 3rd shift	14-Nov-22		Josh covering 3rd shift for Jeff.
West basin Cleaning Prep	14-Nov-22		Prepared west basin and valves for cleaning operations
Inspected North west basin	14-Nov-22		Inspected north west basin, closed walls and decant boxes, ready for filling
Inspected central west basin	14-Nov-22		Inspected central west basin, closed doors and decant boxes, ready to fill
Menards	15-Nov-22		Menards for filter plant maintenance items
Dakota supply group	15-Nov-22		Dakota supply group for schedule 40 PVC pipe
Prepared south west basin	15-Nov-22		Prepped south west basin for cleaning operations
Inspected south west basin	15-Nov-22		Inspected the south portion of the west basin, 2 sections of floc welds broken and 1 pillow block needs replacement
West basin broken flanges	16-Nov-22		Inspected west basin shaft/flange welds that broke and came up with initial plan to repair in spring
West basin babbitt bearing	16-Nov-22		West basin (west) babbitt bearing will need replacement in spring
West basin filling	16-Nov-22		Closed all valves, hatches and started filling west basin
Cleanup from basin cleaning	16-Nov-22		Putting away and cleaning east/west basin cleaning equipment
West basin samples	16-Nov-22		West basin samples taken for lab
Flushed sludge pit valves	16-Nov-22		Flushed 8 and 12 in lines going into sludge pit from backwash basin
filter media test pipe	16-Nov-22		Starting making filter media test tubes out of PVC pipe
West basin back in service	17-Nov-22		Opened effluent valves, closed sluice gates and checked drain valves for leaks, basin back in service
EE pit cold temp	17-Nov-22		Getting cold temp alarm at plant, went to EE pit and turned heat up
Collected backwash basin sample	17-Nov-22		Collected back wash basin sample for lab
Cut core sample tubes	17-Nov-22		Cut 2 inch PVC for core sample tubes
Dan on vacation	18-Nov-22		Dan on vacation
Joshua off for Coverage	21-Nov-22		Joshua off for covering 3rd shift.
finished core sample tubes	21-Nov-22		Finished making media core sample tubes
Heater Georgia dog house	21-Nov-22		Put new heater in dog house pit, 240V heater and outlet burnt out
Erie reagents	21-Nov-22		Put new reagents in HACH analyzer at Erie pump station
Taylor hill heaters	21-Nov-22		Checked Taylor hill pit heaters and dog house heaters and reagents
Dakota supply group	21-Nov-22		New space heater from Dakota supply group
Removed trash	21-Nov-22		Removed trash and recyclables from filter plant
Dan Lab operations and samples	22-Nov-22	22-Nov-22	Covered lab operations and sampling
South basin cleaning setup	23-Nov-22		Prepped south basin for cleaning on monday
cleaned old rapid mix area	23-Nov-22		Vacuumed and cleaned up old rapid mix area
POs and orders	23-Nov-22		Pos and order tracking with Mulcahy Shaw
Checked plant heaters	23-Nov-22		Checked and set plant heaters in filter area
Thanks giving Holiday	24-Nov-22	25-Nov-22	Thanks giving holiday
Utility observed holiday	24-Nov-22	25-Nov-22	Utility observed holiday
Filter 5	28-Nov-22		Begin scraping calk from individual bottoms in prep for cap install.
South Basin Sludge	28-Nov-22		Remove sludge and deposits from basin.
South Basin Inspection	28-Nov-22		Inspect caps, snug bolts, grease bearings, and check operations.
South Basin Bearings	28-Nov-22		Install new bearings on floc train 2 east bearing and floc train 1 west bearing.
South Basin	28-Nov-22		Finish draining basin and setting up for entry.
Filter Hall	29-Nov-22		Rearrange filter hall in preparation for filter repair.
Filter 5	29-Nov-22		Vacuum, scrap landings, remove access grout, torque caps, etc.



Distribution System -- November 2022

Street Valves and Hydrant Valves Installed (including water main projects and others)

Location	Date Installed	Size ("), Jt	Installed By	Type
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Total Valves Installed = 0

Street Valves and Hydrant Valves Removed

Location	Installed	Abandoned	Type
----------	-----------	-----------	------

Total Valves Removed = 0

Street Valves and Hydrant Valves Abandoned

Location	Installed	Abandoned
----------	-----------	-----------

Total Valves Abandoned = 0

Street Valves and Hydrant Valves Maintained

Location	Maintained	Size	By
----------	------------	------	----

Total Valves Maintained = 0

Hydrants Installed (including water main projects and others)

Location	Installed	Tr Size	Valve	By
S.8th St @ Wilson Ave (NW)	11/9/2022	6'	n	SWU

Total Hydrants Installed = 1

Hydrants Removed (including water main projects and others)

Location	Installed	Removed	Hyd Valve?
S. 8th St. at Wilson Ave. (NW)		11/9/2022	n

Total Hydrants Removed = 0

Hydrants Abandoned (including water main projects and others)

Location	Installed	Abandoned	Tr Size	Hyd Valve?
----------	-----------	-----------	---------	------------

Total Hydrants Abandoned = 0

Hydrants Maintained/Moved (including water main projects and others)

Location	Installed	Maintained
----------	-----------	------------

Total Hydrants Maintained/Moved = 0

Water Main Breaks

Location	Date	Size
1230 St. Clair Ave	11/11/2022	30"
2209 S. Business Dr.	11/27/2022	8"

Number of Water Main Breaks= 2

SUMMARY

Number of feet of 4 inch water main installed	0.0	water main
Number of feet of 6 inch hydrant lead installed	0.0	
Number of feet of 6 inch water main installed	0.0	
Number of feet of 8 inch water main installed	0.0	
Number of feet of 12 inch water main installed	0.0	
Number of feet of 16 inch water main installed	0.0	
Number of feet of 20 inch water main installed	0.0	
Number of feet of 24 inch water main installed	0.0	
Number of feet of water main abandoned or removed	0	
Number of water main breaks repaired	2	hydrants
Number of hydrants installed	1	
Number of hydrants removed or abandoned	1	
Number of hydrants maintained or moved	0	valves
Number of street valves installed	0	
Number of hydrant valves installed	0	
Number of street valves removed or abandoned	0	
Number of hydrant valves removed or abandoned	0	
Number of valves maintained	0	
Number of water connections installed	2	



MONTHLY CONSTRUCTION-MAINTENANCE DEPARTMENT REPORT

November 2022

Distribution System Maintenance:

- Repaired water main break on South Business Drive.
- Repaired water main break on N 13th St.
- Aided in the removal of seasonal bulk water boxes at remote locations.
- Replaced hydrant on S 8th St. and Wilson Avenue.
- Worked with Engineering to get measure down information on Indiana Ave.
- Completed seasonal hydrant checks.
- Continued pouring permanent service repair holes for the season.
- Finished annual inventory counting.
- Hauled in fill to replenish stock.

Building/Grounds Maintenance:

- General shop maintenance and cleaning.
- Completed annual mowing at Erie and Horizon sites.
- Aided Operations in repair of a shaft in the East Basin.

Water Quality:

- Completed seasonal dead end hydrant flushing.

Taps:

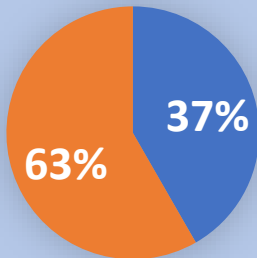
- 1" tap at 1130 N 10th St. Lead Service was removed from the system.
- 8" tap on Horizon Avenue.

Equipment Maintenance:

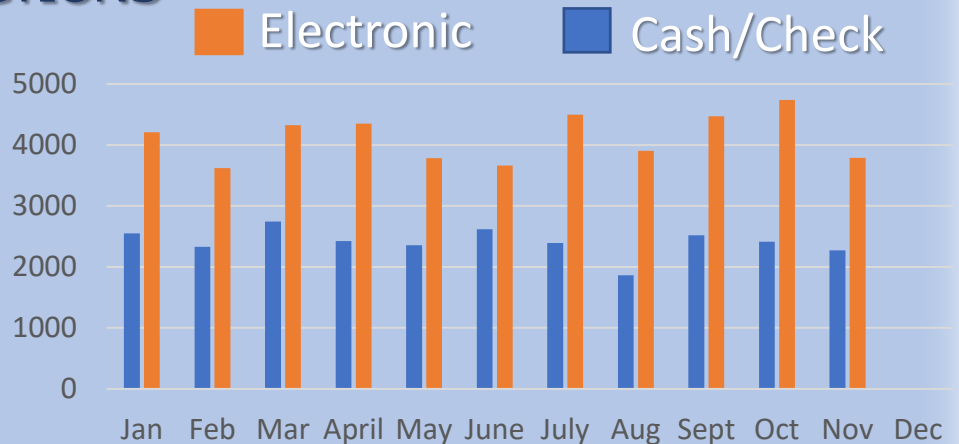
- Performed routine maintenance and repairs on construction equipment and vehicle fleet.
- Prepped plow and salter for upcoming winter season.

CUSTOMER RELATIONS & FISCAL SUMMARY

PAYMENT TRANSACTIONS



6,057
Total # of November
Payments Processed



COLLECTIONS

District 1

\$1,095,626

Total Billed

\$215,215

Outstanding
After Due Date

1324

Past Due Letters Mailed

0

Disconnection
Letters Mailed

0

Properties Disconnected

\$98,055

Outstanding At
Month End

PAYMENTS BY SOURCE

	November 2021	November 2022
Payment Window <small>(Cash/Check)</small>	465	418
Drop Box Payments	261	180
Electronic Payments	3541	3788
Mail Payments	1948	1671
Total Payments	6215	6057

Payments Returned NSF **20**

UTILITY BILLS



Total Paperless
1,147

Total October
Emailed
Statements
3,649



**NOVEMBER
2022**

CUSTOMER RELATIONS & FISCAL SUMMARY

PROPERTY TRANSACTIONS

	November 2021	November 2022
Account Transfers <i>(Finals)</i>	272	178
Property Data Requests	95	63

PSC COMPLAINTS

0 PSC Complaint(s) Filed

ACCOUNTS PAYABLE

174 Invoice Items Paid

CUSTOMER SERVICE



158

Customer Service Email
Requests Completed



517

USS Calls Answered



24:47

USS Hours
On the Phone



156

Lead ST Calls Completed
(Incoming & Outgoing)



7:12

Lead ST Hours
On the Phone

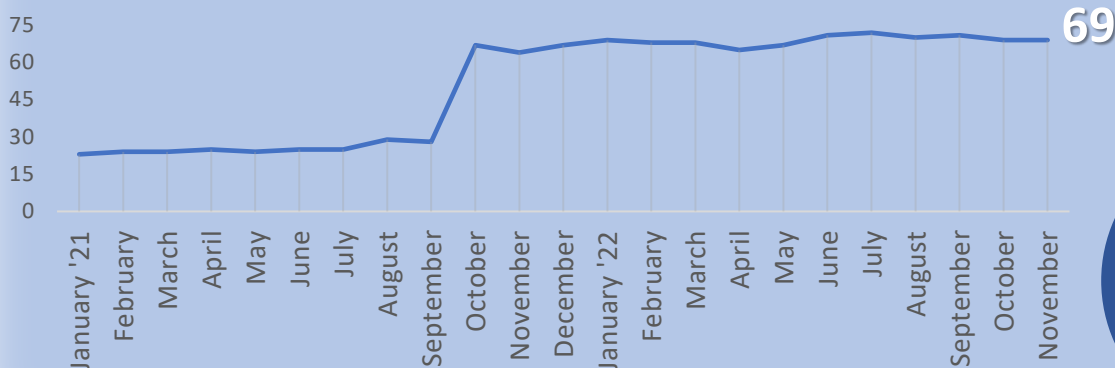
CUSTOMER ASSISTANCE PAYMENTS

Number of Payments Received: **9**

Total Dollars: **\$1,601**

*Payments received from Wisconsin Emergency Rental Assistance Program, LIHWAP, Salvation Army, and St. Vincent DePaul for customer benefit.

