

September 15, 2008

Commissioners and General Public
Madison Metropolitan Sewerage District
Madison, WI 53713

Subject: **2009 Proposed Capital Projects Budget**

Commissioners and General Public:

The proposed 2009 MMSD Capital Projects budget includes expenditures of \$15,213,000, revenues of \$12,452,000, and a projected 2009 year-end operating reserve of \$4,525,000.

Enclosure No. 1 is the Capital Projects Budget Summary for the years 2007 through 2009. For the current year, the summary shows the budgeted amount, the actual expenses through June, and the estimated year-end totals. The anticipated expenditures for 2008 are \$4,723,000 less than budgeted.

Included below are specific comments on each of the individual major projects for 2008 and 2009:

1. *Sugar River Plant Site Purchase*: \$3 million was included in the budget for 2008 for possible purchase of a future plant site. The District does not anticipate spending this amount in 2008. However, a similar amount is included in the 2009 budget to be used in the event that suitable property becomes available at a reasonable price. The ongoing Master Planning effort should help determine when and if a Sugar River Plant is feasible.
2. *USGS Gauging Station*: The budget includes a one-time capital expense of \$12,200 for construction of a new USGS gauging station on the Sugar River. Future support for operation of the gauging station will be expensed from the operating budget on an annual basis. The data gathered from the gauging station will support future efforts related to the discharge of effluent to the Sugar River.
3. *Tenth Addition Design and Construction*: Construction of the Tenth Addition project began in 2003 and is expected to be complete by the end of 2008. District staff anticipates the project's 2008 construction costs will be about \$1.3 million, which is \$400,000 less than originally budgeted. The difference is due primarily to the timing

of expenditures between years 2007 and 2008, and a decision to drop several project enhancements that were felt to be unnecessary at this time. Total Tenth Addition construction costs will be roughly \$32.7 million, almost all of which the District will have financed through a Clean Water Fund Loan. Total Tenth Addition expenditures are anticipated to be about \$37.3 million, consisting of the \$32.7 million construction cost and planning and design costs of \$4.6 million.

4. *Solids Handling Facility Planning and Improvements*: The District began a facility planning effort in 2008 to review its current digestion process, screen various digestion alternatives, and recommend the necessary facilities to produce a reliable and sustainable anaerobic digestion process resulting in Class A biosolids. This facility planning effort will end in early 2009 at a total cost of \$282,000. Design and construction of facilities related to the planning effort's recommendations will follow in 2009. \$2.0 million dollars has been included in the 2009 budget with an additional \$4.0 million in expenditures forecast for 2010. We anticipate that this project will be financed with a Clean Water Fund Loan.
5. *Septage Receiving Improvements*: The District has included \$110,000 in the 2009 budget to investigate and design improvements to its septage receiving area. Grease and inorganic materials have caused significant problems with the existing septage receiving operation, the screens, and the overall headworks facility operation. The budget anticipates construction costs of \$1,000,000 in 2010 for these improvements. This project will be financed with a Clean Water Fund Loan starting in 2010. Because of its status as a septage receiving area, the loan rate may be 0%.
6. *Process Control System Upgrade*: The District's process control system was installed in 1996 as part of the Ninth Addition. The system, although fully functional, is now obsolete and, minimally, in need of software upgrades. Funds were included in the 2008 budget to begin planning. However, due to Tenth Addition related work, the planning effort was delayed and will now occur in 2009. The extent of the overall project's scope will be defined during the planning process and will help determine the ultimate capital costs for the project. Design will follow the planning process and is anticipated to begin during the latter half of 2009. Construction is expected to start in the latter half of 2010. This project will likely be a Clean Water Fund project. \$375,000 is budgeted for 2009.
7. *Long Range Planning*: The 2008 expenditures for the three on-going long-term planning projects listed below total \$627,000. Budgeted expenditures in 2009 are \$213,000. Specific financial details are provided under each project heading:
 - a. *District Long-Range Master Plan*: The main intent of this project is a long-range (50 years) evaluation of the collection system and treatment facility needs of the District. In addition to evaluating the existing facilities for capacity and condition, significant areas being investigated during the planning effort include:
 - § Decentralized treatment - should the District construct new satellite treatment plants in other areas of the District, such as above Lake Mendota or in the

Sugar River basin, and if so, when and where should these facilities be constructed?

