

The background of the slide features a large, light blue, semi-transparent seal of the City of Madison. The seal is circular and contains the text "CITY OF MADISON" around the top edge. In the center of the seal is a detailed illustration of the Wisconsin State Capitol building, showing its prominent dome and classical architectural elements.

Fees for Municipal Services

Background

- Future Projected Growth

March 4, 2014

Background

- Madison property owners pay a combined bill for “Municipal Services” that includes the following:
 - Water
 - Sewer (includes pass-through charges from Madison Metropolitan Sewerage District)
 - Stormwater
 - Landfill remediation
 - Fire protection (fire hydrants / water service)
- Property owners are currently billed semi-annually; this will be changed to monthly billing in 2014.
- All property owners, including those not subject to property taxes, pay for these services.

Background

- Fees for municipal services have increased 50% since 2005 due to the following factors:
 - Infrastructure replacement – e.g., aging water pipes.
 - Expanded street reconstruction efforts – more cost-effective to replace water and sewer pipes when streets are opened during construction.
 - State and federal mandates – e.g., Madison Metropolitan Sewerage District initiatives to reduce phosphorus; stormwater requirements, including funding for street sweeping.
 - Safety and service improvements – e.g., larger water pipes to improve fire hydrant service flow rate; this improves insurance ratings and helps hold down premiums for property owners.

Background

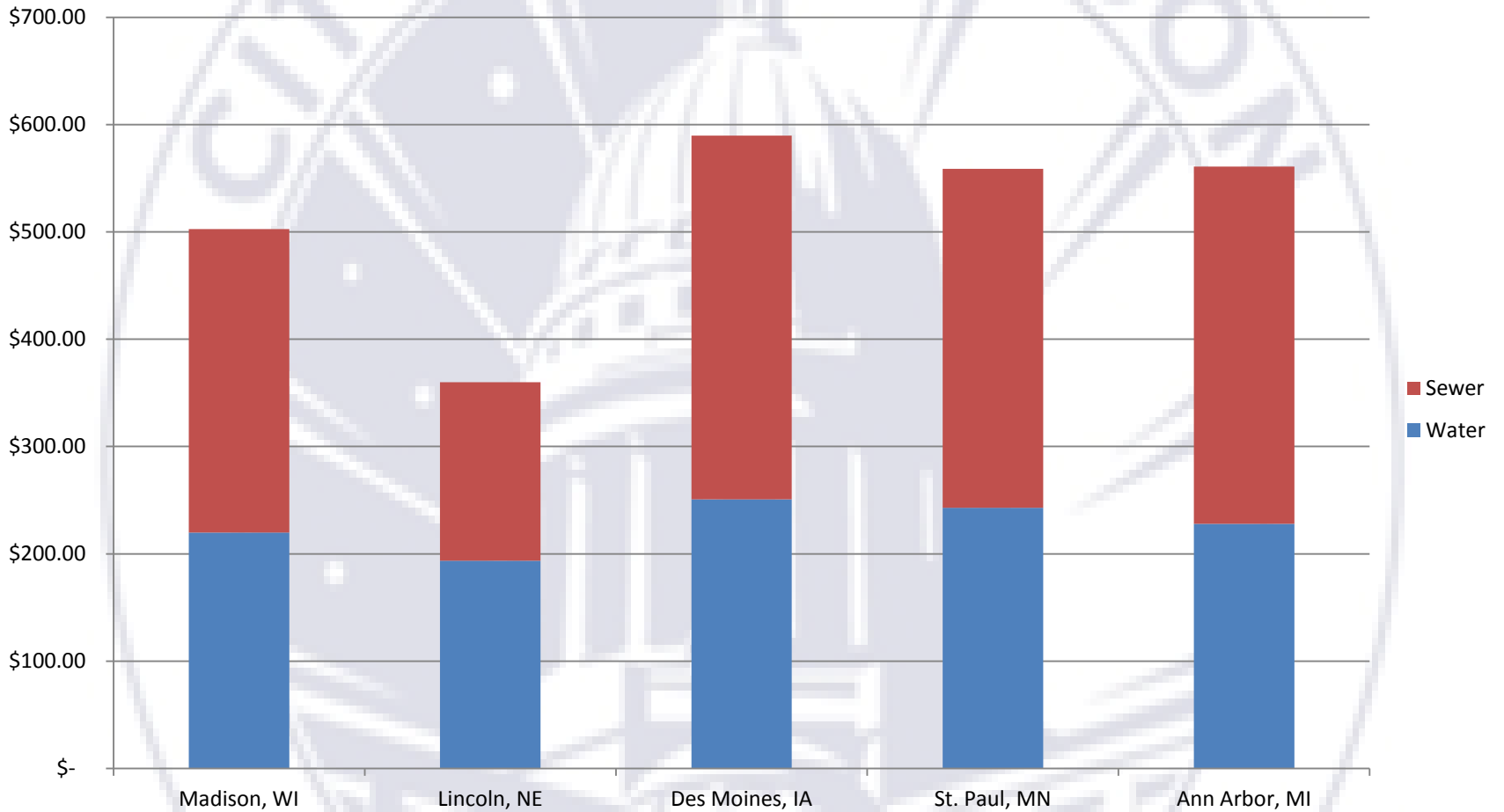
- Payment in Lieu of Taxes for Water Utility Assets
 - As authorized under state law and administrative rules, the Water Utility makes a payment in lieu of taxes (PILOT) to the City.
 - As defined in state administrative rules, the PILOT is calculated using the tax rates of the City, School District and Technical College District applied to the net asset value of the Water Utility infrastructure.
 - PILOT has increased 84% since 2005 due to intensified water pipe replacement efforts and increasing tax rates associated with falling property values.

Background

- Madison's water rates are competitive with nearby capital cities.
- The cost of Madison's combined water and sewer utility service is relatively moderate compared to other Wisconsin cities over 50,000 and other Dane County communities over 10,000.
- At \$18.51 per month, Madison's residential water charge is below the statewide average of \$22.95.