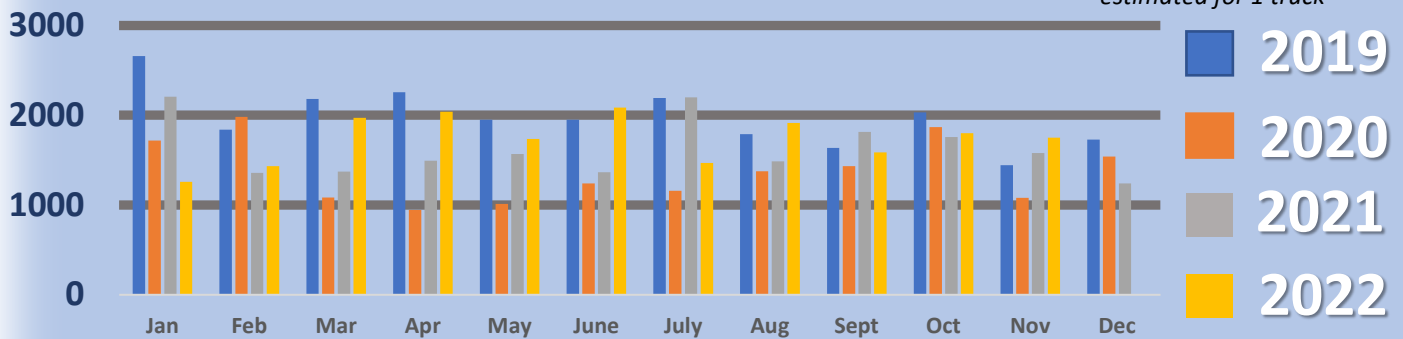
LEAD SERVICE LINE REPLACEMENT ACTIVE LOANS



**NOVEMBER
2022**

CUSTOMER RELATIONS & FISCAL SUMMARY

SERVICE TECH MILES DRIVEN



CROSS CONNECTION

78
0

Inspections by SWU

Inspections by Hydro Corp



3

Facilities with Compliance Issues

LEAD EDUCATION

9

WDNR Lead in Drinking Water brochures distributed at home visits

TROUBLESHOOTING WORK ORDERS COMPLETED

114

Work orders completed for high consumptions, zero/low, and checks.

LEAK ALLOWANCES ISSUED

4

Customer Requests

816

CCF Allowed @ Reduced Rate



SERVICE LEAKS

2

New Reported Leak(s)

1

Leak(s) Fixed or Off

2

Active Leak(s) Month End

METERS

95

Meters

Installed/Replaced

59

Meters Tested



NOVEMBER
2022

CUSTOMER RELATIONS & FISCAL SUMMARY

FACEBOOK PAGE



2 November New Followers

763 Total Followers

WEBSITE VISITORS

3,112



2021 Visits in November: 3,683
Top Page Viewed: **Pay Your Bill**

ADDITIONAL CR/F ACTIVITIES NOVEMBER

- Service Techs continue their work replacing and testing water meters.
- USS issued bills to District 3 and Monthly customers.
- Disconnections for nonpayment were not held in November due to the tax roll process.
- Delinquent amounts were transferred to the County for collections on the tax bills. A summary is provided below:

Tax Roll Balance Summary	2020	2021	2022
Number of Customer Letters Mailed	1497	1906	2112
Number of Owner Letters Mailed	691	916	962
Dollars Subject to Tax Roll as of October 15	\$ 492,953.85	\$ 434,025.37	\$ 745,385.71
Dollars Subject to Tax Roll as of November 1	\$ 364,749.96	\$ 299,132.77	\$ 330,482.02
Dollars 10% Penalty	\$ 34,235.62	\$ 29,912.85	\$ 33,048.29
Total Outstanding Dollars as of November 15 w/Penalties	\$ 398,985.58	\$ 278,727.60	\$ 326,058.78
Total Outstanding Garbage/Recycling & Sewer Dollars w/Penalties as of November 15	\$ 249,164.95	\$ 190,473.28	\$ 223,400.69
Total Outstanding Water Dollars w/Penalties as of November 15	\$ 114,181.23	\$ 84,637.26	\$ 102,658.09
Total Outstanding Delinquent LSL Replacement Loans	\$ -	\$ 3,616.33	\$ 21,847.85

NOVEMBER
2022

December 19, 2022 REQUEST TO WRITE OFF BANKRUPTCY AND OTHER BALANCES

	ACCOUNT NUMBER	NAME	WRITE OFF ACTION/DESCRIPTION	DATE OF NOTICE	DISCHARGE DATE	TOTAL AMOUNT	WATER	SEWER	GARBAGE FEES	RECYCLE FEES
1	36-135-01-20	Bailey, Brian & Sarah	Past statute of limitations for collection	10/4/2016	11/30/2022	58.26	20.36	26.57	11.33	-
2	82-179-00-01	Voechting, Robert or Kristie	Past statute of limitations for collection	7/25/2016	7/29/2022	87.71	34.98	42.33	10.40	-
3	84-129-00-00	Maki, Leo	Past statute of limitations for collection	7/25/2016	7/29/2022	152.88	0.51	96.20	56.17	-
						-				
							\$ 298.85	\$ 55.85	\$ 165.10	\$ 77.90
									\$	-

* Amounts sent to collections are collectible for 6 years and then will be written off due statute of limitations on collection.

Superintendent Approval

Commissioner Approval

Commissioner Approval

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United States of America

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November 15, 2022

Joseph Trueblood
Superintendent
Sheboygan Water Utility
72 Park Avenue
Sheboygan, WI 53081

Dear Mr. Trueblood:

Thank you for using Baker Tilly US, LLP (Baker Tilly, we, our) as your auditors.

The purpose of this letter (the Engagement Letter) is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of the Sheboygan Water Utility (Client, you, your).

Service and Related Report

We will audit the financial statements of the Sheboygan Water Utility as of and for the years ended December 31, 2022-2024, and the related notes to the financial statements. Upon completion of our audit, we will provide the Sheboygan Water Utility with our audit report on the financial statements referred to below. If, for any reasons caused by or relating to the affairs or management of the Sheboygan Water Utility, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Sheboygan Water Utility's financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. As part of our engagement, we will apply certain limited procedures to the Sheboygan Water Utility's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- > Management's Discussion and Analysis
- > Pension - related schedules
- > OPEB - related schedules

Our report does not include reporting on key audit matters.

November 15, 2022
Page 2

Our Responsibilities and Limitations

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing that audit in accordance with auditing standards generally accepted in the United States of America (GAAS). These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. A misstatement is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user based on the financial statements. The objective also includes reporting on:

- > Internal control related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.
- > Internal control related to major federal and/or state programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (i) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (ii) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the Uniform Guidance and the *State Single Audit Guidelines*, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, and other procedures we consider necessary to enable us to express such opinions and to render the required reports.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We will also:

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

November 15, 2022
Page 3

- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities. Our audit is limited to the period covered by our audit and does not extend to any later periods during which we are not engaged as auditor.

The audit will include obtaining an understanding of the Sheboygan Water Utility and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to determine the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control matters that are required to be communicated under professional standards. We will also inform you of any other matters involving internal control, if any, as required by *Government Auditing Standards*, the Uniform Guidance and the *State Single Audit Guidelines*.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance and the *State Single Audit Guidelines*, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and major state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control over compliance issued pursuant to the Uniform Guidance and the *State Single Audit Guidelines*.

Also, if required by *Government Auditing Standards*, we will report known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse directly to parties outside of the Sheboygan Water Utility.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Sheboygan Water Utility's compliance with the provisions of applicable laws, regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

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The Uniform Guidance and the *State Single Audit Guidelines* require that we also plan and perform the audit to obtain reasonable assurance about whether you have complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the OMB Compliance Supplement and the *State Single Audit Guidelines* for the types of compliance requirements that could have a direct and material effect on each of the Sheboygan Water Utility's major programs. The purpose of those procedures will be to express an opinion on your compliance with requirements applicable to each of your major programs in our report on compliance issued pursuant to the Uniform Guidance and the *State Single Audit Guidelines*.

We are also responsible for determining that those charged with governance are informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of your significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to your financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that those charged with governance receive copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance of any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be addressed differently by a third party, possibly in connection with a specific transaction.

Management's Responsibilities

You are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance and the *State Single Audit Guidelines*, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review before we begin fieldwork.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed above. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

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Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with GAAP. Management is also responsible for identifying and ensuring that the Sheboygan Water Utility complies with the laws and regulations applicable to its activities.

As part of our audit process, we will request from management and, when appropriate, those charge with governance written confirmation concerning representations made to us in connection with the audit.

Baker Tilly is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 15B of the Securities Exchange Act of 1934 (the Act). Baker Tilly is not recommending an action to the Sheboygan Water Utility; is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Act to you with respect to the information and material contained in the deliverables issued under this engagement. Any municipal advisory services would only be performed by Baker Tilly Municipal Advisors LLC (BTMA) pursuant to a separate engagement letter between you and BTMA. You should discuss any information and material contained in the deliverables with any and all internal and external advisors and experts that you deem appropriate before acting on this information or material.

Nonattest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services. For purposes of this letter, nonattest services include services that *Government Auditing Standards* refers to as nonaudit services.

Nonattest services that we will be providing are as follows:

- > Financial statement preparation
- > CIVIC systems software
- > Utility rate consulting

None of these nonattest services constitute an audit under generally accepted auditing standards including *Government Auditing Standards*.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

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On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

Other Documents

If you intend to reproduce or publish the financial statements in an annual report or other information (excluding official statements), and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

If you intend to reproduce or publish the financial statements in an official statement, unless we establish a separate agreement to be involved in the issuance, any official statements issued by the Sheboygan Water Utility must contain a statement that Baker Tilly is not associated with the official statement, which shall read "Baker Tilly US, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Tilly US, LLP, has also not performed any procedures relating to this official statement."

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

At the conclusion of our engagement, we will complete the appropriate auditor sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to complete the auditee sections and to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior year audit findings, auditors' reports and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include within the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of thirty (30) days after receipt of the auditors' reports or nine (9) months after the end of the audit period.

We will provide copies of our reports to the Sheboygan Water Utility, however, management is responsible for distribution of the reports and the financial statements. Copies of our reports are to be made available for public inspection unless restricted by law or regulation or if they contain privileged and confidential information.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal or state agencies for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Baker Tilly personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. Baker Tilly does not retain any original client records; so we will return such records to you at the completion of the services rendered under this engagement. When such records are returned to you, it is the Sheboygan Water Utility's responsibility to retain and protect its accounting and other business records for future use, including potential review by any government or other regulatory agencies. By your signature below, you acknowledge and agree that, upon the expiration of the documentation retention period, Baker Tilly shall be free to destroy our workpapers related to this engagement. If we are required by law, regulation or professional standards to make certain documentation available to regulators, the Sheboygan Water Utility hereby authorizes us to do so.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

Timing and Fees

Completion of our work is subject to, among other things, (i) appropriate cooperation from the Sheboygan Water Utility's personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries, and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason the Sheboygan Water Utility is unable to provide such schedules, information, and assistance, Baker Tilly and you may mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

Certain changes in the Sheboygan Water Utility's business or within its accounting department may result in additional fees not contemplated as part of the original engagement quote provided below. Examples of such changes include but are not limited to: implementation of new general ledger software or a new chart of accounts; the creation of new funds, departments or component units; other significant changes in operations; new financing arrangements or modifications to existing financing arrangements; significant new federal or state funding; government combinations; significant new employment agreements; complex research matters; and significant subsequent events. Any additional fees associated with these business or accounting changes would not be expected to be recurring in nature.

