

Felland Rd Water Main Assessment District - 2020

Presentation to City of Madison Common Council
September 15, 2020

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Presentation Overview

- Project Need & Objectives
- Future Land Use Plan
- Water Main Cost Recovery Options
- Property Owner Payment Options
- Area versus Frontage Analysis

Project Need & Objectives

- Loop east & west sides of I-90 in Zone 6E to Felland Rd Reservoir 229
- Implement project ID'd by Master Plan & Asset Management Program
- Create N-S link b/w distant sources in Zone 3
- Mitigate loss of Well 15
- Provide water source to area of future development



LIEN ROAD

ZONE 3

RESERVOIR
229

ZONE 6E

I-90

FELLAND ROAD

BRIDLE WAY

LEGEND

- PROPOSED WATER MAIN
- EXISTING WATER MAIN

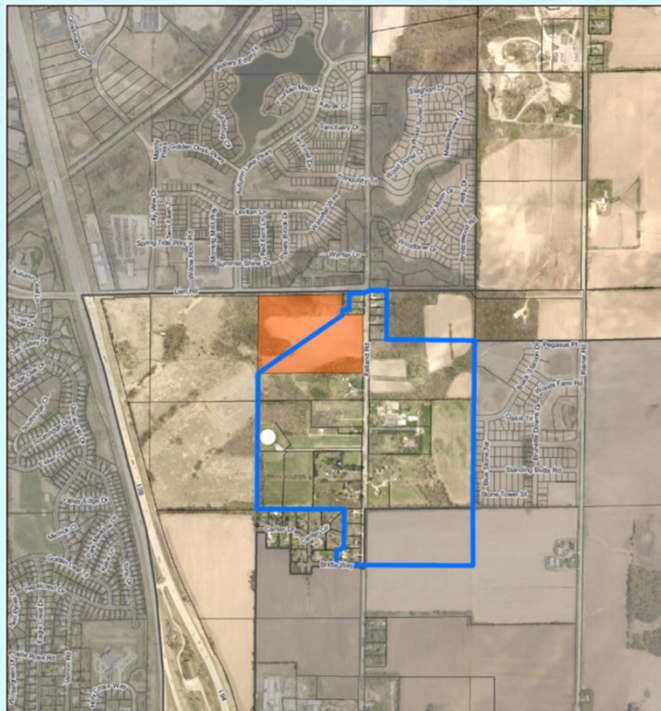
Project Overview

- Limits: Felland Road; Bridle Way to Lien Rd
- Zone 6E: 16-in water main: connect to existing main at Reservoir 229 and extend to Lien Rd (approx. 1880 ft)
- Zone 3: 12-in water main: connect to mains at Bridle Way and Lien Rd (approx. *3475 ft*)
- Replace west half of Felland Rd w/ new pavement
- Also includes traffic & erosion control, restoration, etc.

Benefits to Property Owners

- Access to public drinking water
 - Meets or exceeds all state and federal standards
 - Thousands of tests performed every year
 - Water quality report published annually
- Fire Protection
 - Far exceeds DNR minimum flow requirements
- Provides water service to area slated for development as dense as 40 dwelling units per acre
- Increases property values

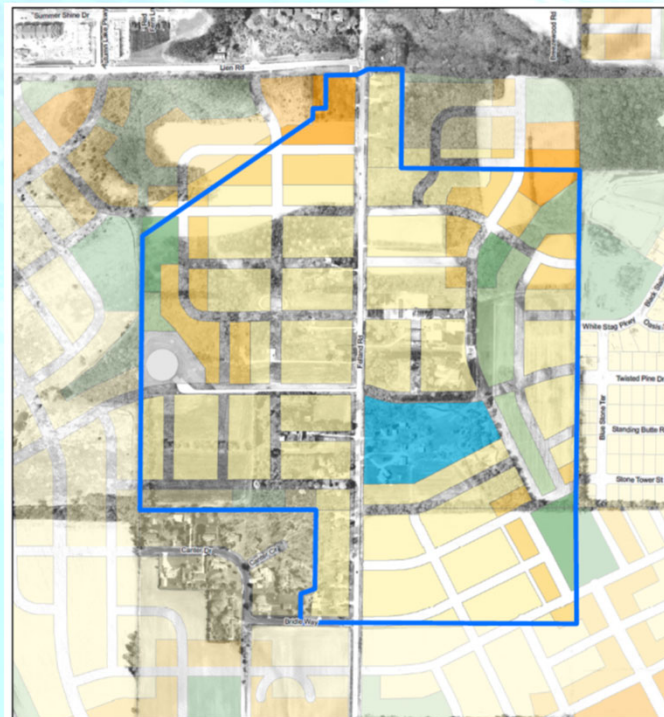
Future Land Use Plan



Map 1: Development Inquiries & Central Urban Service Area
Felland Road Water Main Extension District - 2020