US Cities

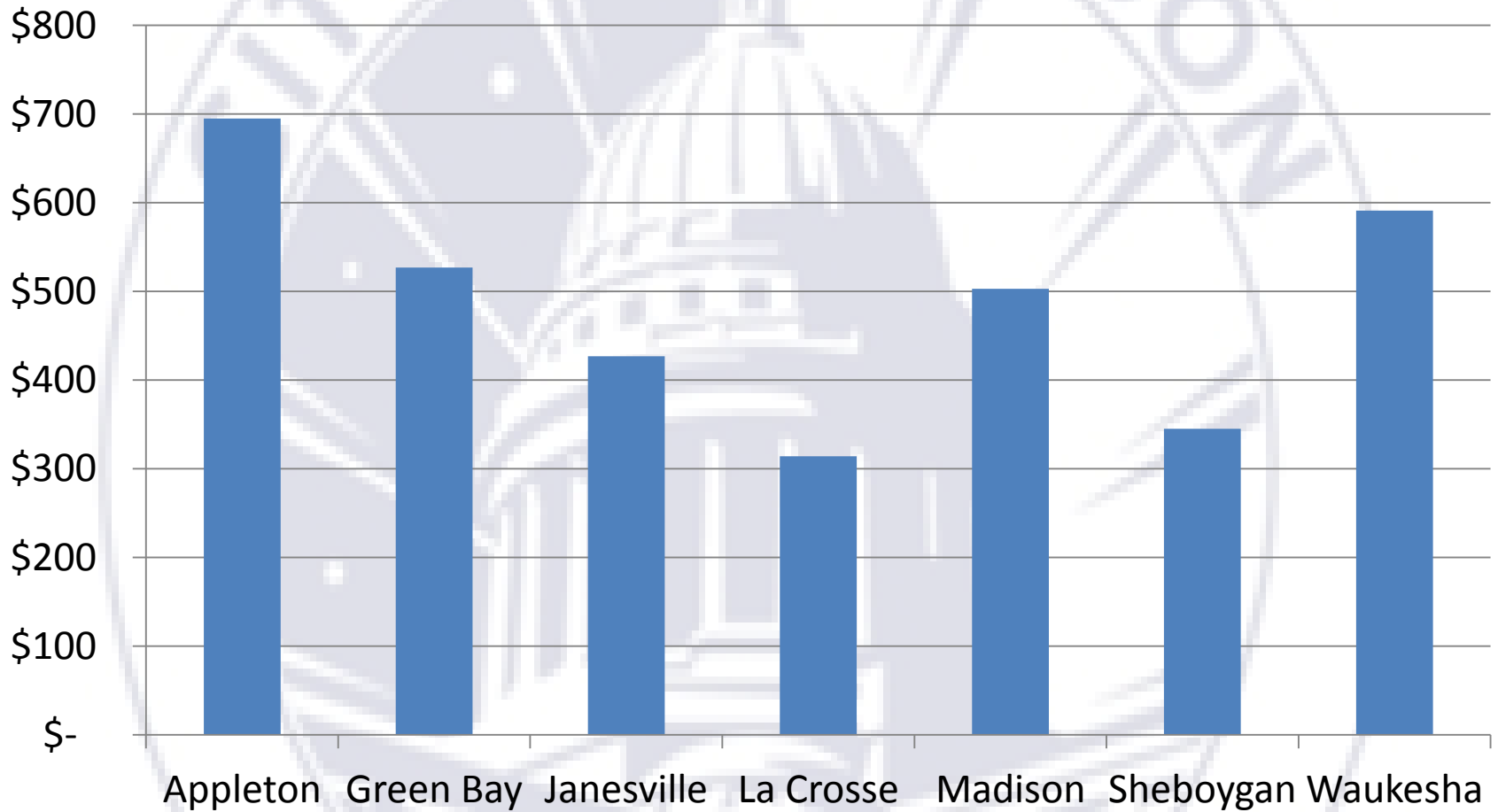
Yearly Residential Water/Sewer Bill



Assumes 59,000 gallons used per year.