For certain transactions or changes in operations or conditions, financial reporting and/or auditing standards may require us to utilize the services of internal or external valuation specialists. This includes matters such as government combinations, impairment evaluations, and going concern evaluation, among other potential needs for specialists. The time and cost of such services are not included in the fee estimate provided below.

Revisions to the scope of our work will be communicated to you and may be set forth in the form of an "Amendment to Existing Engagement Letter." In addition, if we discover compliance issues that require us to perform additional procedures and/or provide assistance with these matters, fees at our standard hourly rates apply.

Year	Financial Audit	Single Audit, if necessary	Totals
2022	\$25,000	\$ 8,500	\$33,500
2023	30,000	9,500	39,500
2024	35,000	10,500	45,500

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Invoices for these fees will be rendered each month as work progresses and are payable on presentation. In addition to professional fees, our invoices will include our standard administrative charge, plus travel and subsistence and other out-of-pocket expenses related to the engagement. A charge of 1.5 percent per month shall be imposed on accounts not paid within thirty (30) days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes thirty (30) days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. In the event that collection procedures are required, the Sheboygan Water Utility agrees to be responsible for all expenses of collection including related attorneys' fees.

To the extent the services require Baker Tilly receive personal data or personal information from Client, Baker Tilly may process any personal data or personal information, as those terms are defined in applicable privacy laws, in accordance with the requirements of the applicable privacy law relevant to the processing in providing services hereunder. Applicable privacy laws may include any local, state, federal or international laws, standards, guidelines, policies or regulations governing the collection, use, disclosure, sharing or other processing of personal data or personal information with which Baker Tilly or its Clients must comply. Such privacy laws may include (i) the EU General Data Protection Regulation 2016/679 (GDPR); (ii) the California Consumer Privacy Act of 2018 (CCPA); and/or (iii) other laws regulating marketing communications, requiring security breach notification, imposing minimum security requirements, requiring the secure disposal of records and other similar requirements applicable to the processing of personal data or personal information. Baker Tilly is acting as a Service Provider/Data Processor in relation to Client personal data and personal information, as those terms are defined respectively under the CCPA/GDPR. Client is responsible for notifying Baker Tilly of any data privacy laws the data provided to Baker Tilly is subject to and Client represents and warrants it has all necessary authority (including any legally required consent from data subjects) to transfer such information and authorize Baker Tilly to process such information in connection with the services described herein. Client agrees that Baker Tilly has the right to generate aggregated/de-identified data from the accounting and financial data provided by Client to be used for Baker Tilly business purposes and with the outputs owned by Baker Tilly. For clarity, Baker Tilly will only disclose aggregated/de-identified data in a form that does not identify Client, Client employees, or any other individual or business entity and that is stripped of all persistent identifiers. Client is not responsible for Baker Tilly's use of aggregated/de-identified data.

Baker Tilly has established information security related operational requirements that support the achievement of our information security commitments, relevant information security related laws and regulations, and other information security related system requirements. Such requirements are communicated in Baker Tilly's policies and procedures, system design documentation and contracts with customers. Information security policies have been implemented that define our approach to how systems and data are protected. Client is responsible for providing timely written notification to Baker Tilly of any additions, changes or removals of access for Client personnel to Baker Tilly provided systems or applications. If Client becomes aware of any known or suspected information security or privacy related incidents or breaches related to this agreement, Client should timely notify Baker Tilly via email at dataprotectionofficer@bakertilly.com.

Any additional services that may be requested, and we agree to provide, may be the subject of a separate engagement letter.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the Sheboygan Water Utility, unless otherwise prohibited. In the event we are requested by the Sheboygan Water Utility or required by government regulation, subpoena or other legal process to produce our engagement working papers or our personnel as witnesses with respect to services rendered to the Sheboygan Water Utility, so long as we are not a party to the proceeding in which the information is sought, we may seek reimbursement for our professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

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We may be required to disclose confidential information with respect to complying with certain professional obligations, such as peer review programs. All participants in such peer review programs are bound by the same confidentiality requirements as Baker Tilly and its employees. Baker Tilly will not be required to notify the Sheboygan Water Utility if disclosure of confidential information is necessary for peer review purposes.

Our fees are based on known circumstances at the time of this Engagement Letter. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at the Sheboygan Water Utility, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures. This Engagement Letter currently includes all auditing and accounting standards and the current single audit guidance in effect as of the date of this letter.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course, be happy to provide the Sheboygan Water Utility with any other services you may find necessary or desirable.

Resolution of Disagreements

In the unlikely event that differences concerning services or fees should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. Each party shall bear their own expenses from mediation.

If mediation does not settle the dispute or claim, then the parties agree that the dispute or claim shall be settled by binding arbitration. The arbitration proceeding shall take place in the city in which the Baker Tilly office providing the relevant services is located, unless the parties mutually agree to a different location. The proceeding shall be governed by the provisions of the Federal Arbitration Act (FAA) and will proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that no pre hearing discovery shall be permitted unless specifically authorized by the arbitrator. The arbitrator will be selected from Judicate West, AAA, Judicial Arbitration & Mediation Services (JAMS), the Center for Public Resources or any other internationally or nationally recognized organization mutually agreed upon by the parties. Potential arbitrator names will be exchanged within fifteen (15) days of the parties' agreement to settle the dispute or claim by binding arbitration, and arbitration will thereafter proceed expeditiously. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the FAA and resolved by the arbitrators. The arbitration will be conducted before a single arbitrator, experienced in accounting and auditing matters. The arbitrator shall have no authority to award nonmonetary or equitable relief and will not have the right to award punitive damages or statutory awards. Furthermore, in no event shall the arbitrator have power to make an award that would be inconsistent with the Engagement Letter or any amount that could not be made or imposed by a court deciding the matter in the same jurisdiction. The award of the arbitration shall be in writing and shall be accompanied by a well-reasoned opinion. The award issued by the arbitrator may be confirmed in a judgment by any federal or state court of competent jurisdiction. Discovery shall be permitted in arbitration only to the extent, if any, expressly authorized by the arbitrator(s) upon a showing of substantial need. Each party shall be responsible for their own costs associated with the arbitration, except that the costs of the arbitrator shall be equally divided by the parties. Both parties agree and acknowledge that they are each giving up the right to have any dispute heard in a court of law before a judge and a jury, as well as any appeal. The arbitration proceeding and all information disclosed during the arbitration shall be maintained as confidential, except as may be required for disclosure to professional or regulatory bodies or in a related confidential arbitration. The arbitrator(s) shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, including the contractual limitations set forth in this Engagement Letter, and shall have no power to decide the dispute in any manner not consistent with such limitations period. The arbitrator(s) shall be empowered to interpret the applicable statutes of limitations.

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Our services shall be evaluated solely on our substantial conformance with the terms expressly set forth herein, including all applicable professional standards. Any claim of nonconformance must be clearly and convincingly shown.

Limitation on Damages and Indemnification

The liability (including attorney's fees and all other costs) of Baker Tilly and its present or former partners, principals, agents or employees related to any claim for damages relating to the services performed under this Engagement Letter shall not exceed the fees paid to Baker Tilly for the portion of the work to which the claim relates, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Baker Tilly relating to such services. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including the negligence of either party. Additionally, in no event shall either party be liable for any lost profits, lost business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages, delays or interruptions arising out of or related to this Engagement Letter even if the other party has been advised of the possibility of such damages.

As Baker Tilly is performing the services solely for your benefit, you will indemnify Baker Tilly, its subsidiaries and their present or former partners, principals, employees, officers and agents against all costs, fees, expenses, damages and liabilities (including attorney's fees and all defense costs) associated with any third-party claim, relating to or arising as a result of the services, or this Engagement Letter.

Because of the importance of the information that you provide to Baker Tilly with respect to Baker Tilly's ability to perform the services, you hereby release Baker Tilly and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the services, that arise from or relate to any information, including representations by management, provided by you, its personnel or agents, that is not complete, accurate or current, whether or not management knew or should have known that such information was not complete, accurate or current.

Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Engagement Letter are material bargained for bases of this Engagement Letter and that they have been taken into account and reflected in determining the consideration to be given by each party under this Engagement Letter and in the decision by each party to enter into this Engagement Letter.

The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Engagement Letter.

You accept and acknowledge that any legal proceedings arising from or in conjunction with the services provided under this Engagement Letter must be commenced within twelve (12) months after the performance of the services for which the action is brought, without consideration as to the time of discovery of any claim or any other statutes of limitations or repose.

Other Matters

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

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Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees, it is hereby agreed that the Sheboygan Water Utility will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Baker Tilly for a period of twelve (12) months following the date of the conclusion of this engagement. If the Sheboygan Water Utility violates this nonsolicitation clause, the Sheboygan Water Utility agrees to pay to Baker Tilly a fee equal to the hired person's annual salary at the time of the violation so as to reimburse Baker Tilly for the costs of hiring and training a replacement.

The services performed under this Agreement do not include the provision of legal advice and Baker Tilly makes no representations regarding questions of legal interpretation. Client should consult with its attorneys with respect to any legal matters or items that require legal interpretation under federal, state or other type of law or regulation.

Baker Tilly US, LLP, trading as Baker Tilly, is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly US, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

This Engagement Letter and any applicable online terms and conditions or terms of use ("Online Terms") related to online products or services made available to Sheboygan Water Utility by Baker Tilly ("Online Offering") constitute the entire agreement between the Sheboygan Water Utility and Baker Tilly regarding the services described in this Engagement Letter and supersedes and incorporates all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto. For clarity and avoidance of doubt, the terms of this Engagement Letter govern Baker Tilly's provision of the services described herein, and the Online Terms govern Sheboygan Water Utility's use of the Online Offering. This Engagement Letter's provisions shall not be deemed modified or amended by the conduct of the parties.

The provisions of this Engagement Letter, which expressly or by implication are intended to survive its termination or expiration, will survive and continue to bind both parties, including any successors or assignees. If any provision of this Engagement Letter is declared or found to be illegal, unenforceable or void, then both parties shall be relieved of all obligations arising under such provision, but if the remainder of this Engagement Letter shall not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law or applicable professional standards.

If because of a change in the Sheboygan Water Utility's status or due to any other reason, any provision in this Engagement Letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, commissions or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

This agreement shall be governed by and construed in accordance with the laws of the state of Illinois, without giving effect to the provisions relating to conflict of laws.

Joseph Trueblood
Sheboygan Water Utility

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We appreciate the opportunity to be of service to you.

If there are any questions regarding this Engagement Letter, please contact Jodi Dobson, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and determining that the engagement has been completed in accordance with professional standards. Jodi Dobson is available at 608 240 2469, or at jodi.dobson@bakertilly.com.

Sincerely,

BAKER TILLY US, LLP

Baker Tilly US, LLP

Enclosure

The services and terms as set forth in this Engagement Letter are agreed to by:

Official's Name

Official's Signature

Title

Date



Report on the Firm's System of Quality Control

October 28, 2021

To the Partners of Baker Tilly US, LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly US, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1® and SOC 2® engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Baker Tilly US, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Baker Tilly US, LLP has received a peer review rating of *pass*.

Moss Adams LLP

Cross Connection Control Program

2023 Contract Renewal

Hydro Corp was contracted in 2012 to conduct cross connection inspections to meet the requirements of SPS 382.4 and NR 810.15. They were contracted to develop a program and perform more complex inspections in our service area. Under the contract, Hydro Corp inspects commercial, industrial, multi-family, and public authority users.