- § Effluent discharge/reuse - can effluent from Nine Springs or other treatment plants be returned to the Yahara River watershed at a location other than Badfish Creek that will provide a net environmental benefit; and if so, what degree of treatment may be required and at what cost?

In 2007, the District hired the consulting team of Malcolm Pirnie and Strand Associates to provide engineering services for this project at an estimated cost of \$680,000. Total 2007 expenditures on the planning effort were \$207,000. In 2008, we anticipate spending \$444,000; and in 2009, we expect to spend about \$95,000. The facility planning effort will be completed in early 2009 at a total cost, including District salaries, of roughly \$746,000.

- b. *Update Collection System Facilities Plan:* The District's engineering staff prepared a Collection System Facilities Plan in 2002. The plan relied heavily upon information provided by the Dane County Regional Planning Commission (DCRPC). One of the main recommendations of the 2002 Plan was to keep the plan up-to-date, and this project is a follow-up effort to abide with that recommendation. Presently, we are in the second year of a \$170,000 two-year contract with the Community Analysis and Planning Division (CAPD) and its successor agency, the Capital Area Regional Planning Commission (CARPC), to provide the same information used in preparing the first facilities plan. District staff members have been and will continue to be heavily involved in updating the plan. The CARPC contract should be completed by the end of 2008; however, the District's work on this update will continue throughout 2009. We anticipate total expenditures in 2008 of \$178,000 with another \$88,000 in 2009.
- c. *Treatment Plant Asset Management Plan:* The District has been preparing a comprehensive asset management plan for the treatment plant. The work involves reviewing the capacity and condition of the systems and equipment at the District's Nine Springs Wastewater Treatment Plant. The information from this effort has been beneficial to the Master Planning effort. Going forward, we anticipate that the Plant Asset Management Plan, like the Collection System Facilities Plan, will prove to be a significant resource for scheduling future upgrades and rehabilitation efforts at the plant. Initially, the intent was to complete the plan internally by the end of 2008. Although the preliminary groundwork and reviews have been completed, we found that schedule to be somewhat aggressive. The work is now scheduled for completion by the end of 2009. For the year 2008, we anticipate spending \$5,000 with an additional \$30,000 budgeted in 2009.
8. *West Interceptor Campus Relief – Phases 5, 6, & 7:* Planning and design were underway for Phases 5, 6, and 7 of the West Interceptor Campus Relief Project. These three phases would have included approximately 15,000 feet of relief sewer

from Walnut Street to Whitney Way. However, recent information obtained from CARPC during the collection system evaluation indicates that capacity improvements are not likely to be needed for the foreseeable future. Therefore, this project has been postponed indefinitely. Beginning in 2009, no additional costs have been budgeted.