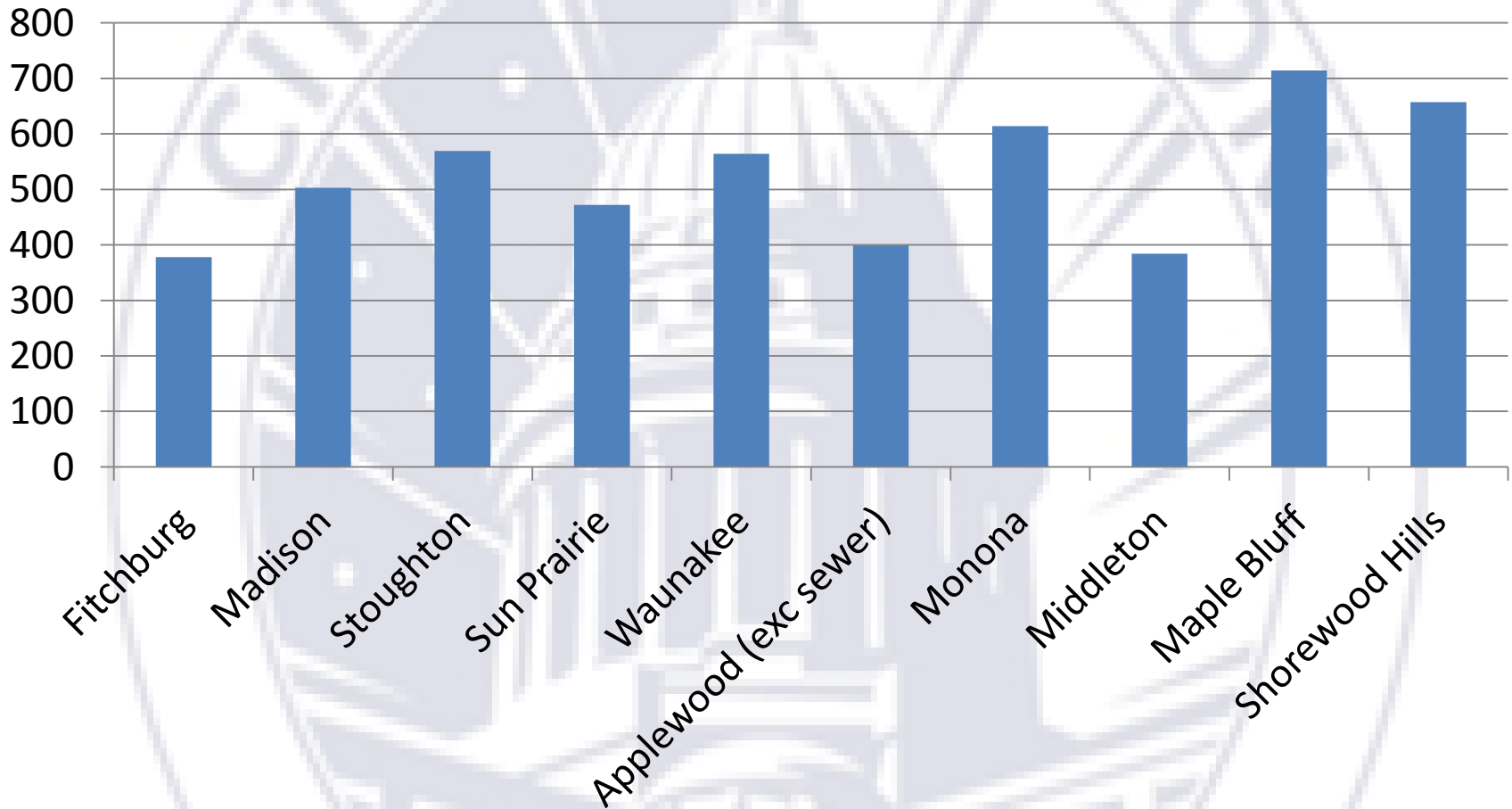
Wisconsin Cities

Combined Sewer and Water Annual Utility Service Costs

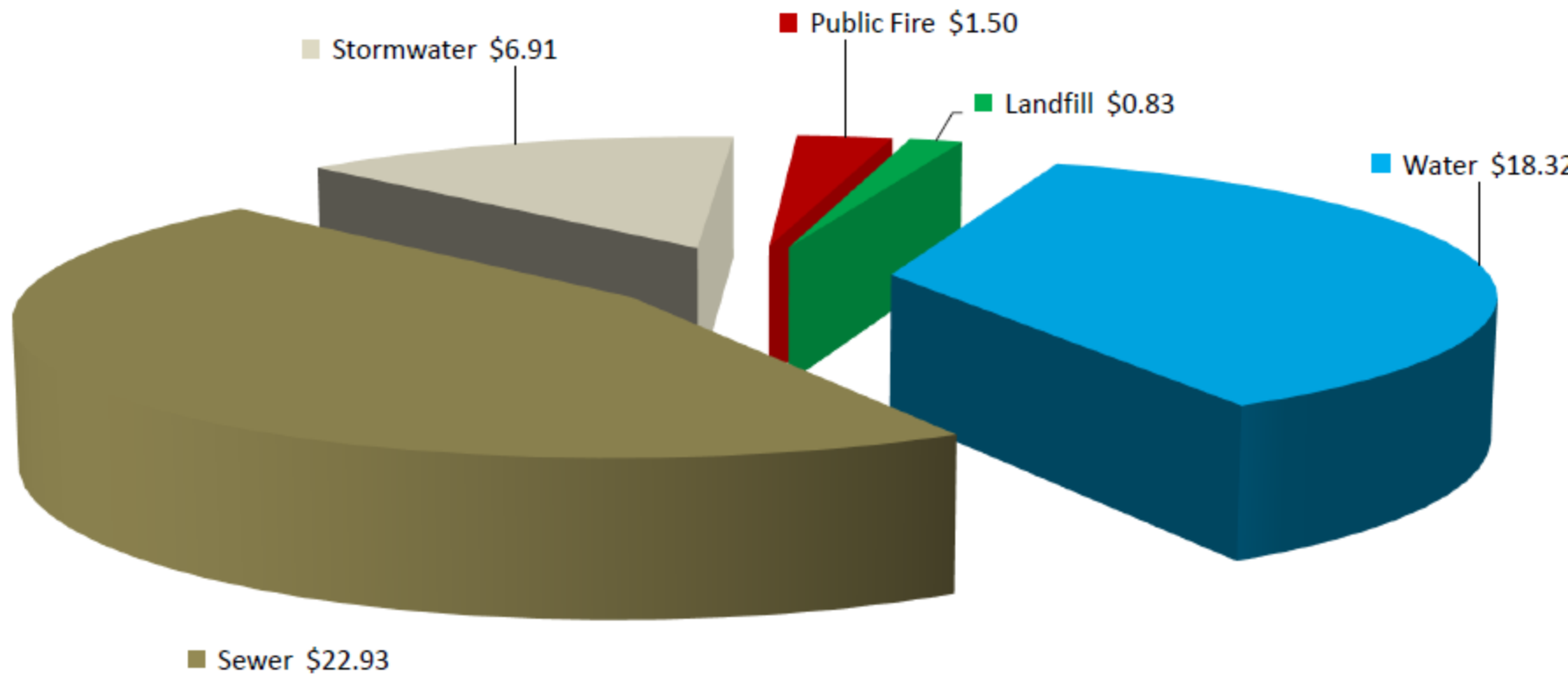


Dane County Communities

Combined Sewer and Water Annual Utility Service Costs



Madison Municipal Services Bill 2013 Average Residential Monthly Costs

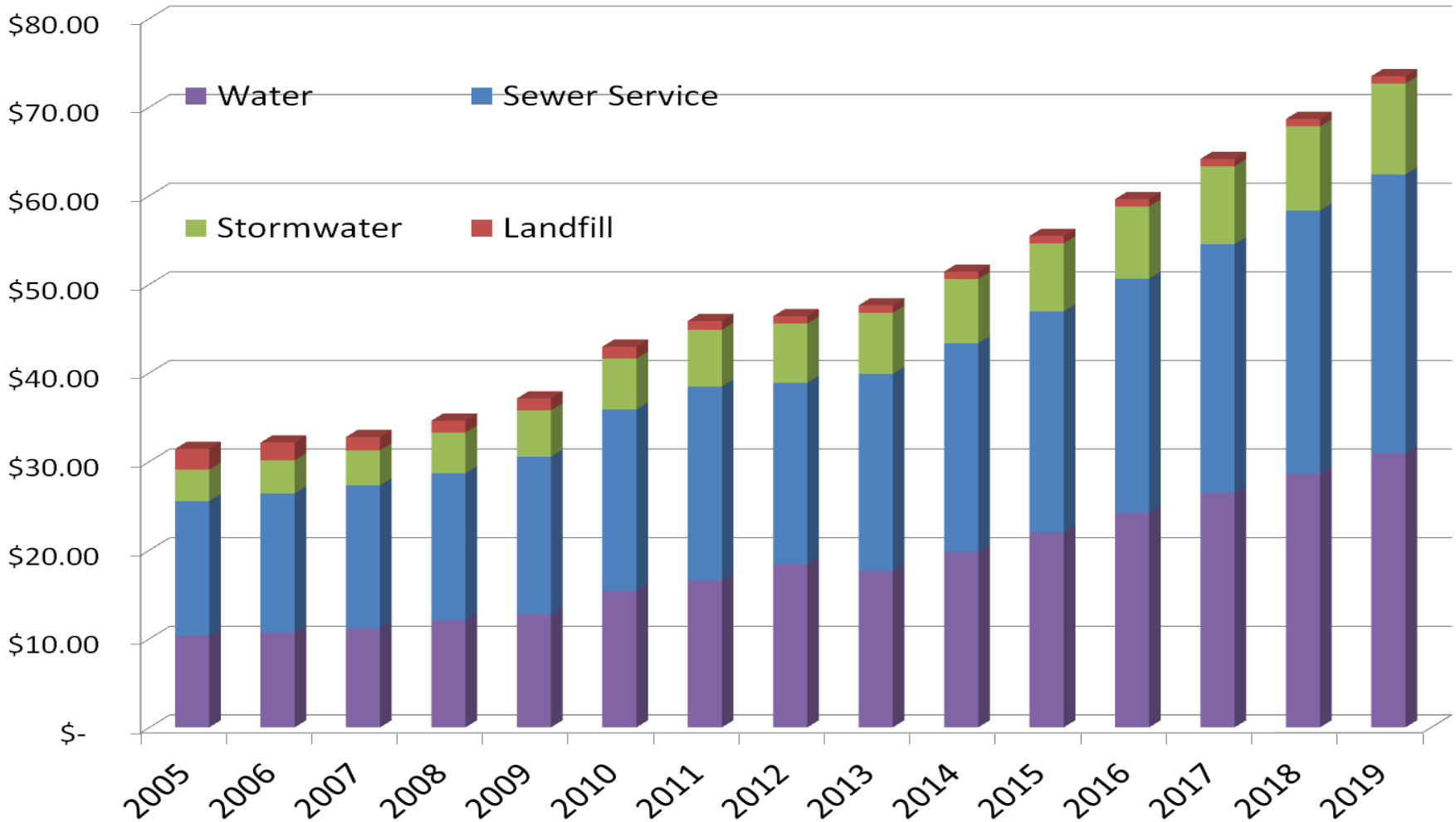


