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September 28, 2017

Board of Public Works
Marshall Municipal Utilities
Marshall, MO 65340

Gentlemen:

The proposed 2017-18 Budget for the Water, Electric, Wastewater, Internet, and Natural Gas Departments of Marshall Municipal Utilities is hereby submitted for your consideration. The budget, as presented, reflects no rate increases until January 1, 2019.

The budget projects operating revenues and other income of \$29,221,000 based on minimum growth in all departments. Operating expenses and interest expenses are projected to total \$24,888,000 and capital improvements of \$10,300,000. Current operations and capital improvements will result in a projected decrease of \$5,972,000 in reserves.

The budget includes six significant capital expenditure items:

1. Removal of structure #1 on 161kV line.
2. Initial work on second 161kV tie.
3. Water Treatment Plant construction to address a THM issue.
4. Replacement of the MIOX generators at the Water Plant over a two year schedule.
5. Replacement of electric meters.
6. Start the decommissioning of the Electric Power Plant.

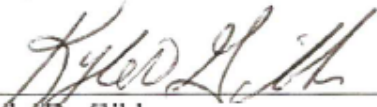
Also included are estimates for several other items that bear mentioning.

- * Replacement of the CO₂ tank at the Water Treatment Plant
- * Replacement of blowers at the Waste Water Treatment Plant
- * Replacement of the spreader truck at the Waste Water Treatment Plant

The list of major projects attached to this budget includes significant future projects as a reminder of things we expect to see.

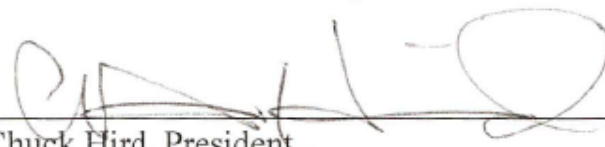
This budget reflects our best assumptions and guesses as to revenues and expenses for the next year. As we go through the year, it is likely that some of our assumptions will not prove to be valid. For this reason, we will need to remain watchful of our financial situation.

Respectfully submitted,



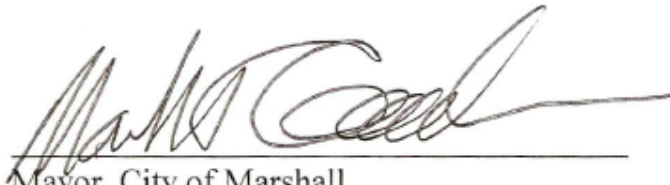
Kyle D. Gibbs
General Manager

By action at its 9/28/17 meeting, the Board of Public Works recommends approval of this the 2017-2018 Budget.



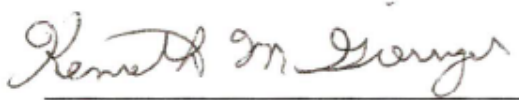
Chuck Hird, President
Date 9/28/17

Approved by the City Council of the City of Marshall by Ord. # 8384



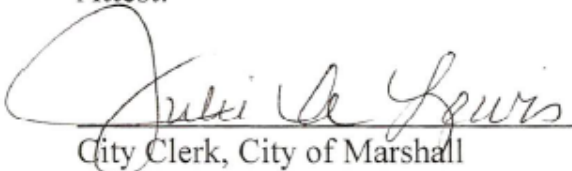
Mayor, City of Marshall
Date 10/03/17

Attest:



Secretary (or other title)
Date 9/28/17

Attest:



City Clerk, City of Marshall
Date 10/3/2017