

Water Utility Board Policy			
Title:	Water Quality		
Policy Number:	O-2B	Adopted:	May 24, 2011
Category:	Outcomes	Revision #/Date:	1-2/ October 25, 2011

Madison Water Utility consumers will receive high quality water that meets or is better than all primary and secondary drinking water standards, including their public notification requirements, and complies with board-adopted water quality goals, incorporated by attachment.

The Madison Water Utility recognizes that drinking water standards are subject to revision and that new compounds of concern will be determined. This dynamic is a result of health studies being conducted by health organizations and government agencies on the state, national and international level. The technology to quantify compounds at increasingly minute levels is constantly improving.

The Madison Water Utility shall maintain and promulgate a Watch List of compounds of concern by unit well of compounds that are increasing and may approach the primary and secondary drinking water standards. The Watch List shall identify which wells require action.

Please refer to the following Procedural Guidelines:

- [GUIDE 2: Policy on Testing for Pharmaceuticals and Endocrine Disrupting Compounds](#)
- [GUIDE 3: Resolution to Establish Water Quality and Treatment Policies for Iron and Manganese](#)
- [GUIDE 4: Board of Health for Madison and Dane County Fluoridation Policy](#)

Water Utility Board Policy

Title:	Affordability		
Policy Number:	O-2D	Adopted:	May 24, 2011
Category:	Outcomes	Revision #/Date:	12/Nov 26, 2013

Madison Water Utility customers will pay an affordable rate for water, including the financing of necessary replacement of water distribution plant and improvements to water treatment.

~~The utility has embarked on a plan to replace plant that has reached the end of its useful life. As a result, both the utility's cost of debt service and its Payment In Lieu of Taxes (PILOT) to the City of Madison has become the largest cost centers within the utility's annual operating budget. In addition, the utility has begun to install water treatment facilities to address problems with iron, manganese and volatile organic compounds (VOCs) at affected unit wells.~~

~~The replacement of aged plant and the addition of water treatment facilities have received the support of the City of Madison and the customers of the Utility.~~

~~Unlike other city utilities and enterprises, the utility needs to apply for its rate increases to the Public Service Commission of Wisconsin (PSCW). This requires considerable preparation on the part of utility staff and the duration of several months. Unlike most government entities, water rate increases are not done each year. In order to better inform the customer regarding increased costs, it is preferable to annualize a rate increase so that customers can compare the utility's costs to other government and utility costs.~~

With a goal of maintaining affordable water rates and funding necessary improvements to the water supply system, Madison Water Utility shall:

1. Maintain its water rates between the 25th and 75th percentile for Class AB utilities (those serving 4,000 customers or more) in Wisconsin.
2. Apply for a necessary rate increase (subject to the adopted City of Madison Budget) that does not exceed an annualized rate of 9% per year. "Annualized rate increase" is defined as the increase beginning from the time when the last rate increase was fully effective to the estimated date the applied-for rate increase is anticipated to become fully effective, apportioned annually.
3. Generate its authorized return on rate base consumption (defined as per F-23 of the Utility's Annual Report to the PSCW). This sets a reasonable return on investment as determined by an outside party, the PSCW. The allowable return on investment is comparable to that of other publically and privately owned utilities in Wisconsin. By maximizing this return, the utility will have revenue necessary and reasonable for reinvestment in system improvements, and operations and maintenance expenses.
4. Petition for water rates that will complement economic growth in Madison.

Water Utility Board Policy			
Title:	Financial Planning/Budgeting		
Policy Number:	EL - 2C	Adopted:	Aug 24, 2010
Category:	Executive Limitations	Revision #/Date:	<u>1/</u>

The General Manager shall not cause or allow financial planning to deviate materially from the board's Outcomes priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Allow budgeting which would risk incurring those situations or conditions described as unacceptable in the Financial Condition and Activities policy ([EL - 2D](#)).
2. Fail to provide to the utility the full amount established by the board ~~according to the Agenda Planning to Achieve Board Outputs policy (BP-2C)~~ for any given activity.