Total \$50.48 per month

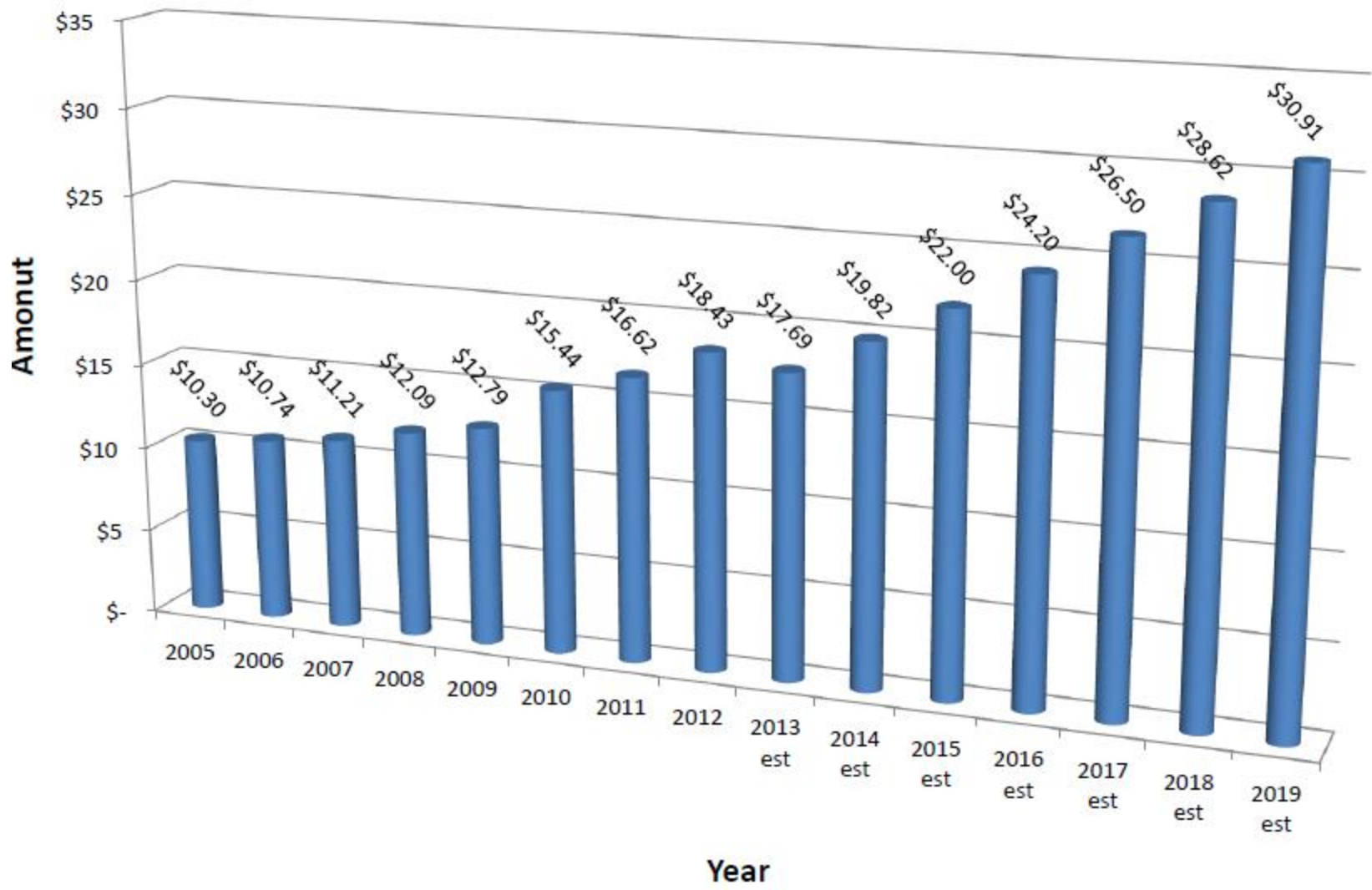
Utility Bill History/Forecast

Average Customer Perspective

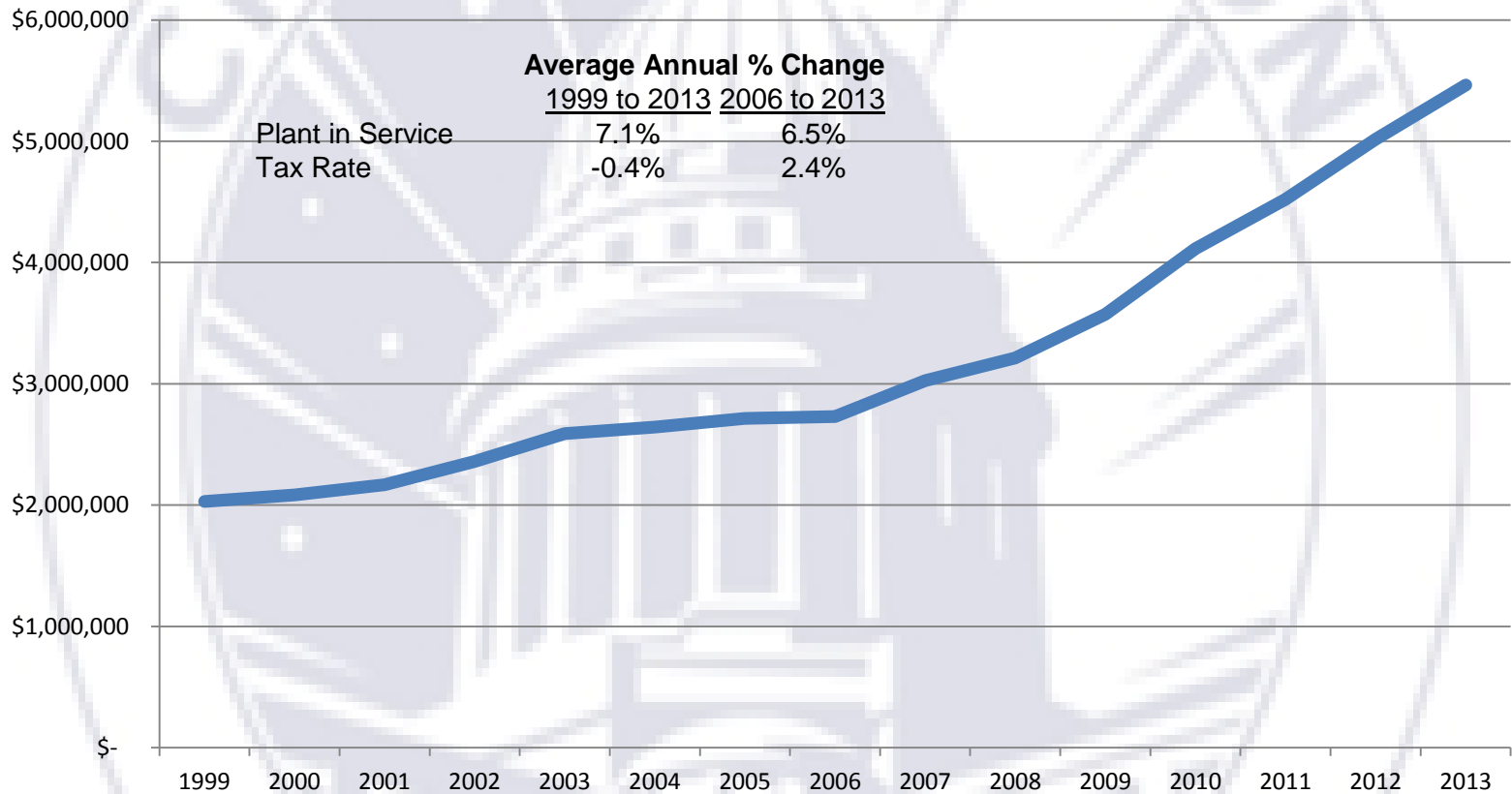
Monthly Billing



Average Monthly Residential Water Bill by Year



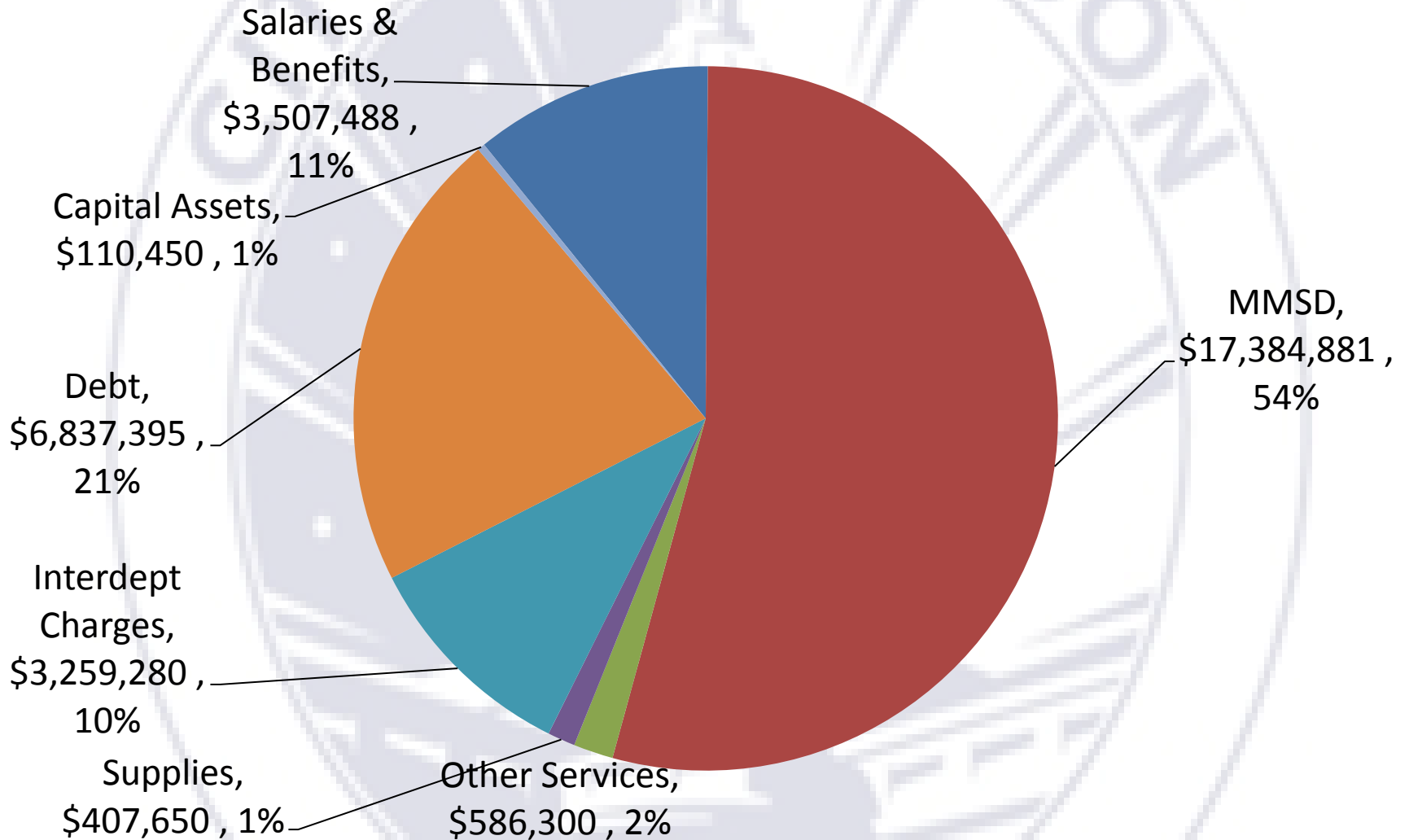
Water Utility PILOT Payment



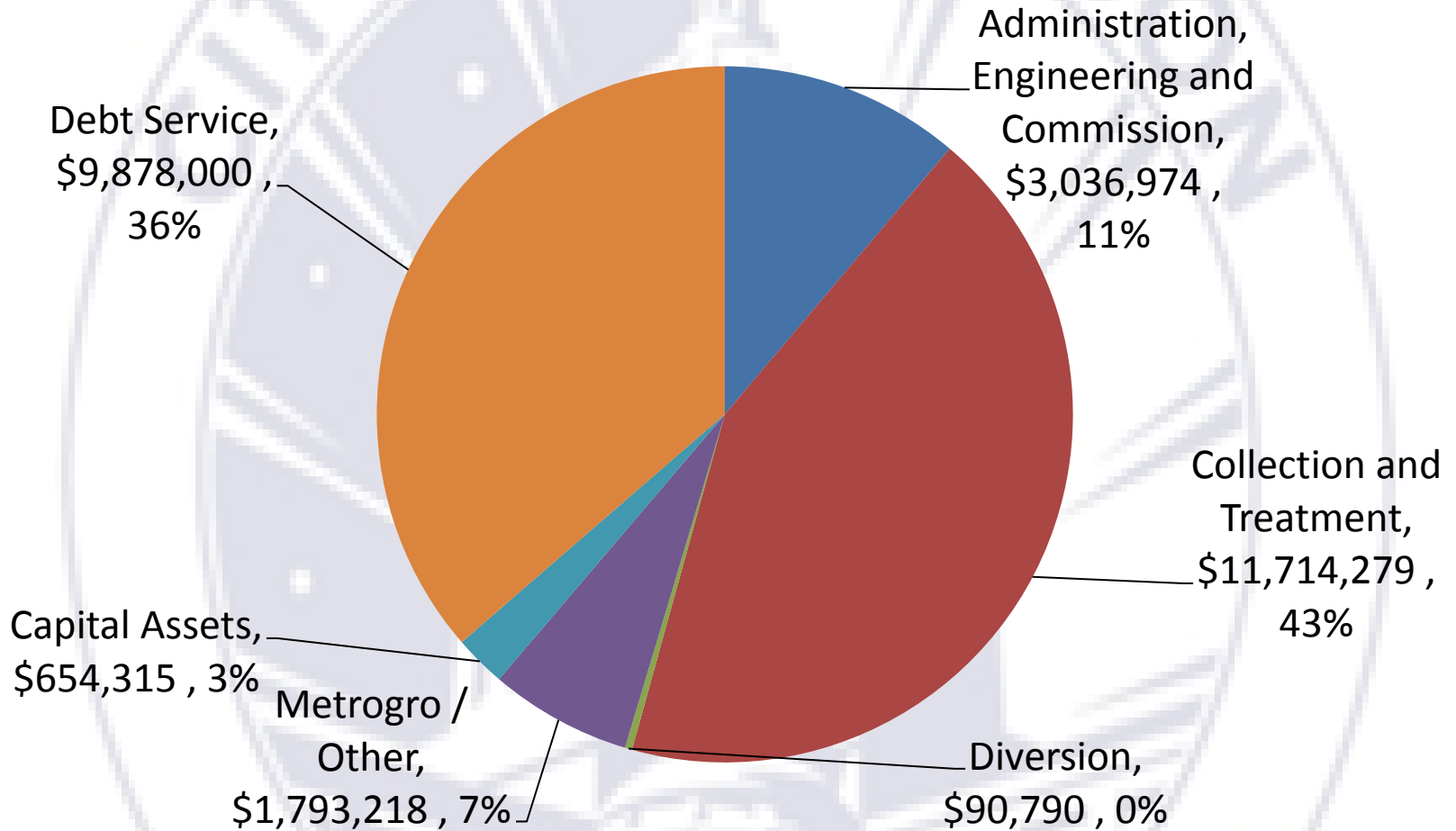
Water Utility PILOT Payment

- The Water Utility Board is concerned about
 - Payment rate of growth
 - Lack of public awareness
- PILOT formula can be changed by Council resolution
- Excellent Public Service Commission staff report on this subject can be found here:
 - [Investigation into Municipal Utility Payment in Lieu of Taxes](#)