Sheboygan Water Utility staff has built a positive relationship with our CCC inspectors from Hydro Corp. Hydro's administrative staff is highly responsive, detailed, and actively communicates with Sheboygan Water Utility staff. They provide detailed monthly reports regarding the number of facilities inspected and the number of violations found. The staff communicates directly with customers in our service area by mailing notices and providing over the phone and face to face service. Staff works alongside Utility staff and customers to ensure potential cross connections are removed.

Inspections are required every two, six or ten years based on the hazard level assigned to the facility. Inspectors from Hydro Corp are certified cross connection inspectors, who participate in continued education. Contracting with Hydro Corp to conduct cross connection inspections ensures facilities are being inspected by certified inspectors, potential backflow issues are eliminated, and our water supply is protected.

2021/2022 Contract: \$112,728 – 960 Inspections

2023/2024 Contract: \$121,704 - 978 Inspections

PROPOSAL

CROSS-CONNECTION CONTROL SERVICES

Sheboygan Water Utility

72 Park Ave.
Sheboygan, WI 53081

November 15, 2022

KEEPING DRINKING WATER SAFE FOR INDUSTRIES AND MUNICIPALITIES

For over 30 years, HydroCorp™ has been dedicated to safe drinking water for companies and communities across North America. Fortune 500 firms, metropolitan centers, utilities, small towns and businesses – all rely on HydroCorp to protect their water systems, averting backflow contamination and the acute health risks and financial liabilities it incurs.



Cross-Connection Control /

Backflow Prevention

Water Meter Change Out & Installation
Services

Legionella Prevention & Control

Water System Surveys / Flow Diagrams

Pipe System Mapping & Labeling

Regulatory Compliance Assistance /
Documentation



CORPORATE OFFICE
5700 CROOKS RD SUITE 100
TROY MI 48098
800.315.4305 TOLL FREE
262.264.6402 PHONE

PROJECT CONSULTANT: Craig Wolf
612-850-8939 CELL
cwolf@hydrocorpinc.com EMAIL

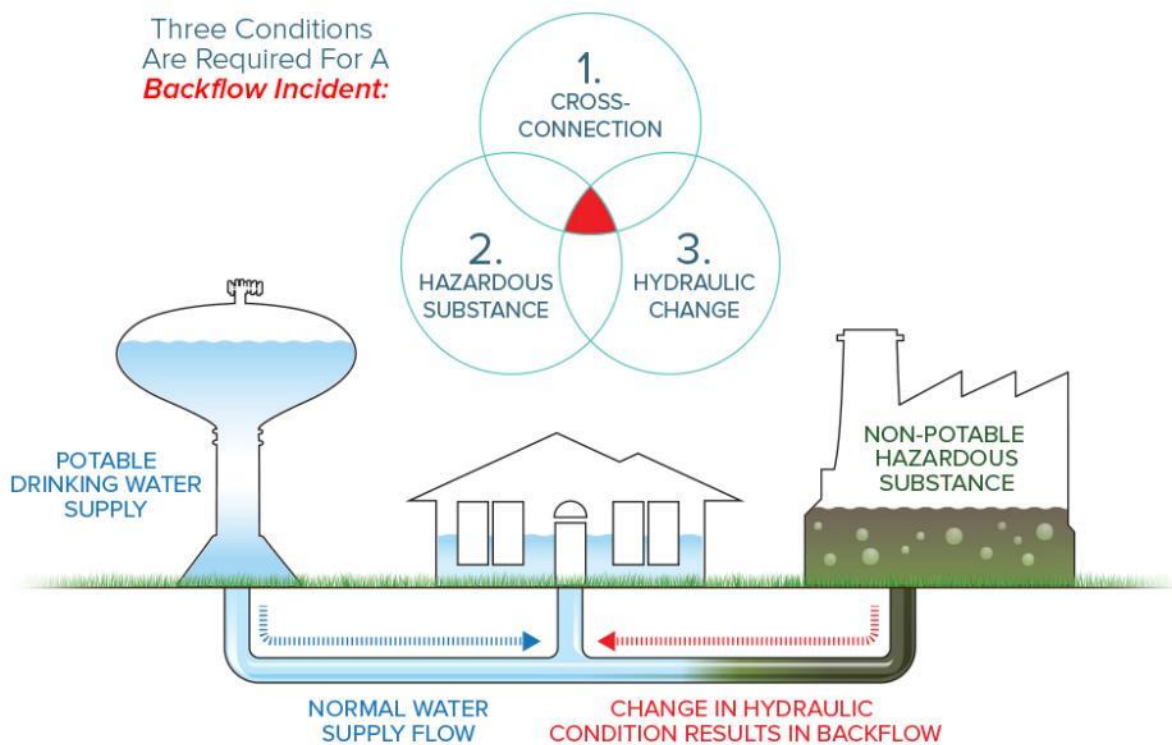
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1. INTRODUCTION

1.1. Definitions

- Backflow – the undesirable reversal of flow of liquid, gas or other substance in a piping system.
- Backflow Preventer – an assembly, device, or method that prevents backflow.
- Cross-Connection – an actual connection or a potential connection between any part of a potable water system and any other environment that would allow substances to enter the potable water system.
- Cross-Connection Control – a program to eliminate cross-connections or to prevent them from causing a public health threat.
- Cross-Connection Control Survey – the review of the plumbing system to determine the existence of potential or actual cross-connections and to assess the degree of hazard of protected and unprotected cross-connections.



1.2. Common Cross-Connection Hazards

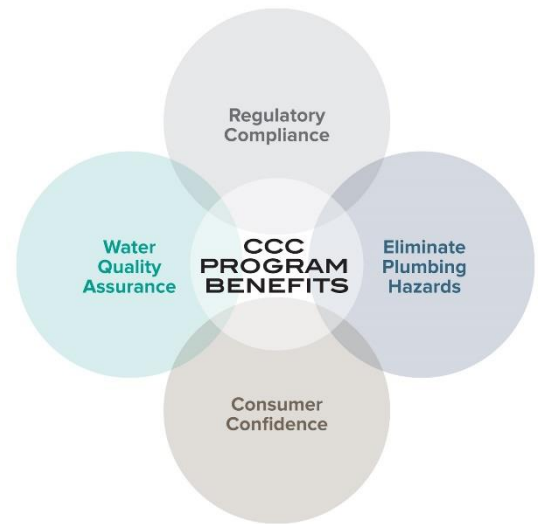
- Garden Hose connections with missing backflow preventers.
- Water Softener discharge lines directly connected to drain piping.
- Boilers with missing or inappropriate backflow preventers.
- Improperly installed or Backflow Prevention Assemblies missing test documentation.

- Toilets with faulty or unapproved anti-siphon fill valves.
- Lawn Irrigation systems with missing or inappropriate backflow preventers.
- Restaurant equipment connected to water supply with missing backflow preventers.
- Dental office equipment with missing backflow preventers.
- Fire Sprinkler systems with missing or inappropriate backflow preventers.
- Chemical mixing systems in janitorial closets with missing backflow preventers.

2. PROJECT WORK PLAN

2.1. Purpose of a Cross-Connection Control Program

- Protect the water supply from backflow & public health and safety.
- Comply with state and local regulations (WI-DNR 810.15).
- Minimize risk and liability.
- Eliminate hazardous cross-connections to the drinking water supply.

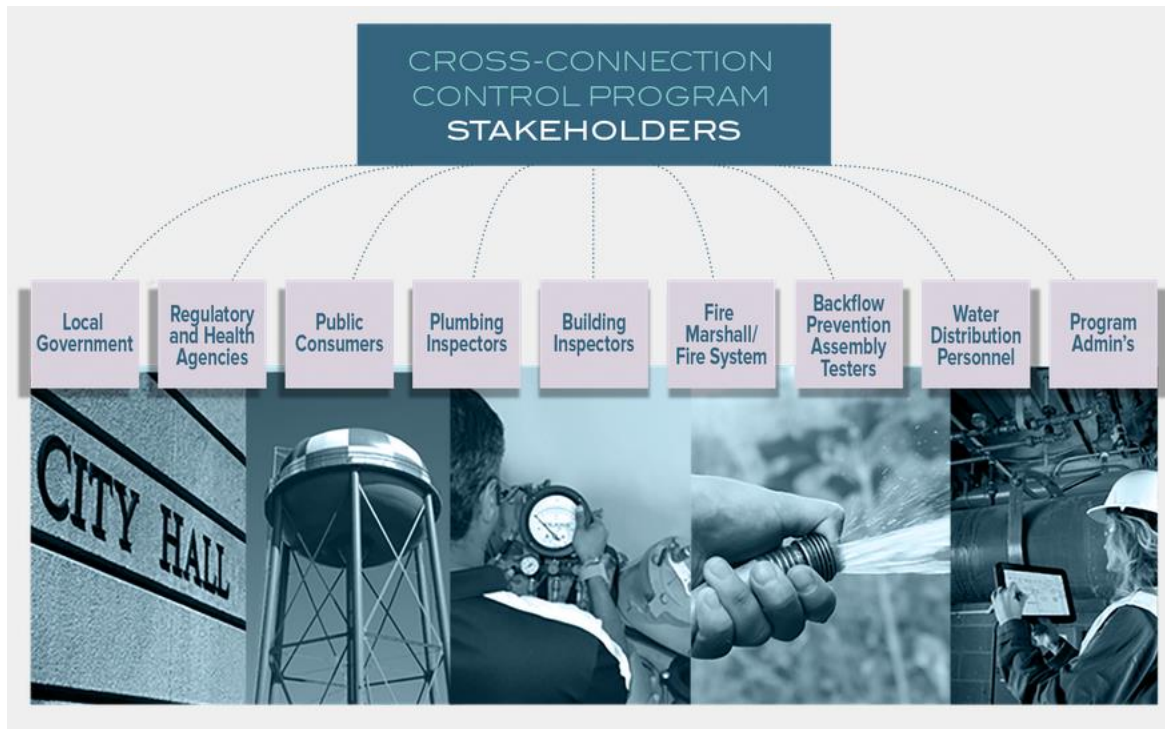


2.2. Meeting the Cross-Connection Control Program Objectives

- Providing cross-connection consultation to the [Sheboygan Water Utility](#).
- Developing a written comprehensive Cross-Connection Control Plan.
- Routinely inspecting water customers for cross-connections or potential cross-connections.
- Maintaining cross-connection control records.
- Notifying water customers of violations and corrective action instructions.
- Providing water customer non-compliance status to the water utility.
- Providing public education.