9. *West Interceptor Upstream of Pumping Station 5:* The West Interceptor above Pumping Station 5 is scheduled for replacement or rehabilitation in 2010. We anticipate that a portion of this interceptor along Lake Mendota will be abandoned after local sewers are rerouted. The remaining portion will be either replaced or relined. The cost of this project is estimated at roughly \$1.1 million. \$112,000 has been included in the 2009 budget to begin planning and design.
10. *West Interceptor Replacement at Old University Avenue:* This project was intended to be completed in conjunction with a City of Madison street reconstruction project in 2009. However, the City has delayed their work so our schedule now anticipates project construction in 2010. The project will rehabilitate the West Interceptor along a section of Old University Avenue. In anticipation of construction in 2010, \$30,000 has been included in the 2009 budget to begin planning and design. The total project cost is estimated at \$565,000.
11. *West Interceptor Extension Replacement:* The West Interceptor Extension, built in 1957 using 24" reinforced concrete pipe, was nearing capacity and some pipe sections had settled below their original grade. Work included replacing approximately 2,800 feet of this sewer from Mendota Avenue to near Century Avenue in Middleton. The project incurred \$1.9 million of costs in 2007 and an additional \$30,000 in 2008. A \$10,000 retainer is expected to be paid to the contractor in 2009. The District financed this project with a Clean Water Fund loan.
12. *Northeast Interceptor – DeForest Monitoring Manhole:* In response to the southerly growth of the Village of DeForest, a new monitoring manhole is being installed on the Northeast Interceptor near its intersection with Windsor Road in the Town of Windsor. This monitoring point will replace the current monitoring point located further north on this interceptor and allow the abandonment of another monitoring point on a village sewer. The total cost for the installation is anticipated to be \$32,000, and the work should be completed in 2008.
13. *Northeast Interceptor – Airport Reconstruction and Truax Extension Rehabilitation:* At no cost to the District, Dane County relocated a portion of the Northeast Interceptor in conjunction with other required security and safety related changes at the Dane County Regional Airport. That work was completed last year. The Northeast Interceptor Truax Extension Rehabilitation project consists of relining other portions of this same interceptor. Design began in late 2007 and construction should be completed in 2008. Total project costs will be \$1.9 million. The District is financing this project with a Clean Water Fund loan.
14. *Northeast Interceptor Relief Upstream of Pumping Station 10:* The intercepting sewers above Pumping Station 10 are in need of capacity relief. This project includes

over 9,000 feet of replacement sewer at an estimated cost of \$10.4 million. District staff began planning and design in late 2007 and design will continue into early 2009. Construction will occur in two phases; Phase 1 in 2009 followed by Phase 2 in 2010. Anticipated expenditures are \$175,000 in 2008 and \$5.1 million in both years 2009 and 2010. This project will be financed with a Clean Water Fund loan.

15. *South Interceptor at Baird Street*: Televising records from the District's sewer maintenance program identified the South Interceptor at Baird Street as needing improvement. This section of sewer will be reviewed and either replaced or relined. The 2009 budget includes \$20,000 for design related to this work. Construction would occur in 2010.
16. *Door Creek Extension at Gaston Road*: In conjunction with anticipated City of Madison development in the Gaston Road area, the District constructed an additional 1,700 feet of sewer as part of its Door Creek Extension. Total project costs are anticipated to be \$657,000.
17. *Far East Interceptor – Cottage Grove Extension Lining*: Portions of the FEI – Cottage Grove Extension are exhibiting significant corrosion problems. We have included \$20,000 in the 2009 budget to begin design for a relining project to take place in 2010. Overall costs for the project are estimated at \$530,000.
18. *Lower Badger Mill Creek Interceptor*: The Lower Badger Mill Creek Interceptor is being constructed in several phases. Phase 2 is presently under construction and should be completed in 2008. This section begins where Phase 1 ended at Edwards Street and ends at Northern Lights Trail in Verona. Procurement of easements for the remaining portions of this interceptor will continue over the next several years. Future interceptor construction will include the City of Madison's segment (north of Midtown Road – anticipated for 2009 construction) and the remaining District section between Northern Lights Road and Midtown Road (anticipated in 2014 or later). The budget includes expenditures of \$865,000 for 2008 and \$147,000 for 2009.
19. *Pumping Stations 6 and 8 Rehabilitation*: The District constructed Pumping Station 6 between 1948 and 1950. It was part of the original East Interceptor project which also included Pumping Stations 1 and 7. Pumping Station 8 began operation in 1964. Major renovations to both pumping stations are necessary to improve reliability and meet present day standards. The project was bid in June of 2008. Construction is underway and will run through 2010. It is estimated that \$2.1 million will be spent in 2008, \$3.8 million in 2009, and \$1.1 million in 2010. The total project cost is estimated at \$7.3 million. The District will finance this project with a Clean Water Fund loan.
20. *Pumping Station 7 – Back-up Power*: In June, an automobile struck a power pole on Bridge Road taking down power lines that caused an extended outage at Pumping Station 7. District staff investigated several options to improve the reliability of the power system at the pumping station including an on-site generator and a third utility feed. The 2009 budget includes funds to install a third utility feed to the site. The