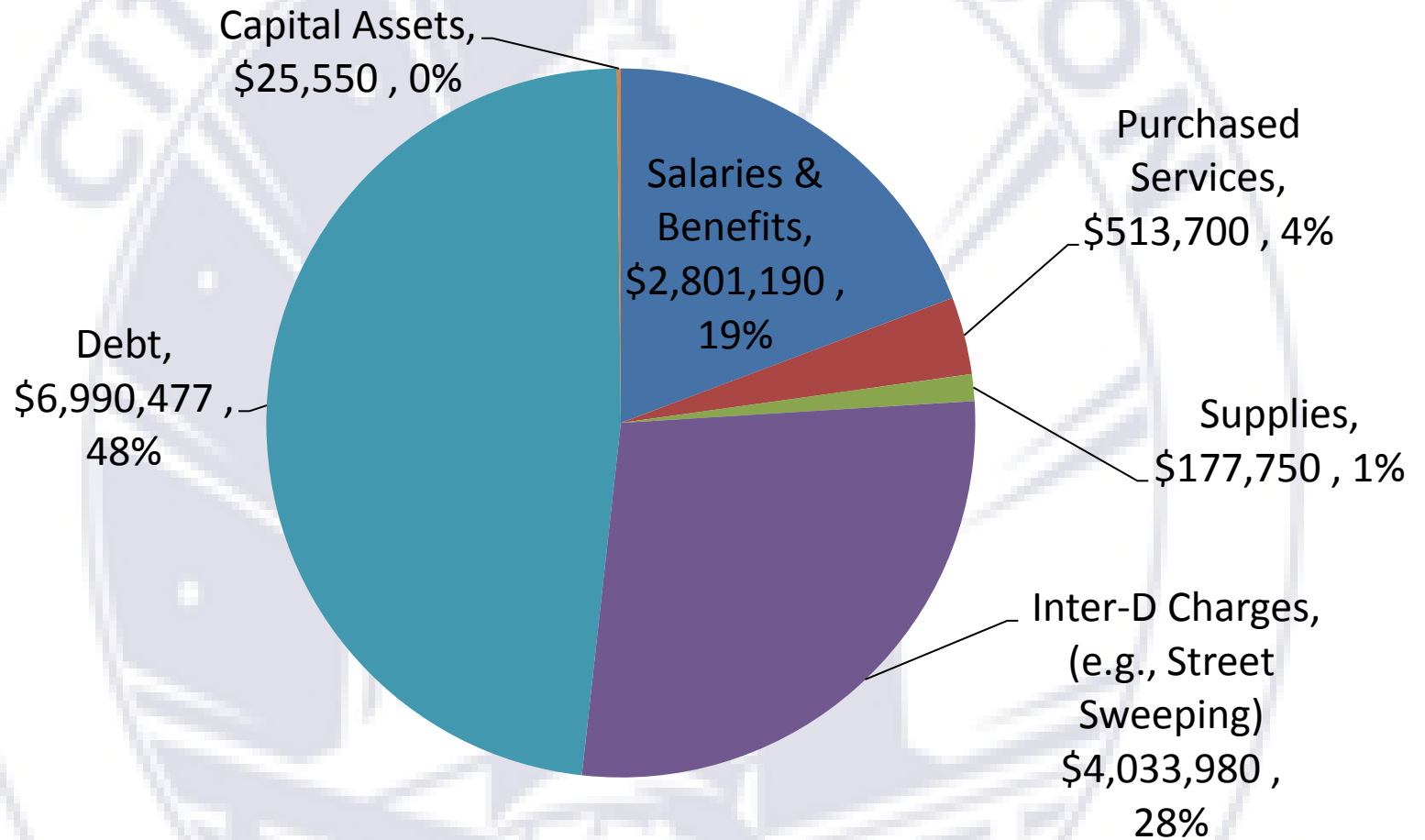
Sewer Rate Allocation



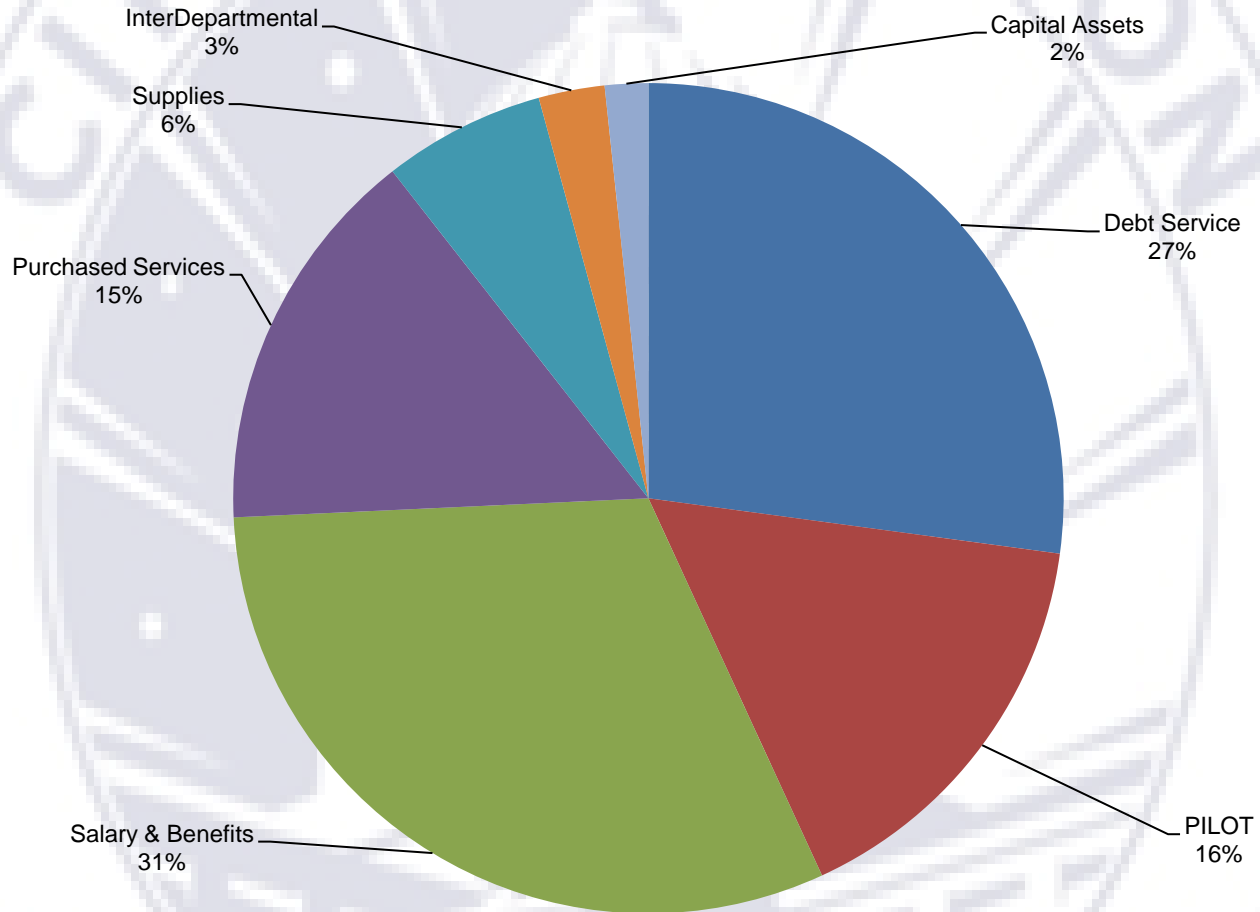
MMSD Rate Allocation



Stormwater Rate Allocation