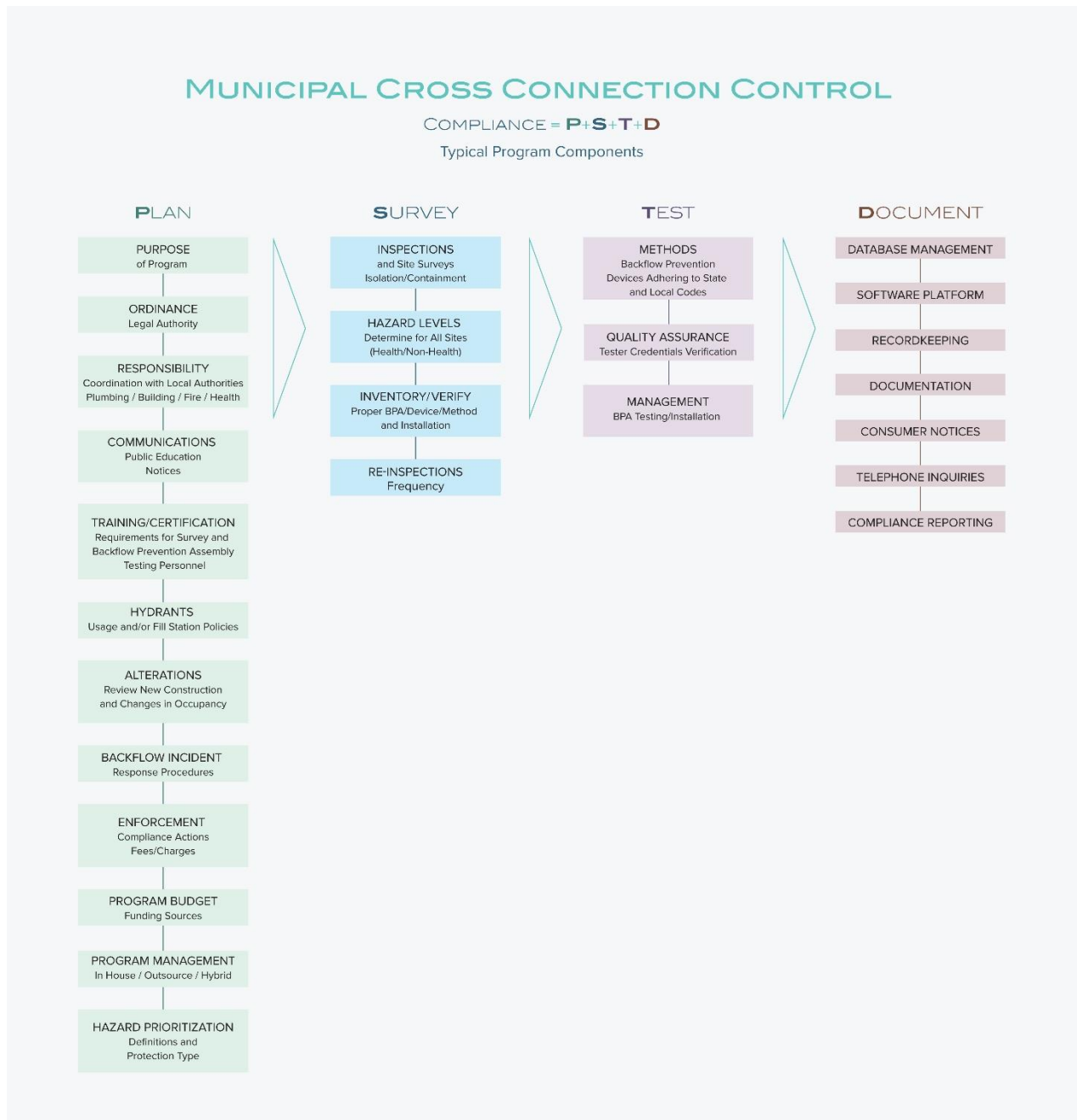
2.3. Stakeholders

HydroCorp recognizes that many different stakeholders will be affected by a Cross-Connection Control Program. The following chart illustrates the various agencies, internal staff and external people that have an impact on overall program success and compliance.



HydroCorp strives to maintain a good working relationship and clearly communicate the goals of a Cross-Connection Control Program with all of the above stakeholders. We understand that our staff interaction in the community and with regulatory agencies is an extension of your positive community image. HydroCorp has maintained an excellent working relationship with local Mayors, City Managers, plumbing and building officials, health inspectors and others in order to provide them with a simple and clear understanding of the impact of a Cross-Connection Control program, regulations and the need to protect the drinking water supply from contamination.

2.4. Cross-Connection Control Plan Components



3. CROSS CONNECTION INSPECTION PROCESS

3.1. Inspections/Surveys

The water connections and plumbing systems of all water customers or accounts shall be initially inspected for the presence of cross connections. As a result of the initial inspection, a detailed record of each account shall be established.

Inspections shall consist of entering a facility from the point where water service enters the facility (usually the meter) and tracing the piping to each end point of use. Using standardized inspection forms, the inspector shall identify and note the location and nature of any direct and potential cross connections, location and details of backflow prevention devices & assemblies, and other pertinent program information. Inspectors having proper identification shall be permitted to enter the building/premises at reasonable times for the purpose of cross connection inspections. If the inspector is refused proper access or if customer plumbing is untraceable, the Utility will assume a cross connection is present and take the necessary action to ensure the public water supply is protected.

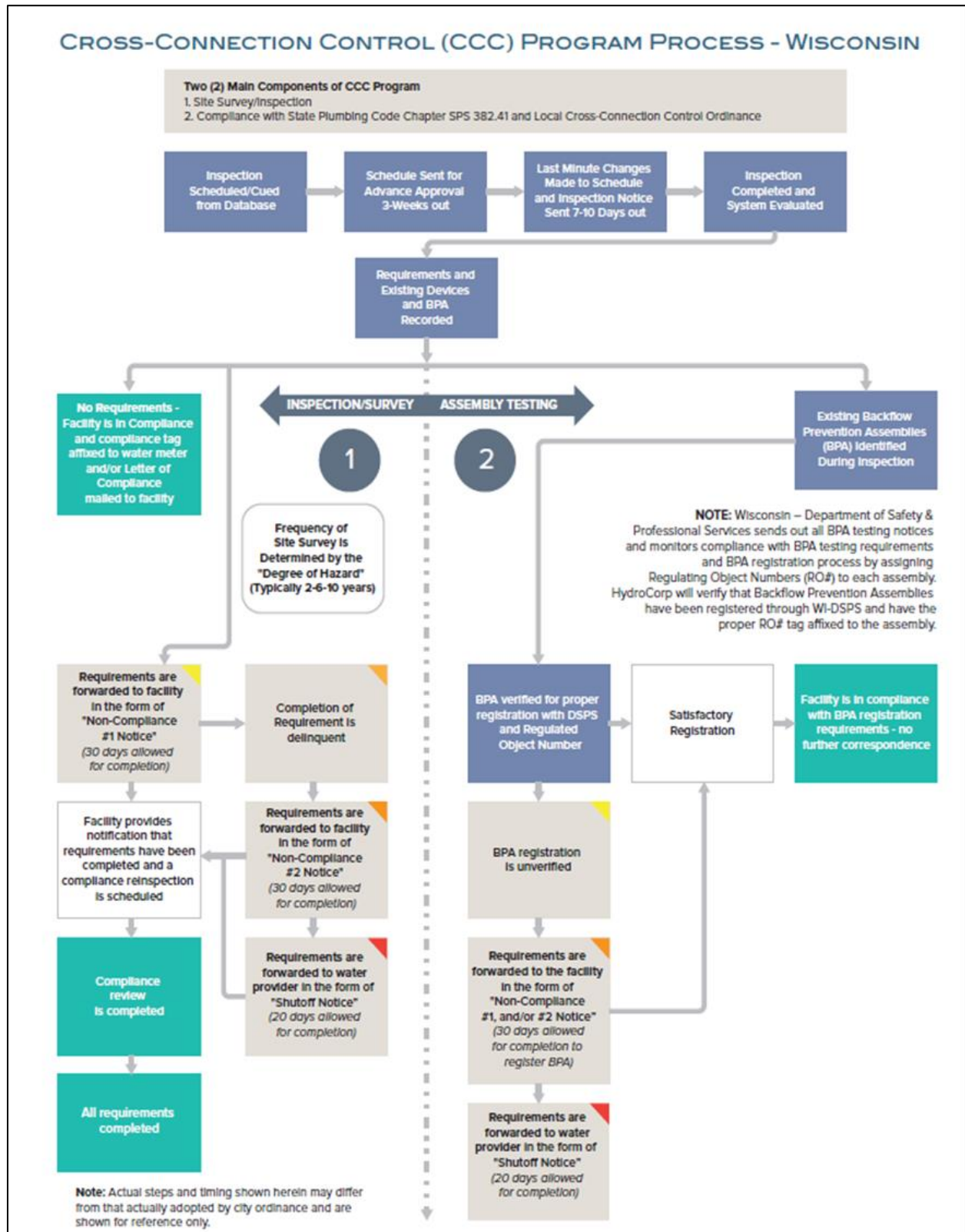
The highest priority for inspections shall be placed on facilities that pose a high degree of hazard, that have a high probability that backflow will occur, or are known/suspected to have cross connections.

Once initial inspections are complete, a re-inspection frequency shall be determined for each account based on the degree of hazard/risk and potential for backflow in accordance with the requirements of the Sheboygan Water Utility Cross-Connection Control Plan. Accounts with an alternative frequency will require DNR Approval in writing. If requested, HydroCorp will develop an alternative frequency inspection schedule on behalf of the water utility and submit to DNR for final approval.

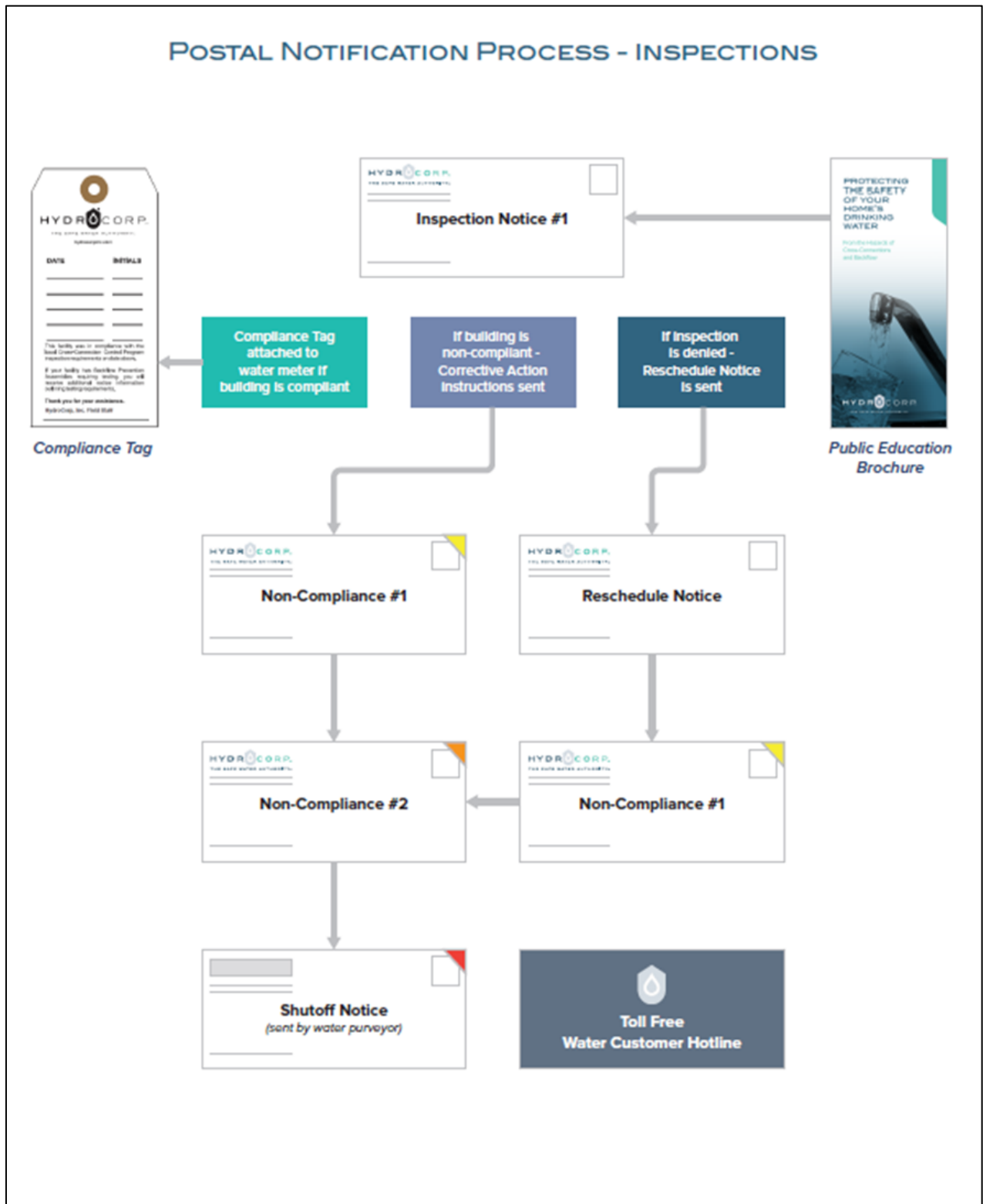
3.2. Definitions

- Initial Inspection – the first time a HydroCorp representative inspects a facility for cross connections. Degree of Hazard is assigned and/or verified during this facility visit. The Degree of Hazard will dictate future re-inspection frequency/schedule of facility, (facility will be either compliant or non-compliant after this inspection).
- Compliance Inspection – subsequent visit by a HydroCorp representative to a facility that was non-compliant during the Initial Inspection to verify that corrective action was completed and meets the program requirements.
- Re-Inspection – Revisit by a HydroCorp representative to a facility that was previously inspected. The re-inspection frequency/schedule is based on the degree of hazard assigned to the facility during the initial inspection (Re-Inspection cycle/frequency to be determined when Plan is developed).