DRAFT

Water Utility Board Policy

Title: Financial Condition and Activities	
Policy Number: EL - 2D	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision #/Date: <u>1/</u>

With respect to the actual, ongoing financial condition and activities of the Madison Water Utility, the General Manager shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Outcomes policies.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to ensure long-term financial health.
2. Fail to present a balanced annual operating budget and quarterly updates on actual expenditures and income.
3. Exceed total appropriations for the fiscal year, unless directed to do so by the board.
4. Use any dedicated reserves for purposes other than those for which they are designated, unless directed to do so by the board.
5. Undertake a debt without payoff schedule and identification of revenue stream.
6. Fail to establish an unrestricted reserve equal to a typical three months' operating expenses.
7. Fail to inform the board of where the utility stands with any current rate case in progress.
- 7.8. Fail to be able to provide a concise summary of the financial condition of the utility at any time.

Water Utility Board Policy

Title: Asset Protection	
Policy Number: EL - 2F	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision #/Date: 1-2 / October 25, 2011

The General Manager shall not cause or allow utility assets to be unprotected, inadequately maintained, or unnecessarily risked. Utility assets include financial reserves, bond rating, physical infrastructure (such as pumps, pipes, reservoirs and wells), the groundwater supply, and the utility's reputation in the community.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to comply with City policies regarding asset protection.
2. Fail to ensure water availability for future and current customer needs through long-term resource supply and demand analysis, conservation and public education.
3. Fail to ensure adequate water quality for future and current customers through long-term analysis of water quality trends in well head protection areas, and by coordinating with appropriate regulatory and enforcement agencies to pursue prevention and remediation of contaminant sources in well head protection areas.
4. Use or permit the use of water by others outside the Madison Water Utility's existing water service area, unless in compliance with Madison General Ordinances (if applicable) and the City of Madison's Comprehensive Plan.
5. Fail to support annual professional development opportunities for the General Manager and staff that are well focused and appropriate to Outcomes or specifically designed to improve professional skills or to maintain required professional certification and/or licenses. The Internal Monitoring Report shall include the percent of the annual operating budget expended for training and development activities and a list of training, attendee, and new skills acquired.
6. Endanger the utility's public image or credibility.
7. Fail to follow the auditor's recommended internal controls.

Water Utility Board Policy

Title: Infrastructure	
Policy Number: EL - 2G	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision #/Date: 1-2/ May 24, 2011

The General Manager shall not cause or allow conditions, procedures, or decisions that prevent the Madison Water Utility from meeting its obligation to serve current and future generations of customers within the City of Madison and its authorized service areas.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to assure that required rates fund all expenditures for timely and prudent capital improvements to existing utility systems, and that those capital improvements are driven by reliability, operational or regulatory requirements, replacement of aging infrastructure, utility relocations for public works and road projects, ~~or~~ extension of the life of existing systems, or customer input.
2. Fail to identify and plan for resource and infrastructure needs for the provision of water service to customers ~~consistent with a reasonable planning period for that service~~ in a timely manner.
3. Fail to coordinate Madison Water Utility activities and policies with the City of Madison's Comprehensive Plan and other relevant guidelines for community development.
4. Fail to consider participation with other governmental or private entities on regional major water infrastructure or water supply planning projects.

Water Utility Board Policy	
Title:	Global Board Process Policy
Policy Number: BP - 1	Adopted: Aug 24, 2010
Category: Board Process	Revision #/Date: 2-3 / Feb 27, 2013

The purpose of the board, on behalf of ~~the residents of Madison~~ (the ownership), is to see to it that the Madison Water Utility:

- Achieves appropriate results for appropriate persons for an appropriate cost (as specified in board Outcomes policies);
- Avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies);
- And is prepared to continue to provide owner-centered, valued results into the future.

