

Internal Monitoring Report

Policy #: EL-2G Infrastructure

Date: May 24, 2011

I certify that the following information is true.

Signed  _____, General Manager

Policy Language:

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.
2. Fail to identify and plan for resource and infrastructure needs for the provision of water service to customers within the City of Madison and the Madison Water Utility's service areas consistent with a reasonable planning period for that service.
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.

CEO's interpretation and its justification:

This Executive Limitations policy requires that the Utility budget for, fund, prioritize, plan for, and construct the necessary system improvements to replace and sustain the Utility infrastructure for current and future generations. This policy recognizes that any and all long term planning shall be consistent with and comply with any and all City and regional plans. The Utility has the responsibility to establish, manage, and plan for the necessary water rates to fund all expenditures to meet identified capital and operational requirements. The Utility shall administer and conduct long term facility and system comprehensive planning to identify system needs and funding priorities. The Utility shall also maintain routine regular condition assessments of all facilities to allow for the planned upgrade and replacement of facilities to assure the long

term capacity of the system to meet established levels of service. The Board has identified four specific areas: financial planning, asset management, long term planning and City and Regional planning as key components of this policy.

Data directly addressing the CEO'S interpretation:

1. *Assure that required rates fund the full cost of utility system capital improvements, and that those capital improvements are prioritized 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.*

Madison Water Utility has developed a Water Master Plan and an Infrastructure Management Plan to aide in the budgeting, prioritizing, and planning for system renewal, replacement, expansion, and upgrading. A copy of the long range capital improvement plan from the current Water Master Plan is attached. A copy of the long range budget is also attached for information. As a part of the preparation of the Infrastructure Management Plan, every facility in the system was surveyed and its condition assessed. Piping systems conditions were determined by performance history. A pipe rating system was developed and is attached for information.

The Utility has developed and uses a financial planning model to evaluate and project funding needed to finance infrastructure needs. Through the use of this model, bond sales are planned and rate increases are developed.

I report compliance.

2. *Identify and plan for resource and infrastructure needs for the provision of water service to customers within the City of Madison and the Madison Water Utility's service areas consistent with a reasonable planning period for that service.*

A Water Master Plan has been used by Madison Water Utility for long term system planning since 1964. The plan is routinely updated every 5 to 8 years and outlines the needed improvements to facilities and the piping systems. The latest version of the Master Plan was developed from 2004 to 2006 and approved by the Water Utility Board in December 2006. A copy of the executive summary for the plan is attached for information and use.

An Infrastructure Management Plan was developed for the system in 2004 and 2005 and approved by the Water Utility Board in November 2005. The Plan assesses the condition of the system facilities and piping systems and

establishes a replacement and renewal schedule and budget. The net result of this plan was the Utility was not reinvesting sufficiently in the infrastructure to ensure long term sustainability. Since completion of the 2005 Infrastructure Management Plan, the pipe replacement budget has increased by over 100% and projects are being planned to upgrade existing facilities. The piping budget needs to continue to grow to meet long term needs to replace approximately 400 miles of pipe over the next 40 years. More is needed in facility upgrades and renewal. Due to funding limitations, work on wells, pump stations, and reservoirs has been minimal. A copy of the executive summary of the 2005 Infrastructure Management Plan is attached for information and use.

Madison Water Utility is currently completing a comprehensive review and updating of the Capital Improvement Plan for the east side. This plan is reviewing long term water demand projections, water quality criteria, treatment options, and facility needs for pressure zone 6E and zones 1, 3, and 5. With the completion of this planning effort, the Utility will have a 20 year capital improvement plan to sustain an acceptable level of service to the east side.

I report compliance.

3. *Coordinate Madison Water Utility activities and policies with the City of Madison's Comprehensive Plan and other relevant guidelines for community development.*

The 2006 Water Master Plan was completed with close coordination with the City of Madison Planning Department and the City's Comprehensive Plan.

I report compliance.

4. *Participate with other governmental or private entities on regional major water infrastructure or water supply planning projects.*

To date no major water infrastructure or water supply planning projects have been initiated. The Utility has instituted and facilitated preliminary discussions on regional groundwater management.

As a part of the Automated Meter Infrastructure (AMI) project, the Utility has invited and facilitated cooperation with neighboring utilities in participation in the project. The City of Fitchburg has indicated a desire to join Madison in developing an AMI system for the region.

In 2009, the Utility entered into an emergency intertie agreement with the City of Fitchburg and constructed a simple piping intertie between the two systems in the Seminole Highway area. This connection will aid each system in emergency situations to sustain service to area customers. The City of Monona is considering construction of two interties with the Madison system to provide additional reliability and redundancy to their system.

I report compliance.

Attachments

1. Capital Improvement Plan from 2006 Water Master Plan
2. 2011 Long Range Capital Budget
3. Pipe Rating System - (8/26/2009)
4. 2006 Water Master Plan Executive Summary
5. 2005 Infrastructure Management Plan Executive Summary