3.3. CCC Program Process



3.4. Postal Notification Process - Inspections



4. WATER CUSTOMER CARE AND ADMINISTRATION PROCESS

4.1. Program Data

The most critical element of a Cross-Connection Control Program is data integrity. Without accurate data, the Cross-Connection Control program will experience customer service, administrative, and reporting issues and also result in field survey inefficiencies.

4.2. Database Software

HydroCorp utilizes a proprietary software program – HydroSoft™ to manage Cross-Connection Control Program data. All program data captured shall remain the property of the Sheboygan Water Utility. All of our Client Data is secured on our Application Server, which is behind both a Hardware and a Software Firewall.

Standard reports include the following:

- Inspections scheduled, completed, overdue and compliance status
- Custom queries, data exports and reports as needed
- DNR Annual Report

4.3. Information Technology (I/T)

HydroCorp has a dedicated team member responsible for Information Technology (I/T) infrastructure for internal (staff) needs as well as external (client) communication and reporting needs. We also have a dedicated person responsible for new client start up and database implementation in order to insure we have the most accurate information possible at any given point in time.

We have continually invested in both hardware infrastructure (Network Servers, Client Workstations, Firewalls and Tablet P.C.'s for Field Inspectors) and software in order to leverage technology in the workplace and to improve customer service and assist in lowering our costs to our clients. HydroCorp has a contracted service agreement with a local I/T Company that performs monthly routine system maintenance and monitors our infrastructure/servers for optimum performance and reliability.

4.4. Program Data Backup and Storage

All of our Client Data is secured on our Application Server, which is behind both a Hardware and a Software Firewall. The Application Server is backed up twice a day. 5 copies of the backup are then created and stored at 3 separate locations. 3 of the 5 backup copies are stored locally. One is on the application server itself, one is on our File server, and one is backed up to a Network Attached Storage (NAS) device. Having 3 local backup copies stored on the different machines means that in the unlikely event of a hardware malfunction, we can recover the data very quickly. Additionally, we backup the data to our backup server located in our Corporate Office, and we employ a secure on-line backup service that stores 2 copies of our backup at two independent locations.

4.5. Public Awareness Education

In the initial implementation phase of the Cross-Connection Control Program, Public Education on the topic should remain in the community spotlight. HydroCorp will provide a specialized speaker to participate/present at a town hall/public meeting engagement if requested. Press release information will be offered in digital format to the Sheboygan Water Utility for local distribution to local media resources & website if requested. Further, public education brochures will be available in electronic format for download and can be posted on the Sheboygan Water Utility web site.



Further Public Education resources including brochures and video files can be found at <http://www.hydrocorpinc.com/resources/links/>

5. EXECUTIVE SUMMARY, PROJECT FEES/COST

Based on your current program, HydroCorp™ will provide the following services to the **Sheboygan Water Utility**. This project is a continued effort for an ongoing Cross-Connection Control Program and will provide the **Sheboygan Water Utility** with the necessary data and information to maintain compliance with the Wisconsin Department of Natural Resources (DNR) Water Bureau Cross Connection Control Regulations. Once this project has been approved and accepted by the **Sheboygan Water Utility** and HydroCorp, you may expect completion of the following elements within a two (2) year period. The components of the project include:

- A. Perform initial inspections of (782) Non-Residential water services and up to (978) inspections within the Utility served by the public water supply for cross-connections. Compliance follow up visits shall be completed by HydroCorp and are included in the total inspections.
- B. Inspections will be conducted in accordance with the DNR Water Bureau Cross Connection Control regulations. Inspectors will survey exposed piping and utilize Isolation/Point of Use inventory method of surveying as supported by the State of Wisconsin Plumbing Code – SPS 382.41.
- C. HydroCorp will document existing backflow prevention devices and assemblies and verify proper installation and/or suggest corrective actions if devices and/or assemblies need to be installed to prevent cross-connections. Documentation to include make, model, size, manufacturer, serial number, location and regulated object number if applicable. In lieu of surveying residential kitchens and bathrooms, an educational brochure will be provided as allowed by DNR regulation NR 810.15.
- D. Notify each building owner prior to each inspection via postal letter with opportunity to schedule a specific time of inspection via the Hydro Designs Inc. Provide ongoing support for water customer scheduling and questions via the Hydro Designs Inc. WI office toll free 800# phone line, fax, or email.
- E. Provide Water Utility and building owner with a detailed corrective action report for each non-compliant facility, in most cases, water utility personnel can perform effective follow up compliance inspections.
- F. Perform administrative functions including: answering water user telephone calls, scheduling of inspections, mailing of all notices, verification of corrective action(s) requirements, and general customer service and program education inquiries by an individual trained in Cross-Connection Control Program Management.
- G. Generate and document the required program data and compliance status using proprietary Software Data Management Program. Submit comprehensive management reports on a quarterly basis and prepare the State of Wisconsin, DNR Water Bureau Annual Cross Connection Control Program Activity Report.
- H. Conduct an annual review meeting to discuss overall program status and recommendations.
- I. Assist the Utility with a community wide public relations program including general awareness brochures and web site cross connection control program overview content and resources.
- J. Provide ongoing support via phone, fax, internet, text or email.

PRICING/PROPOSED FEES

HydroCorp to complete inspections, appointments, customer care service and program administration. Compliance/follow up inspections and administration related to compliance/follow up inspections included.

PRICING:

_____ Initial Inspections of 782 non-residential services connections and an overall total of up to 978 inspections including follow up compliance inspections.

_____ \$121,704.00 dollars.

HydroCorp will invoice monthly in equal installments upon receipt of signed contract/agreement

Submitted by: HYDROCORP- CORPORATE OFFICE- 5700 CROOKS RD SUITE 100 TROY MI 48098

Craig Wolf | 612-850-8939 | cwolf@hydrocorpinc.com

Accepted by:

X _____

Village/Utility Representative (Signature)

Date

Printed Name / Title

6. BACKGROUND

6.1. The HydroCorp Promise

HydroCorp is the Safe Water Authority.™ It is our duty to provide the most precise and comprehensive technical services in the industry. It also means delivering those services with expert knowledge, professionalism, and sensitivity to budgets and schedules – the highest standard of water safety oversight, combined with the highest value.

The Result – Your water system is compliant. Your risk and exposure are reduced. Your water – and your people – are protected.

6.2. Company Overview

- Founded in 1983 and incorporated in 1988.
- The firm has grown from two employees to a staff of over 40 full time associates in multiple states. Average tenure with the company is 7 years and employee turnover is less than 10%.
- HydroCorp Conducts over 25,000 on site, Cross-Connection Control Inspections **annually**.
- HydroCorp provided Cross-Connection Control Program Management Services to over 240 communities in several states including: Michigan, Wisconsin, Delaware, Maryland, Virginia, Florida and Minnesota. We still have our first customer!
- Our highly trained staff works in an efficient manner in order to achieve maximum productivity and keep program costs affordable. We have a detailed **system** and **process** that each of our field inspectors follow in order to meet productivity and quality assurance goals.
- Our municipal inspection team is committed to providing outstanding customer service to the water users in each of the communities we serve. We teach and train customer service skills in addition to the technical skills since our team members act as representatives of the community that we service.
- Our municipal inspection team has attended training classes and received certification from the following recognized Cross Connection Control Programs: UF TREEO, UW-Madison, USC – Foundation for Cross Connection Control and Hydraulic Research, American Backflow Prevention Association (ABPA), and American Society for Sanitary Engineering (ASSE). We invest heavily in internal and external training with our team members to ensure that each Field Service and Administrative team member has the skills and abilities to meet the needs of our clients.
- Our administrative staff can answer most technical calls related to the cross-connection control program and have attended basic cross-connection control training classes.
- HydroCorp staff and company are active members in many water industry associations including:
 - American Water Works Association (AWWA) | AWWA – Wisconsin Chapter
 - National Rural Water Association (NRWA) | Wisconsin Rural Water Association
 - American Public Works Association (APWA)
- HydroCorp is not a Plumbing Company and does not utilize existing staff to perform backflow prevention assembly testing, repair or plumbing related services.

6.3. Office Address & Contact Information

Regional Office:	HYDROCORP – MIDWEST OFFICE 2665 S MOORLAND RD SUITE 209 NEW BERLIN WI 53151
Contact:	Craig Wolf
Telephone:	612-850-8939
Email:	cwolf@hydrocorpinc.com
Corporate Office: (Remit to Address)	HYDROCORP – CORPORATE OFFICE 5700 CROOKS ROAD SUITE 100 TROY MI 48098
Telephone:	800.690.6651 or 248.250.5000
Legal Status:	S-Corporation, 1988 E.I.D. 38-2810008



WI Office (Above) Corporate Office (Below)



7. PROJECT REFERENCES

- City of Marshfield, 1210 S Oak St, Marshfield, WI 54449 | John Richmond, Water Utility Manager, john.richmond@MarshfieldUtilities.org | 715-898-2170
- City of Chetek, 1125 Railroad Ave., Chetek, WI 54728 | Dan Knapp, Director-Public Works, chetekcs@chibardun.net | 715-924-4236
- Sturgeon Bay Utilities, 230 E. Vine St, Sturgeon Bay, WI 53235-007 | Cliff White, Superintendent, cwhite@wppienergy.org | 920-746-2820

8. PROJECT TEAM QUALIFICATIONS

Corporate Officers



Larry J. La Bute, Founder & CEO - Chairman of the Board of Directors. Mr. La Bute founded the company in 1983 to improve the safety of drinking water systems. He graduated from Oakland University with a B.S. in Management and received his Master's degree from S.S. Cyril & Methodius Seminary. Prior to founding HydroCorp, Mr. LaBute successfully founded and ran a water treatment equipment manufacturing company for 12 years.



Mark L. Martin, CPA & Chief Financial Officer. Mr. Martin joined HydroCorp in early 2007 and is a seasoned business executive experienced in working with growing small and mid-size companies across a broad range of industries. Mark received a B.S. in Accounting from Michigan State University in 1980 and is also a 10-year board member of Haiti Outreach Mission.