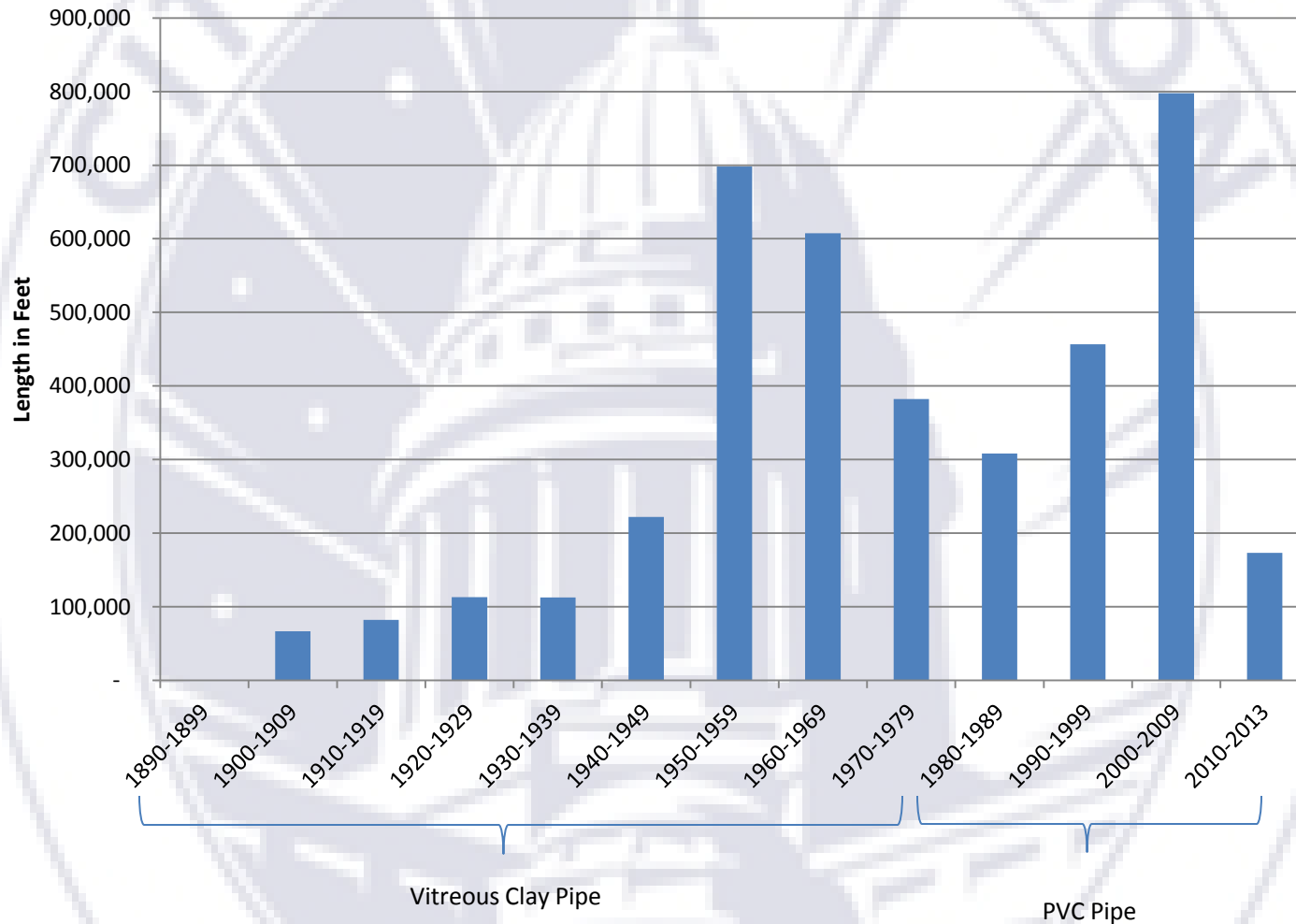


Water Rate Allocation



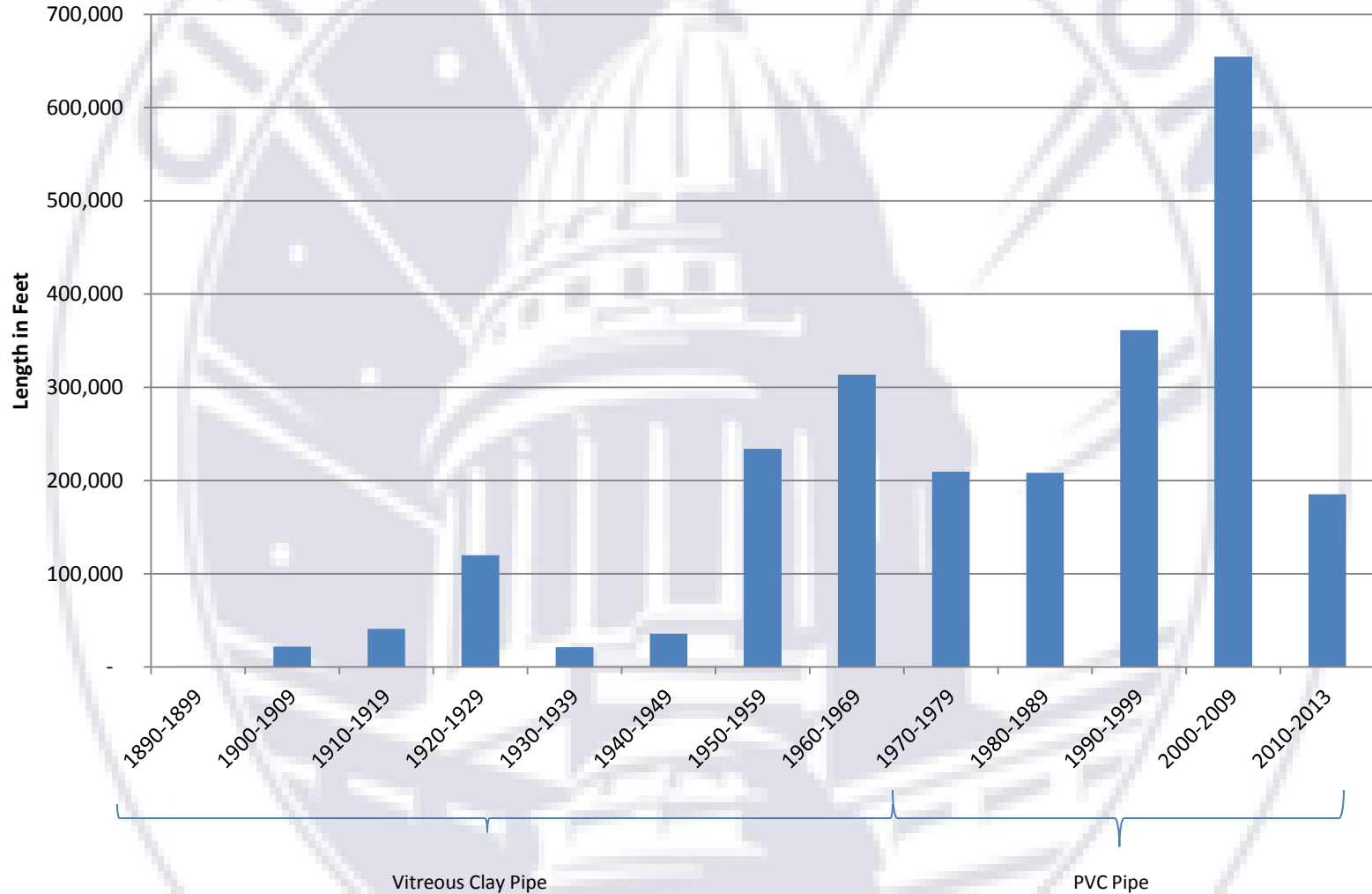
2000 to 2010 -- Dramatic Increase in Sewer Main