The board strives to gather input from the public and owners, respond to concerns, and explain and interpret the process and rationale by which the board and utility develop policies, plans and projects.

DRAFT

Water Utility Board Policy			
Title:	Governing Style		
Policy Number:	BP - 2A	Adopted:	Aug 24, 2010
Category:	Board Process	Revision #/Date:	12/ Mar 25, 2013

The board will strive for (a) outward vision, (b) free expression of viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of board and General Manager roles, (e) collective rather than individual decisions, (f) future orientation, and (g) making things happen rather than reacting to events.

1. The board will adopt and hold to the highest standards of ethical conduct in all aspects of its leadership of the Madison Water Utility.
2. The board will cultivate a sense of group responsibility. The board will work in partnership with the General Manager. The board will initiate policy, not merely react to staff initiatives.
3. The board will lead the Madison Water Utility through policies that ~~reflect the City of Madison's values. The board will~~ focus on long-term outcomes, not on administrative or programmatic means of attaining its goals.
4. The board will govern with excellence. This self-discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuity of governance capacity.
5. Board development will include ongoing education regarding the board's governance process, water resources, and rate making trends. The board periodically will discuss and evaluate its process and performance to assure continuous improvement.
6. The board will monitor its performance by comparing actual activity and discipline to policies in the Board Process and Board-Executive Delegation categories.

Water Utility Board Policy

Title:	Agenda Planning to Achieve Board Outputs		
Policy Number:	BP - 2C	Adopted:	Aug 24, 2010
Category:	Board Process	Revision #/Date:	12/ -Mar 25, 2013

To accomplish its goals, the board will follow an annual agenda that (a) reviews all policies annually, (b) updates policies as needed, and (c) continually improves board performance through education, rich input, and deliberation.

1. The annual cycle will start each year in April with the board's development of a [master agenda](#) intended to guide the board throughout the next year. This master agenda will include a provisional plan for gaining ownership input and a provisional schedule for governance education and education related to Outcomes determination (presentations by demographers, advocacy groups, staff, and so on). The Board President's final adjustments to each meeting agenda before publication will provide flexibility to respond to emerging issues, requests from individual board members, and required public comment periods.
2. The cycle will conclude each year on the last day of March so administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long-term Outcomes. The board will establish its governance capacity budget for the next fiscal year during the month of April.
3. Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
4. General Manager monitoring will be on the agenda if reports have been received since the previous meeting.
5. An annual review of the General Manager's performance based on monitoring reports received in the last year will be conducted as soon as practical during the first quarter. The results of this review will be forwarded to the Mayor's office for consideration.
6. Agendas will be planned so items of public interest or items with guest presenters, consultants, or special staff present are taken up early in the meeting.
7. Each agenda will provide the public with a link or other instruction on how to submit written comments prior to a board meeting.
8. [The board chair will generally limit meetings to no more than two hours.](#)
- 7-9. [At the board's discretion, major public comment items will be moved to the head of a meeting agenda.](#)

Water Utility Board Policy

Title: Board Committee Principles	
Policy Number: BP - 2H	Adopted: Aug 24, 2010
Category: Board Process	Revision #/Date: 12/ Mar 25, 2013

Board subcommittees, when used, will be assigned so as to reinforce the wholeness of the board's job, not to interfere with delegation from board to General Manager.

1. Board subcommittees are to help the board do its job, never to direct staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees normally will not be involved with staff operations.
2. Board subcommittees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.
3. Board subcommittees cannot exercise authority over staff. Because the General Manager works for the full board, she or he will not be required to obtain approval of a board committee before an executive action.
4. Board subcommittees will not be used to monitor organizational performance.
5. Board subcommittees will be used sparingly and ordinarily in an ad hoc capacity.
6. This policy applies to any group that is formed by board action, whether it is called a committee or not and whether the group includes board members or not. It does not apply to committees formed under the authority of the General Manager.

|

Water Utility Board Policy	
Title:	Board Committee Structure
Policy Number: BP - 2I	Adopted: Aug 24, 2010
Category: Board Process	Revision #/Date: <u>1/</u>

At this time the board authorizes no **standing sub**committees. Should the board create **sub**committees in the future, the board will create policies for each **sub**committee specifying the product(s) each **sub**committee is to produce and the authority (in terms of organizational resources) each **sub**committee is granted.