Glenn Adamus, COO. A member of the HydroCorp team for the past fourteen years, Glenn has managed various water quality analysis projects related to process water and potable water systems on HydroCorp's behalf, including Stage 2 DBPR, Lead and Copper Rule, water distribution system/quality characterization studies, water main/system disinfections, legionella risk assessment and monitoring, and industry compliance monitoring. He has also performed and managed numerous cross connection control surveys/consulting projects for large industry and public water systems throughout the United States.



Paul Patterson, Senior Vice President. Mr. Patterson joined HydroCorp, Inc. in 2004, and is responsible for operational oversight of over 200 Cross-Connection Control Programs throughout Michigan, Delaware, Maryland, Florida, Wisconsin and Virginia. Before joining HydroCorp, Mr. Patterson was a member of the U.S. Air Force, where he assisted in the implementation of a stateside installation Cross-Connection Control Program. Paul is an ASSE Certified Instructor for Backflow Assembly Testing Certification and regularly presents at regional water industry association conferences.

Staff Bios Continued



Dave Cardinal, Vice President, Municipal Division. Dave has over twenty years' experience as a water professional and has a successful record of accomplishments in the cross-connection control industry. Experienced in program development, project management, developing and conducting employee education and training programs, developing and instructing State certified education and training classes, quality assurance, customer service, and client satisfaction. He is responsible for establishing business practices, field operation procedures, and administrative functions related to cross connection control program management. Dave is an ASSE Certified Instructor for multiple ASSE Certifications related to Cross-Connection Control and Backflow Prevention. Dave also has been a speaker at numerous Water Industry Conferences.



Craig Wolf, New Cross-Connection Control Program development in the Midwest Region. Since 2009 at HydroCorp, he was responsible for identification of hazards and deficiencies and determining proper recommendations for over 130 municipal client cross-connection control programs in Wisconsin. He also generated inspection reports and protection recommendations for over 3,000 individual facility surveys of cross-connections. Certified by ASSE for Cross-Connection Control Surveying, Craig applies years of field experience to offering solutions for public water systems that are cost effective. In the past 4 years, Craig has been focused on client retention efforts, and developing new Cross Connection Control Programs for Municipal Water Systems around the region.



Ryan Hensley, Administrative Account Manager – Municipal Division. As an Administrative Account Manager Ryan Hensley is responsible for providing administrative support to field surveyors, regional managers and division directors with all components associated with managing a comprehensive cross connection control program, in addition to providing highest level of customer service to our municipal clients. Ryan has been a member of the HydroCorp team for over 10 years and is an ASSE 5150 certified Backflow Prevention Program Administrator.

He is an advanced user of the HydroSoft data management program & responsible for providing day to day tech support to the entire staff and external clients. Ryan also assists in the planning, testing & training of HydroSoft for clients and end users.

Field Inspectors/Surveyors/Technicians

HydroCorp invests continuously in educational training and development of its team members. All of the HydroCorp Field Inspectors assigned to this project are certified in Cross-Connection Control Surveying and Backflow Prevention Program Management through one the following programs:

PROFESSIONAL SERVICE AGREEMENT

This agreement, made and entered into this January 1st, 2023 by and between the Sheboygan Water Utility organized and existing under the laws of the State of Wisconsin, referred to as “Utility”, and HydroCorp™ a Michigan Corporation, referred to as “HydroCorp”.

WHEREAS, the Utility supplies potable water throughout its corporate boundary to property owners; and desires to enter into a professional services contract for cross connection control program inspection, reporting and management services.

WHEREAS, HydroCorp is experienced in and capable of supplying professional inspection of potable water distribution systems and cross connection control program management to the Utility and the Utility desires to engage HydroCorp to act as its independent contractor in its cross connection control program.

WHEREAS, the Utility has the authority under the laws of the State of Wisconsin and its local governing body to enter into this professional services contract.

NOW THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the parties agree as follows:

ARTICLE I. Purpose

During the term of this Agreement, the Utility agrees to engage HydroCorp as an independent contractor to inspect and document its findings on its potable water distribution system in public, commercial and industrial facilities within the community. Each party to this Agreement agrees that it will cooperate in good faith with the other, its agents, and subcontractors to facilitate the performance of the mutual obligations set forth in this Agreement. Both Parties to this Agreement recognize and acknowledge that the information presented to them is complete and accurate, yet due to the inaccessible nature of water piping or due to access constraints within water users’ facilities, complete and accurate data is not always available.

ARTICLE II. Scope of Services

The scope of services to be provided by HydroCorp under this Agreement will include the inspections/surveys, program administration, answering telephone call inquiries, scheduling of inspections, program compliance review, public education materials, preparation of quarterly management reports, and annual cross connection reports with respect to the facilities to the extent specifically set forth in this Article II (hereinafter the “Scope of Services”). Should other reports/services be included within the Scope of Services, the same shall be appended to this Agreement as Exhibit 1.

2.1 PROGRAM REVIEW/PROGRAM START UP MEETING. HydroCorp will conduct a Program Startup Meeting for the Cross-Connection Control/Backflow Prevention Program. Items for discussion/review will include the following:

- Review state & local regulations
- Review and/or provide assistance in establishing local Cross-Connection Control Ordinance
- Review/establish wording and timeliness for program notifications including:
 - Inspection Notice
 - Compliance Notice
 - Non-Compliance Notices 1-2, Penalty Notices
- Special Program Notices
- Electronic use of notices/program information
- Obtain updated facility listing, address information and existing program data from Utility
- Prioritize Inspections (City buildings, schools, high hazard facilities, special circumstances.)
- Review/establish procedure for vacant facilities



- Establish facility inspection schedule
- Review/establish procedures and protocol for addressing specific hazards
- Review/establish high hazard, complex facilities and large industrial facility inspection/containment procedures including supplemental information/notification that may be requested from these types of facilities in order to achieve program compliance.
- Review/establish program reporting procedures including electronic reporting tools
- Review/establish educational and public awareness brochures

2.2 INSPECTIONS. HydroCorp will perform initial inspections, compliance inspections, and re-inspections at individual industrial, commercial, institutional facilities and miscellaneous water users within the utility served by the public water supply for cross-connections. Inspections will be conducted in accordance with Wisconsin Department of Natural Resources (DNR) Cross Connection Control Rules.

- *Initial Inspection* – the first time a HydroCorp representative inspects a facility for cross connections. Degree of Hazard will be assigned and/or verified during this facility visit. The Degree of Hazard will dictate future re-inspection frequency/schedule of facility, (facility will be either compliant or non-compliant after this inspection).
- *Compliance Inspection* – subsequent visit by a HydroCorp representative to a facility that was non-compliant during the *Initial Inspection* to verify that corrective action was completed and meets the program requirements.
- *Re-Inspection* – Revisit by a HydroCorp representative to a facility that was previously inspected. The re-inspection frequency/schedule is based on the degree of hazard assigned to the facility during the initial inspection (two, six or ten year re-inspection cycle).

2.3 INSPECTION SCHEDULE. HydroCorp shall determine and coordinate the inspection schedule. Inspection personnel will check in/out on a daily basis with the Utility's designated contact person. The initial check in will include a list of inspections scheduled. An exit interview will include a list of inspections completed.

2.4 PROGRAM DATA. HydroCorp will generate and document the required program data for the Facility Types listed in the Scope of Services using the HydroCorp Software Data Management Program. Program Data shall remain property of the Utility; however, the HydroCorp Software Data Management program shall remain the property of HydroCorp and can be purchased for an additional fee. Data services will include:

- Prioritize and schedule inspections
- Notify users of inspections, backflow device installation and testing requirements if applicable
- Monitor inspection compliance using the HydroCorp online software management program. (Note: WI Department of Safety & Professional Services (DSPS) manages backflow prevention assembly testing notification and compliance.)
- Maintain program to comply with all DNR regulations

2.5 MANAGEMENT REPORTS. HydroCorp will submit comprehensive management reports in electronic, downloadable format on a quarterly & annual basis to the Utility. Reports to include the following information:

- Name, location and date of inspections
- Number of facilities inspected/surveyed
- Number of facilities compliant/non-compliant

2.6 REVIEW OF CROSS-CONNECTION CONTROL ORDINANCE. HydroCorp will review or assist in the development of a cross-connection control ordinance. Items for review include:

- Code adoption references, standard operational procedures, program notice documentation, reporting procedures and preference standards.
- Penalties for noncompliance.



- 2.7 VACUUM BREAKERS.** Utility will provide up to six (6) ASSE approved hose bill vacuum breakers or anti-frost hose bibb vacuum breakers per facility as required, in order to place a facility into immediate compliance at the time of inspection if no other cross-connections are identified.
- 2.8 PUBLIC RELATIONS PROGRAM.** HydroCorp will assist the Utility with a community-wide public relations program including general awareness brochures and website cross connection control program content.
- 2.9 SUPPORT.** HydroCorp will provide ongoing support via phone, fax, text, website or email for the contract period.
- 2.10 FACILITY TYPES.** The facility types included in the program are as follows:
- Industrial
 - Institutional
 - Commercial
 - Miscellaneous Water users
 - Multifamily
- Complex Facilities.** Large industrial and high hazard complexes or facilities may require inspection/survey services outside the scope of this Agreement. (HydroCorp typically allows a maximum of up to three (3) hours of inspection time per facility.) An independent cross connection control survey (at the business owner's expense) may be required at these larger/complex facilities and the results submitted to the Utility to help verify program compliance.
- 2.11 INSPECTION TERMS.** HydroCorp will perform (782) Initial inspection, and up to (978) total inspections over a two (2) year contract period. The total inspections include all initial inspections, compliance and re-inspections. *Vacant facilities that have been provided to HydroCorp, scheduled no show or refusal of onsite inspection will count as an inspection/site visit for purposes of the contract.*
- 2.12 COMPLIANCE WITH DEPARTMENT OF NATURAL RESOURCES ADMINISTRATIVE CODE.** HydroCorp will assist in compliance with DNR and Wisconsin Administrative Code cross connection control program requirements for all commercial, industrial, institutional, multifamily and public authority facilities.
- 2.13 POLICY MANUAL.** HydroCorp will review and/or develop a comprehensive cross connection control policy manual/plan and submit to WI-DNR for approval on behalf of the Utility.
- 2.14 INVENTORY.** HydroCorp shall inventory all accessible (ground level) backflow prevention assemblies and devices. Documentation will include: location, size, make, model and serial number if applicable.
- 2.15 DATA MANAGEMENT.** HydroCorp shall provide data management and program notices for all inspection services throughout the contract period.
- 2.16 ANNUAL YEAR END REVIEW.** HydroCorp will conduct an on-site annual year-end review meeting to discuss overall program status and specific program recommendations.
- 2.17 CROSS CONNECTION CONTROL BROCHURES.** HydroCorp will provide approximately 978 cross-connection control educational brochures for the duration of the Agreement.
- 2.18 INSURANCE.** HydroCorp will provide all required copies of general liability, workers compensation and errors and omissions insurance naming the Utility as an additional insured if required.