third feed will be routed to the site independently of the existing feeds and will be supplied from a different substation. The cost for this improvement is estimated at \$141,000.

21. *Pumping Capacity Improvements at Stations 13 and 14:* Firm capacity improvements were necessary at Pumping Stations 13 and 14. The project included new pumping units at each of the two stations. Those were installed in 2008. Work continues on rebuilding existing pumps at both stations. The project is expected to be completed by the end of this year. Anticipated spending for 2008 is \$486,000. Total project costs are estimated at \$560,000. This project is being financed with a Clean Water Fund loan.

The anticipated 2008 revenues of \$5,514,000 are \$638,000 less than budgeted. This difference is comprised of the following items:

- Clean Water Fund loan disbursements of \$708,500 for the Tenth Addition project will be \$12,000 less than budgeted.
- Clean Water Fund loan disbursements of \$517,000 for the West Interceptor Extension Replacement and Pumping Stations 13 and 14 Firm Capacity Improvements will be \$237,000 more than budgeted due to the timing of construction for both projects.
- Clean Water Fund loan disbursements of \$3,433,000 for the Rehabilitation of Pumping Stations 6 & 8 will be \$217,000 less than budgeted.
- Estimated interceptor and treatment plant connection charge revenue of \$600,000 is \$500,000 less than budgeted.
- Estimated investment interest of \$255,000 is \$146,000 less than budgeted.

In summary, the 2008 Capital Projects budget showed 2008 expenses exceeding revenues by \$6,992,000. The actual 2008 expenses are expected to exceed revenues by \$2,906,000. The 2008 year-end reserve balance is anticipated to be \$7,286,000, which is \$4,275,000 more than budgeted. This difference is due primarily to not purchasing a Sugar River plant site in 2008. Lower costs than anticipated for Phase 2 of the Lower Badger Mill Creek Interceptor and a slower start to the construction of the Pumping Stations 6 and 8 Rehabilitation project than anticipated also contribute to this difference.

The proposed 2009 Capital Projects budget includes expenditures of \$15,213,000 and revenues of \$12,452,000. The resulting 2009 year-end reserve balance is anticipated to be \$4,525,000, which represents a decrease of \$2,761,000 from the prior year.

As detailed on Enclosure 1, the five largest expense items for the 2009 budget include the following projects:

- Northeast Interceptor – Relief Upstream of Pumping Station 10 (\$5.1 million)
- Rehabilitation of Pumping Stations 6 and 8 (\$3.8 million)
- Sugar River Treatment Plant Site Purchase (\$3.0 million)

- Solids Handling Improvements (\$2.0 million)
- Process Control System Upgrade (\$0.4 million)

The anticipated 2009 revenues include \$11,382,000 in Clean Water Fund loan proceeds for the Rehabilitation of Pumping Stations 6 and 8, the Northeast Interceptor Truax Extension Rehabilitation, the Solids Handling Improvements, and the Northeast Interceptor Relief Upstream of Pumping Station 10. Other revenues include \$800,000 in interceptor and treatment plant connection charges and \$270,000 in interest on investments.

Enclosure No. 2 is a 10-year projection of capital project costs for the period 2009-2018. This projection includes completion of the projects currently underway and future projects that were identified as high priorities in MMSD's Collection System Facilities Plan and Plant Asset Management discussions. Those projects currently underway or scheduled to begin in 2009 were discussed earlier.

