

MADISON METROPOLITAN SEWERAGE DISTRICT

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Jon W. Schellpfeffer
Chief Engineer & Director



Protecting Public Health and the Environment

MEMORANDUM



TO: District Customers

FROM: Jon W. Schellpfeffer, Chief Engineer & Director *JWS*

RE: Proposed 2011 District Budgets & Budget Hearing Notification

Date: October 1, 2010

Attached is the District's Notice of Budget Hearing that defines the proposed Operating, Capital Projects and Debt Service budgets for 2011. The hearing on the proposed 2011 budgets will be held on **Wednesday, October 27, 2010 at 8:00 a.m.**

The proposed 2011 Operating Budget includes a 3.7% spending increase over the 2010 budget. If adopted, service charges will increase 4.3%, with a similar rate increase. Operating cost increases for 2011 are due primarily to increased debt service costs, higher expenditures for replacement parts, and expected increases in utility rates for electricity. The proposed budget includes two new maintenance positions, bringing the full-time employee count to 89. Wages and benefits, which comprise one-third of the operating budget, are expected to increase 2.2% and 5.2%, respectively in 2011. Future capital improvements will increase annual debt service expenses by 4.8 percent.

The proposed 2011 Capital Projects Budget anticipates \$13 million of new construction, with \$10.4 million of this total targeted for improvements at the Nine Springs Wastewater Treatment Plant. The remaining \$2.6 million is primarily for design and construction work related to improvements in the conveyance system. Funding of these improvements will rely on borrowing from the Wisconsin Clean Water Fund and the use of reserves.

The District continues to be progressive in providing services while maintaining stable rates. The proposed budget is expected to increase the charges for a typical residential user by \$5 per year. We invite you to comment at our public hearing. If you have questions on the proposed budgets prior to the hearing please contact me at 222-1201 ext. 266, or by email at jons@madsewer.org.

Encl: Notice of Budget Hearing

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