ARTICLE III. Responsibilities of the Utility

- 3.1 UTILITY'S REPRESENTATIVE.** On or before the date services are to commence under this Agreement, the Utility shall designate an authorized representative ("Authorized Representative") to administer this Agreement.
- 3.2 COMPLIANCE WITH LAWS.** The Utility, with the technical and professional assistance of HydroCorp, shall comply with all applicable local, state, and federal laws, codes, ordinances, and regulations as they pertain to the water inspection and testing, and shall pay for any capital improvements needed to bring the water treatment and delivery system into compliance with the aforementioned laws.
- 3.3 NOTICE OF LITIGATION.** In the event that the Utility or HydroCorp has or receives notice of or undertakes the prosecution of any actions, claims, suits, administrative proceedings, investigations or other proceedings in connection with this Agreement, the party receiving such notice or undertaking of such prosecution shall give the other party timely notice of such proceedings and will inform the other party in advance of all hearings regarding such proceedings
- 3.4 FACILITY LISTING.** The Utility must provide HydroCorp a complete list of facilities to be inspected, including facility name, type of service connection, address, contact person, and phone number, (if available). *Electronic file format such as Microsoft Excel, etc. is required. An additional one-time fee to manually enter facility listing will be charged at the rate of \$80.00 per hour. Incorrect facility addresses will be returned to the Utility contact and corrected address will be requested.*
- 3.5 LETTERHEAD/LOGO.** The Utility will provide HydroCorp with an electronic file copy of the utility logo or utility letterhead and all envelopes for the mailing of all official program correspondence only. (300 dpi in either .eps, or other high quality image format for printing.)

ARTICLE IV. Term, Compensation and Changes in Scope of Services

- 4.1 TERM AND TERMINATION TERM.** Services by HydroCorp under this Agreement shall commence on **January 1st, 2023** and end **two (2) years** from such date, unless this Agreement is renewed or terminated as provided herein. The terms of this Agreement shall be valid only upon the execution of this Agreement within ninety (90) days of its receipt. Failure to execute this Agreement within the ninety (90) day period shall deem the proposed terms void.
- 4.2 RENEWAL.** Upon the expiration of this two-year agreement the Utility will have the option to automatically renew for a one (1) year term. Any increases in pricing for the one-year renewal will be equal to the annual Consumer Price Index as measured in the local/regional area at the time of renewal.
- 4.3 TERMINATION.** The Utility or HydroCorp may terminate this Agreement at any time and on any date in the initial and renewal terms of this Agreement, with or without any cause, by giving written notice of such intent to terminate to the other party at least thirty (30) days prior to the effective date of termination. Notice of the intent to terminate shall be given in writing by personal service, by an authorized agent, or by certified mail, return receipt requested. The Utility shall pay the balance of any outstanding accounts for work performed by HydroCorp.
- 4.4 BASE COMPENSATION.** From the Beginning thirty (30) days after execution of this Agreement, the Utility shall pay HydroCorp as compensation ("Base Compensation") for labor, equipment, material, supplies, and utilities provided and the services performed pursuant to this Agreement, the sum of **\$5,071.00** per month, **\$60,852.00** annually for a **two (2)** year contract period totaling **\$121,704.00**.
- 4.5 PAYMENT OF INVOICES.** Upon presentation of invoices by HydroCorp, all payments including base and other compensation shall be due and payable on the first day of each month (due date) after the month for which services have been rendered. All such payments shall be made no later than thirty (30) days after the due date. Failure to pay shall be deemed a default under this Agreement. For any payment to HydroCorp which is not



made within thirty (30) calendar days after the due date, HydroCorp, shall receive interest at one and one-half (1½) percent per month on the unpaid balance.

- 4.6 CHANGES IN SCOPE OF SERVICES.** In the event that the Utility requests and HydroCorp consents to perform additional work or services involving the consulting, management, operation, maintenance, and repair of the Utility's water delivery system where such services or work exceeds or changes the Scope of Services contemplated under this Agreement, HydroCorp shall be provided additional compensation. Within thirty (30) calendar days from the date of notice of such additional work or services, the parties shall mutually agree upon an equitable sum for additional compensation. This amount shall be added to the monthly sum effective at the time of change in scope. Changes in the Scope of Service include, but are not limited to, requests for additional service by the Utility or additional costs incurred in meeting new or changed government regulations or reporting requirements.
- 4.7 CLIENT CONFIDENTIALITY.** Disclosure of all communications between HydroCorp and the Utility regarding business practices and other methods and forms of doing business is subject to the provisions of Wisconsin Public Records Law, Chapter 19, Wis. Stats. HydroCorp agrees to make available for inspection and copying all records (as defined in sec. 19.32 (2), Wis. Stats.) in its possession created, produced, collected or otherwise related to this Agreement to the same extent as if the records were maintained by the Utility. HydroCorp expressly acknowledges and agrees that its obligations concerning Public Records Law and compliance under this Agreement should not be limited by copyright, license, privacy and/or confidentiality except as authorized under the Public Records Law.
- 4.8 ACCESSIBILITY.** Backflow prevention device information will be completed in full only when the identifying information (i.e. data plate, brass tag, etc.) is accessible and visible from ground level or from a fixed platform/mezzanine.
- 4.9 CONFINED SPACES.** – HydroCorp personnel will not enter confined spaces.

ARTICLE V. Risk Management and General Provisions

- 5.1 INFORMATION.** Both Parties to this Agreement recognize and acknowledge that the information presented to them is complete to the best of their knowledge, yet due to the inaccessible nature of water piping or lack of access provided by property owner/water user, complete accurate data is not always available. Cross-connection control inspection and results are documented as of a specific date. The property owner and/or water user may make modifications to the potable water system after the inspection date that may impact compliance with the program.
- 5.2 LIMITATION OF LIABILITY.** HydroCorp's liability to the Utility for any loss, damage, claim, or expense of any kind or nature caused directly or indirectly by the performance or non-performance of obligations pursuant to this Agreement shall be limited to general money damages in an amount not to exceed or within the limits of the insurance coverage provided hereunder. HydroCorp shall in no event be liable for indirect or consequential damages, including but not limited to, loss of profits, loss of revenue, or loss of facilities, based upon contract, negligence, or any other cause of action.

- 5.3 HYDROCORP INSURANCE.** HydroCorp currently maintains the following insurance coverage's and limits:

	Occurrence	Aggregate
Comprehensive General Liability	\$1 Million	\$2 Million
Excess Umbrella Liability	\$5 Million	\$5 Million
Automobile Liability (Combined Single Limit)	\$1 Million	
Worker's Compensation/ Employer's Liability	\$1 Million	
Errors and Omissions	\$2 Million	\$2 Million

Within thirty (30) calendar days of the start of the project, HydroCorp shall furnish the Utility with satisfactory proof of such insurance, and each policy will require a 30-day notice of cancellation to be given



to the Utility while this Agreement is in effect. The Utility shall be named as an additional insured according to its interest under the general liability policy during the term of this Agreement.

- 5.4 UTILITY INSURANCE.** The Utility will maintain liability insurance on an all risk basis and including extended coverage for matters set forth in this Agreement.
- 5.5 RELATIONSHIP.** The relationship of HydroCorp to the Utility is that of independent contractor and not one of employment. None of the employees or agents of HydroCorp shall be considered employees of the Utility. For the purposes of all state, local, and federal laws and regulations, the Utility shall exercise primary management, and operational and financial decision-making authority.
- 5.6 ENTIRE AGREEMENT AMENDMENTS.** This Agreement contains the entire Agreement between the Utility and HydroCorp, and supersedes all prior or contemporaneous communications, representations, understandings, or agreements. This Agreement may be modified only by a written amendment signed by both parties.
- 5.7 HEADINGS, ATTACHMENTS, AND EXHIBITS.** The heading contained in this Agreement is for reference only and shall not in any way affect the meaning or interpretation of this Agreement. The Attachments and Exhibits to this Agreement shall be construed as integral parts of this Agreement.
- 5.8 WAIVER.** The failure on the part of either party to enforce its rights as to any provision of this Agreement shall not be construed as a waiver of its rights to enforce such provisions in the future.
- 5.9 ASSIGNMENT.** This Agreement shall not be assigned by either party without the prior written consent of the other unless such assignment shall be to the affiliate or successor of either party.
- 5.10 FORCE MAJEURE.** A party's performance under this Agreement shall be excused if, and to the extent that, the party is unable to perform because of actions due to causes beyond its reasonable control such as, but not limited to, Acts of God, the acts of civil or military authority, loss of potable water sources, water system contamination, floods, quarantine restrictions, riot, strikes, commercial impossibility, fires, explosions, bombing, and all such interruptions of business, casualties, events, or circumstances reasonably beyond the control of the party obligated to perform, whether such other causes are related or unrelated, similar or dissimilar, to any of the foregoing. In the event of any such force majeure, the party unable to perform shall promptly notify the other party of the existence of such force majeure and shall be required to resume performance of its obligations under this Agreement upon the termination of the aforementioned force majeure.
- 5.11 AUTHORITY TO CONTRACT.** Each party warrants and represents that it has authority to enter into this Agreement and to perform the obligations, including any payment obligations, under this Agreement.
- 5.12 GOVERNING LAW AND VENUE.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, regardless of the fact that any of the parties hereto may be or may become a resident of a different state or jurisdiction. Any suit or action arising shall be filed in a court of competent jurisdiction within the State of Wisconsin, venue by the presiding County. The parties hereby consent to the personal jurisdiction of said court within the State of Wisconsin.
- 5.13 COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.
- 5.14 NOTICES.** All notices, requests, demands, payments and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by nationally recognized overnight carrier, or mailed by certified mail, postage prepaid, return receipt requested, as follows:



If to HydroCorp:

HydroCorp
c/o Craig Wolf
5700 Crooks Road, Ste. 100
Troy, MI 48337
(612) 850-8939

If to Utility:

Sheboygan Water Utility
72 Park Ave.
Sheboygan, WI 53081

- 5.15 SEVERABILITY.** Should any part of this Agreement for any reason, be declared invalid or void, such declaration will not affect the remaining portion, which will remain in full force and effect as if the Agreement has been executed with the invalid portion eliminated.

SIGNATURES

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date first above written.

SHEBOYGAN WATER UTILITY

By:
Title:

HydroCorp



By: Craig Wolf



Appendix

Specific Qualifications & Experience

HydroCorp™ is a professional service organization that specializes in Cross Connection Control Programs. Cross Connection Control Program Management & Training is the main core and focus of our business. We are committed to providing water utilities and local communities with a cost effective and professionally managed cross connection control program in order to assist in protecting the public water supply.

- HydroCorp conducts over 30,000 Cross Connection Control Inspections **annually**.
- HydroCorp tracks and manages over 35,000+ backflow prevention assemblies for our Municipal client base.
- Our highly trained staff works in an efficient manner in order to achieve maximum productivity and keep program costs affordable. We have a detailed **system** and **process** that each of our field inspectors follow in order to meet productivity and quality assurance goals.
- Our municipal inspection team is committed to providing outstanding customer service to the water users in each of the communities we serve. We teach and train customer service skills in addition to the technical skills since our team members act as representatives of the community that we service.
- Our municipal inspection team has attended training classes and received certification from the following recognized Cross Connection Control Programs: UF TREEO, UW-Madison, and USC – Foundation for Cross Connection Control and Hydraulic Research, American Backflow Prevention Association (ABPA), American Society for Sanitary Engineering (ASSE). HydroCorp recognizes the importance of Professional Development and Learning. We invest heavily in internal and external training with our team members to ensure that each Field Service and Administrative team member has the skills and abilities to meet the needs of our clients.
- We have a trained administrative staff to handle client needs, water user questions and answer telephone calls in a professional, timely and courtesy manner. Our administrative staff can answer most technical calls related to the cross connection control program and have attended basic cross connection control training classes.
- HydroCorp currently serves over 200 communities in Michigan, Wisconsin, Maryland, Delaware, Virginia & Florida. We still have our first customer!
- HydroCorp and its' staff are active members in many water industry associations including: National Rural Water Association, State Rural Water Associations, National AWWA, State AWWA Groups, HydroCorp is committed to assisting these organizations by providing training classes, seminars and assistance in the area of Cross Connection Control.
- Several Fortune 500 companies have relied on HydroCorp to provide Cross Connection Control Surveys, Program Management & Reporting to assist in meeting state/local regulations as well as internal company guidelines.