DRAFT

Water Utility Board Policy			
Title:	Linking with Ownership		
Policy Number:	BP-2K	Adopted:	July 26, 2011
Category:	Board Process	Revision #/Date:	12/ Mar 25, 2013

The board will pursue input from Madison residents (the ownership) on an affirmative basis, not waiting for input to be initiated by owners.

Accordingly:

1. The board periodically use a survey designed to determine what the values of the ownership are with respect to utility outcomes.¹
2. Board members will be expected to annually attend, present, and listen at one service organization and/or neighborhood association meeting outside their own neighborhood. The General Manager (or his/her designee) will maintain a calendar of meetings and attendance opportunities. The purpose of the meeting is to:
 - a. Educate owners about how the board functions.
 - b. Educate residents that they are owners of the utility as well as consumers, and what the responsibilities of that ownership and rights of consumers are (want owner input, not consumer input).
 - c. Discuss what benefits for whom have what relative and absolute worth.
3. For each policy or ordinance change, the board will review the impact through the lens of the owner in terms of relative and absolute worth.
4. The board will establish “board-to-board” communication, which could include communication with:
 - a. City Council
 - b. Public Health of Madison and Dane County
 - c. City Engineering/Public Works
 - d. Committee on the Environment
 - e. Other boards
5. The board will submit an annual report, per MGO 13.01(3), to the Mayor and City Council and post it on the utility web page for the entire ownership to see. The board will incorporate Citizen Advisory Panel (CAP) discussions as an opportunity for owner input. CAPs will report their findings and recommendations at board meetings at the conclusion of each CAP.
6. For policies and projects anticipated to generate significant public interest, the board may use the following process to assure full and adequate participation and decision making:
 - a. Meeting 1: Presentation by GM on project overview and need.

¹ Note 3/25/2013: A survey will be administered at the conclusion of the Advanced Metering Infrastructure project.

- b. Meeting 2: Discussion of pros and cons, background research, and significant health, infrastructure, environmental, community issues.
- c. Meeting 3: Proposed project changes or alternatives.
- d. Meeting 4: Budget and wrap up and approval.

Amy Robb's suggestion in lieu of the language above:

- 6. The board will hold public hearings at key decision points for policies and projects that fall under the purview of the utility's Citizen Advisory Process. These hearings will take place during each of the following phases:
 - a. PHASE 1 - Establish Public Outreach Budget, Public Notification, and Project Plan
 - b. PHASE 2 - Site Selection (if applicable)
 - c. PHASE 3 - Facility Design (if applicable)
- 7. To assure full and adequate participation and decision making, the board may choose to deliberate over certain policies or projects for more than one meeting before taking action.

Water Utility Board Procedural Guideline	
Title:	GUIDE 2 - Policy on Testing for Pharmaceuticals and Endocrine Disrupting Compounds (Legistar Number 15150)
Policy Number:	Relates to O-2B
Category:	Procedural Guideline
Adopted:	Jun 23, 2009
Revision #/Date:	<u>1/</u>

If any of the following conditions were to occur, it might trigger the Water Utility to initiate testing for pharmaceuticals and endocrine disrupting compounds. They include:

1. Studies on deep, groundwater wells that document the detection of pharmaceuticals and/or endocrine disruptors at significant levels,
2. Evidence suggesting significant contamination of Madison deep wells from leaking sewers or faulty well construction,
3. New information shows potential human health effects at ultra-trace levels, or concentrations below one part per trillion, or
4. The establishment of a new federal or state health-based standard.

The decision whether or not to test for these substances ~~should~~ will be reviewed annually.