Sanitary Sewer Main - 2013 Data



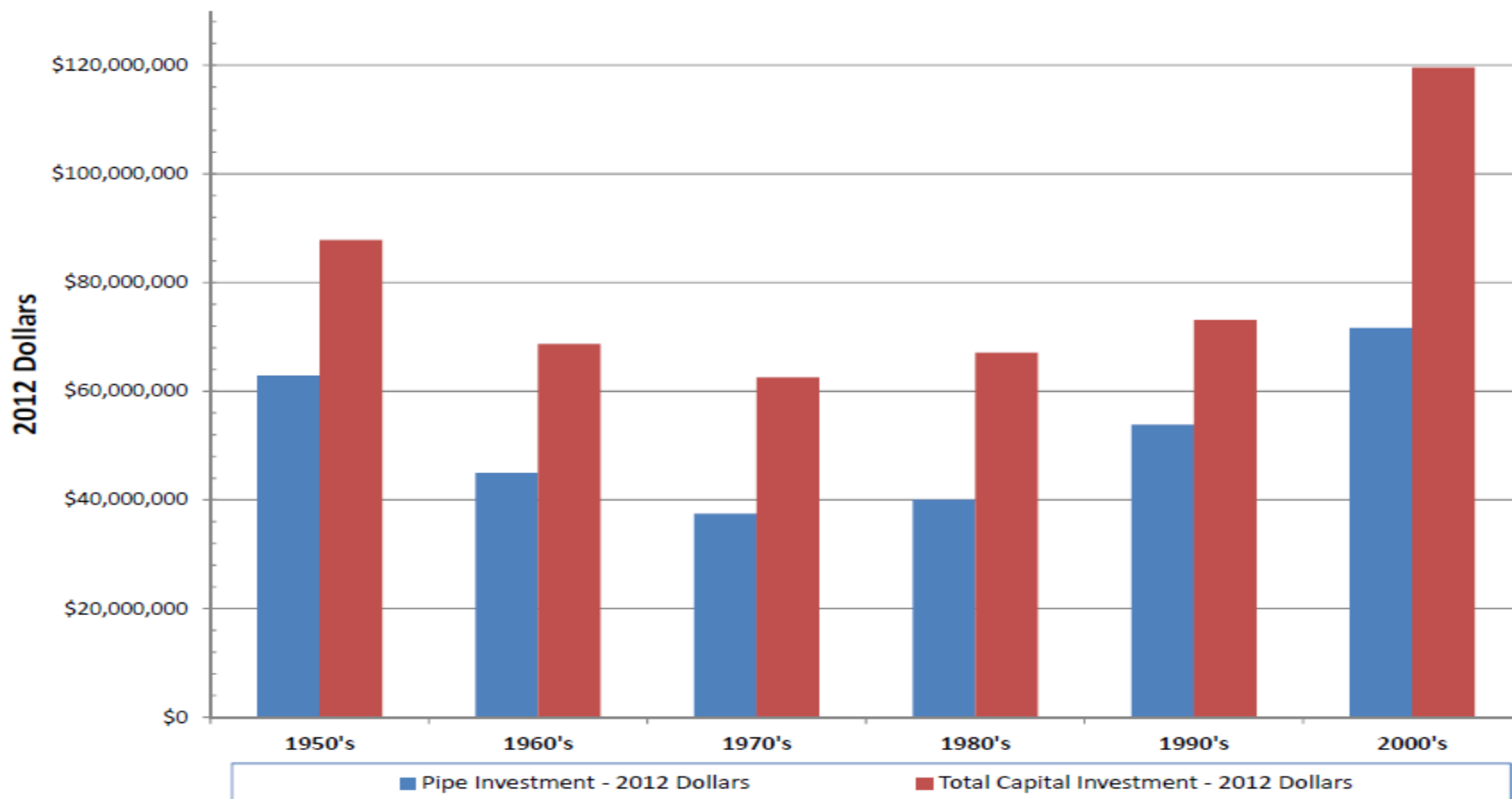
2000 to 2010 -- Dramatic Increase in Storm Water Main

Stormwater Main - 2013 Data



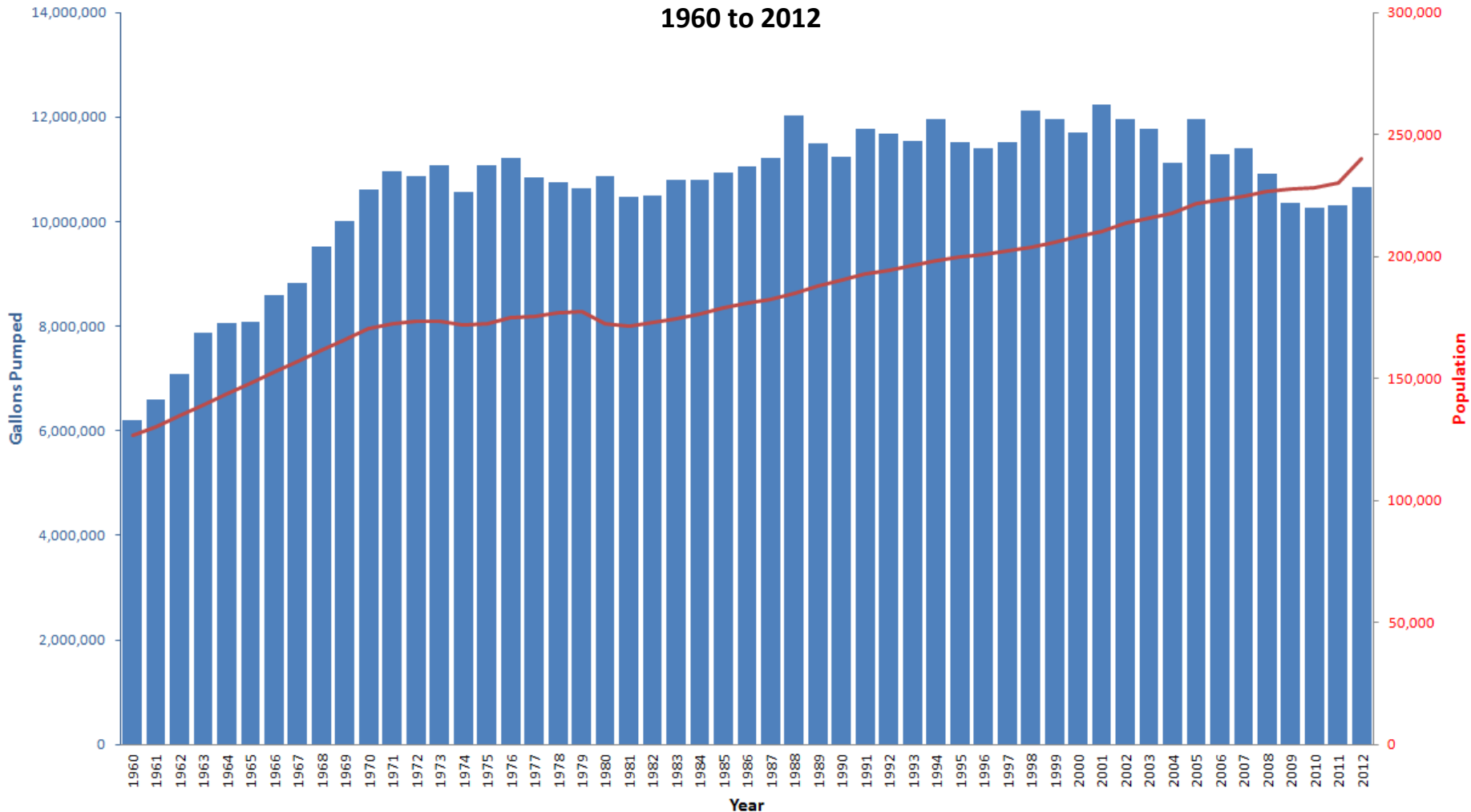
2000-2010 -- Rapid Increase in Water Utility Investment

**Madison Water Utility
Capital Investment by Decade**
(2012 Dollars)



Declining Pumpage and Modest Population Growth May Affect Pace of Rate Growth

MWU Population and Pumpage
1960 to 2012



Future Outlook

- Combined bill is expected to increase 6% annually due to:
 - MMSD capital investment efforts, including phosphorus mitigation strategies.
 - Replacement of aging infrastructure (e.g., recent polar vortex effect on water pipes)
 - Cumulative debt service until reach steady level of investment.
 - Individual categories will increase from 6% (sewer) to 10% (water).