Study Area
 Central Urban Service Area
 Development Inquiries

0 1,000 Feet



Map 2: Potential Amount of Development
Felland Road Water Main Extension District - 2020

Study Area
Recommended Land Use
 Housing Mix 1 (0-8 du/ac)
 Housing Mix 2 (9-20 du/ac)
 Housing Mix 3 (21-40 du/ac)
 Utilities
 Park
 Stormwater and Other Open Space
 Institutional

500 potential dwelling units
in Felland Road Water Main
Extension District

0 500 Feet

Likely Development
Timeline per City
Planning Dept:

- 5-10 Years:
Assessment District
added to the Central
Urban Service Area
- 10-20 Years:
Development begins
- 25-30 Years:
Development
complete

Water Main Cost Recovery Options

- Assessments to Benefitting Property Owners
- Connection Fees upon Development
- Self-funded through Utility-wide Rate Increases

Regulation

- State Statute → City Ordinance
- Cooperative Plan b/w Town of Burke & Madison
- WI Public Service Commission (MWU finances and water rates)

Cost Recovery: Assessments

- Pros:
 - Property owners are aware of charges at outset
 - Fees tied to property so future buyers are aware of charges
 - Payments can be paid over 8 years with interest
 - Benefitting owners pay for improvements
- Cons:
 - Assessments may not reflect current land use
 - Property owners may not be prepared for assessments

Cost Recovery: Connection Fees

- Pros:
 - No payment is due until a water service connection occurs
 - Developers often pay fees & have greater financial resources
 - Benefitting properties pay for improvements
- Cons:
 - Fees are not tied to property like assessment; owners and/or future owners are often not aware of fees
 - Fee is due in full upon connection, no 8-yr payment option
 - Indexed fees increase significantly if deferred for long periods

Cost Recovery: Utility-Funded

- Pros:
 - Relieves burden on benefitting property owners
- Cons:
 - Transfers cost from benefitting owners to all rate payers
 - Would increase water rates by approximately \$0.80 per year for 20 years
 - Would be a shift in long-time City & Utility practice
 - Would require approval by WI Public Service Commission

Property Owner Payment Options

City of Madison:

Assessment Options:

- Pay in full October of year billed
- Pay over 8 years with ~3% interest
- Some agricultural properties may be eligible for 10-year deferral under Sec. 4.081(2).

Connection Fee Options:

- Pay in full at connection with original fee plus interest at Utility borrowing rate (~3.4%)

Town of Burke :

Assessment Options:

- May defer to 2036 w/ fee indexed at Construction Cost Index
- If requesting water service must agree to attach and pay per City Options
 - Pay in full October of year billed
 - Pay over 8 years with ~3% interest

Connection Fee Options:

- Pay in full at connection with original fee plus interest at Utility borrowing rate (~3.4%)

Payment Options: 2036 Costs

Cost Recovery Method	Interest/ Indexing Type	Interest/ Indexing Rate*	\$/acre in 2020	\$/acre in 2036
Assessment: City Properties	City of Madison	3.10	\$3,614	n/a
Assessment: Burke Properties	ENR Construction Cost Index	2.65	\$3,614	\$5,492
Connection Fee	Madison Water Utility	3.37	\$3,614	\$6,142

** 2011-2020 average; future rates may vary*

Communication Timeline

- Jan: Project coordination meeting with Town of Burke staff
- Jan-July: Ongoing project coordination w/ Burke staff
- May 7: Project bid
- June-Present: Assessment consultation w/ Attorney's Office
- June 15: Construction notice w/ mention of assessments
- July: Construction begins
- Aug 3: BPW assessment and public hearing notice mailed
- Aug 20: CC public hearing notice mailed

Area v. Frontage Analysis

LOT	Area (Acres)	Frontage (Feet)	Assessment by Area	Assessment by Frontage	% Change: Area to Frontage
1	0.5	104	\$1,742	\$16,892	870%
2	10.0	337	\$36,140	\$54,737	51%
3	5.2	0	\$18,829	\$0	-100%
4	4.7	345	\$16,986	\$56,036	230%
5	25.4	333	\$91,926	\$54,087	-41%

Estimated Assessment Rates:

~\$3600/acre by Area

~\$162/Ft by Frontage