Additional projects listed by the year detailed planning will begin include the following:

- 2010 Project Starts
 - Telemetry System – Third Upgrade (\$150,000)
 - East Monona Interceptor at Fair Oaks (\$472,000)
 - Morse Pond Extension (\$670,000)
 - Pumping Station 18 (\$8,500,000)
 - Pumping Station 18 Force Main (\$8,500,000)
- 2011 Project Starts
 - Operations Building HVAC System (\$750,000)
- 2012 Project Starts
 - Northeast Interceptor – FEI to PS 18 (\$5,260,000)
- 2013 Project Starts
 - Pumping Station 7 Improvements (\$1,110,000)
 - Rehabilitation of Pumping Station 11 (\$4,260,000)
 - Rehabilitation of Pumping Station 12 (\$4,260,000)
- 2014 Project Starts
 - Lower Badger Mill Creek Interceptor to Midtown Road (\$5,000,000)
 - Rehabilitation of Pumping Station 15 (\$4,270,000)
- 2015 Project Starts
 - Rehabilitation of Pumping Station 13 (\$4,260,000)
 - Rehabilitation of Pumping Station 14 (\$4,260,000)
 - Undefined Collection System Projects (\$6,000,000)
- 2016 Project Starts

- Southwest Interceptor – Haywood Extension (\$670,000)
- Undefined Collection System Projects (\$6,150,000)
- 2017 Project Starts
 - Rehabilitation of Pumping Stations 3, 4, and 9 (\$3,270,000)
 - Undefined Collection System Projects (\$6,304,000)
- 2018 Project Starts
 - Undefined Collection System Projects (\$6,462,000)

Beginning in 2015, Enclosure 2 shows expenditures for undefined collection system projects. Estimated costs start at \$6 million and escalate by 2.5 percent each year. These represent longer-range projects that will result from the District's ongoing interceptor inspection and maintenance programs, and projects resulting from requirements for additional capacity. Identification and prioritization of these projects will be addressed in future budgets as specific projects are defined.

The projection does not include a future plant addition to address lower effluent phosphorus levels. The potential budgetary impacts of such an addition are discussed later in this letter.

The total capital projects expenditures from 2009 through 2018 are estimated at \$114 million. The total revenues over this period are also estimated at \$114 million. The reserve balance at the end of the year 2018 is estimated to be \$8.0 million.

We anticipate continued use of the Wisconsin Clean Water Fund loan program to fund larger projects and to ensure adequate capital reserves to address any unforeseen major capital costs. The District to date has borrowed \$96 million from this program for the following projects:

- Modifications to Pumping Station No. 7 (\$1.9 million).
- Eighth Addition to Nine Springs (\$19.9 million).
- Replacement of Pumping Station No. 5 (\$1.2 million).
- Verona Force Main and Pumping Station (\$2.7 million).
- Ninth Addition to Nine Springs (\$14.9 million).
- Badger Mill Creek Effluent Return Project (\$4.7 million).
- Pumping Station No. 2 Force Main Replacement (\$3.8 million).
- Rehabilitation of PS's 1, 2, and 10 (\$8.0 million).
- Tenth Addition to Nine Springs (\$34.7 million to date, \$35.4 million total anticipated).
- Effluent Equalization/Aeration Tanks 1-6 Rehab. (\$1.7 million).
- WI Ext. Replacement & PS 13/14 Firm Cap. Improvements (\$2.4 million to date and 2.9 million total anticipated).
- Rehabilitation of PS 6 and 8 and NEI - Truax Extension Liner (Expect initial loan draw in October, \$9.0 million total anticipated)

The following future projects are also expected to be funded with Clean Water Fund loans:

- Solids Handling Improvements (\$6.0 million from 2009 – 2011)
- NEI – Upstream of PS 10 – 2 phases (\$10.4 million from 2009 – 2010)
- Nine Springs Process Control System Upgrades (\$2.3 million in 2010 – 2011)
- Septage Facilities Improvements (\$1.1 million in 2010 – 2011)
- West Interceptor Upstream of PS 5 (\$1.1 million in 2010)
- FEI – Cottage Grove Extension Liner (\$0.5 million in 2010)
- Pumping Station No. 18 and Force Main (\$17.0 million in 2012 – 2014)
- NEI – FEI to SEI Junction (\$5.3 million in 2013 to 2014)
- 2014 Collection System Projects (\$9.6 million in 2014 – 2015)
- Later Collection System Projects (\$34.2 million in 2015 – 2018)

Enclosure No. 3 shows the effect of the Clean Water Fund loans on the amount of debt service that will be collected and paid from service charge revenues during the period 2009 through 2018. The upper table on Enclosure No. 3 shows the principal and interest payments required in each year for the various Clean Water Fund loans. The lower table shows the amount of funds that must be collected through service charge rates each year to retire the debt. The amount of debt service payments included in each year's service charge rate structure include that year's second interest payment and the following year's first interest payment and annual principal payment. This earlier collection is necessary to comply with the adopted bond ordinances that require inclusion of the debt service on the tax rolls if sufficient funds are not available to cover the debt service for the following year at the time the tax roll is prepared.

In 2004 the District transferred \$1,515,000 from the General Fund to the Debt Service Fund above the amount necessary to satisfy the 2004 debt service requirements. Those extra funds have been used, beginning in 2005, to limit the annual increase in the future debt service expenses raised through service charges. In 2005 and 2006 these funds were used to limit the increase to 2.0 percent. Due to projected increases in the cost of future collection system and treatment plant projects, beginning in 2007 the annual increase was raised to 3.4 percent.

Enclosure No. 4 is a chart showing the annual amounts collected through service charges and used to fund capital projects or pay debt service since 1997. It also shows the amount of funds required to be deposited in a debt service reserve each year to satisfy the bond ordinances and the projected annual amounts to be collected through service charges over the next twenty years. For the next twelve years, the regular annual increase of 3.4 percent for this portion of the budget will generate the necessary amount of funds to pay for the annual debt service expenses projected in this budget. This will help to limit the overall impact on charges due to higher cost increases for certain operating expenses and will result in a smoother annual increase in service charges over that time. Beginning in 2021, the amount of funds collected through services charges to fund debt service will exceed the actual debt service requirements. This will increase the debt service reserves. Based on historical interest and inflation rates, these reserves will be sufficient to fund

future collection system projects and future treatment plant expansions of \$50 million in 2021 (\$34 million in 2008 dollars).

The Wisconsin Department of Natural Resources is currently developing new phosphorus water quality criteria and a TMDL (total maximum daily load) for phosphorus in the Rock River watershed. It is unlikely that the District's new WPDES permit issued next year will contain requirements for lower effluent phosphorus concentrations. However, the following permit, issued in 2014, may contain such limits. How would this impact the District's long-term financial plan? Assuming the new limits would require the addition of chemical polishing and effluent filtration processes, the capital cost at that time could be \$100 million. This would increase the District's annual debt service requirements by \$7 million and result in a 25 percent service charge increase. Enclosure 5 shows the impact on the debt service requirements. When the project was complete in 2018, the increase for a typical household would be about \$3 per month, from \$13 to \$16, for District-provided services.

A large increase in one year would be reasonably easy to justify in this scenario. With the length of time it would take to plan, design, and construct such an addition, modifications to the current financial plan could be made to provide a somewhat more gradual increase. Since the future requirements are unknown at this time, it is too soon to modify the current financial plan to address them.

It is not possible to anticipate all projects that may become necessary in the future, but by maintaining adequate capital project reserves, MMSD should be able to meet the District's long-term construction project needs with reasonable increases for our users.

