



Date: January 19, 2018

To: Water Utility Board

From: Tom Heikkinen, General Manager

Re: Water Conservation House Project

Background

Two factors influenced the creation of the Water Conservation House concept. The first was the realization that the Utility's acreage at Well 9—located within a single family residential neighborhood at 4724 Spaanem Avenue—exceeds any possible future utility requirement. The second was the publication of an EPA WaterSense New Home specification in 2014. The idea is to build a new home that demonstrates the dramatic water savings that are possible using the latest water efficient technologies and sustainable design principles, and to do so at no net cost to the ratepayer compared to the do-nothing alternative.

Project Goals

- Promote water conservation and efficiency
- Use an under-utilized land asset of the Utility
- Zero net cost to the ratepayer compared with the do-nothing alternative

Project History

Milestone

Date

Submitted Subdivision Application and Certified Survey Map	9/27/2016
Launched project website	12/16/2016
Held initial community meeting, Pinney Library	1/5/17
Began regular Water Utility Board project updates	1/31/2017
Authorizing Resolution introduced and referred at Common Council	2/7/2017
Common Council approval of the Certified Survey Map	2/7/2017
Authorizing Resolution approved by COE and Sustainable Madison	2/20/2017
Authorizing Resolution approved by WUB	2/23/2017
Authorizing Resolution final approval by Common Council	3/7/2017
Request for Architect Proposals issued	8/31/2017
Special WUB meeting for architect selection	12/19/2017

After closely reviewing the costs involved in bidding the Water Conservation House as a public works project, we have determined that is unlikely that we would receive bids that would enable us to stay within our budget of \$300,000 total expenditure. Therefore, I would like to modify our approach by accomplishing the project goals through a real estate development agreement.

A New Approach – Real Estate Development Agreement

Here is an outline of the process I am proposing:

- MWU works with the Architect to:
 - 1) Design the Water Conservation House and landscape to be built on Lot 3
 - 2) Create a draft Real Estate Development Agreement that accomplishes the project goals; and
 - 3) Draft an RFP for developers to submit proposals to purchase and develop Lots 1, 2, and 3.
- Winning developer constructs homes on all 3 lots in accordance with the terms of the Agreement
- Developer sells the homes on lots 1 and 2 and rents the Water Conservation House to MWU for a limited time and nominal fee for the purpose of education and outreach, according to the terms of the Agreement.
- Following the educational period, the developer sells the Water Conservation House.

Estimated Project Budget

Expenses - 2018 Munis Budget Authority \$300,000

\$	72,000.00	Architect Fee
\$	5,000.00	CSM Implementation
\$	10,000.00	Project Administration
\$	87,000.00	

Revenue

\$	120,000.00	Sale of Lots 1-3 w/ Dev. Agreement
\$	120,000.00	

Revenue (-) Expenses

\$	33,000.00	
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