Respectfully submitted,

Michael E. Simon
Assistant Chief Engineer &
Director of Planning

Jon W. Schellpfeffer
Chief Engineer and Director

Enclosures: No. 1, No. 2, No. 3, No. 4, No. 5

CAPITAL PROJECTS BUDGET SUMMARY

EXPENDITURES

Acct #	Project	2007 Actual	2008 Budgeted Amount	Actual 2008 Expenses Thru June	2008 Estimated Year-End	2009 Budgeted Amount	2009 Budgeted Increase From 2008 Budgeted Amount
82240	Sugar River Plant Site Purchase	\$ 0	\$ 3,003,188	\$ 0	\$ 0	\$ 3,001,522	-0.06%
44021	Sugar River USGS Gauging Station	0	0	0	0	12,200	NMF
82251	Tenth Addition Construction	2,169,617	1,698,124	836,168	1,300,000	0	-100.00%
82252	Effluent Equalization Project	9,073	0	0	0	0	NMF
82253	Space Needs Study/Personnel Facilities Expansion	328,717	0	0	0	0	NMF
82254	Aeration Tanks 1-6 Rehabilitation	5,017	0	0	0	0	NMF
82255	Solids Handling Improvements	0	0	0	2,000	2,000,237	NMF
82256	NSWTP Stormwater Management	0	2,394	0	0	0	-100.00%
82256	Septage Receiving Improvements	0	0	0	0	109,781	NMF
82258	East Primary Influent Line Rehab	19,780	0	0	0	0	NMF
82259	Process Control System Upgrade	0	173,939	0	10,000	375,199	115.71%
44000	District Long Range Facility Plan	207,178	513,183	156,640	444,000	94,708	-81.55%
44000	Update Collection System Facilities Plan	75,794	127,204	49,365	178,000	88,000	-30.82%
44000	Treatment Plant Asset Management Plan	0	17,722	246	5,000	30,000	69.28%
82858	Solids Handling Facilities Plan	0	0	21,587	225,000	56,816	NMF
83150	Southwest Interceptor Relief - North and South Legs	454,948	0	0	0	0	NMF
83268	West Interceptor Campus Relief - Phases 5, 6, & 7	41,018	219,354	5,718	39,000	0	-100.00%
83270	West Interceptor upstream of PS5	0	0	0	0	112,052	NMF
83272	West Interceptor Replacement at Old University Avenue	0	22,950	0	4,000	29,929	30.41%
83273	West Interceptor Replacement at Park Street	39,778	0	0	0	0	NMF
83550	West Interceptor Extension Replacement	1,891,074	30,000	30,308	30,308	10,000	-66.67%
83862	NSVI - Morse Pond Extension	0	4,910	0	0	0	-100.00%
83950	NEI - DeForest Monitoiring MH	848	27,321	6,433	32,000	0	-100.00%
83975	NEI - Pflaum Road Relief Sewer	15,332	0	0	0	0	NMF
83976	NEI - Airport Replacement Sewer	898	2,574	129	129	0	-100.00%
83977	NEI - Truax Extension Rehabilitation	4,607	1,281,869	22,338	1,875,000	15,537	-98.79%
83978	NEI - Relief Upstream of Pumping Station 10	957	189,498	5,588	175,000	5,099,951	2591.30%
84050	South Interceptor - Baird Street Replacement	0	0	0	0	20,080	NMF
84156	FEI - Door Creek Extension at Gaston Road	14,570	464,010	48,476	632,000	10,000	-97.84%
84157	Far East Int - Cottage Grove Extension Lining	0	0	0	0	19,601	NMF
84350	Lower Badger Mill Creek Interceptor	689,281	1,754,276	28,440	865,000	147,108	-91.61%
85150	Rehabilitation of PSs 1, 2, and 10	6,219	0	0	0	0	NMF
85151	Pumping Station No. 1 Force Main Air Release MH	182	0	0	0	0	NMF
85252	Crosstown Force Main Replacement - Phase 2	91	0	0	0	0	NMF
85651	P.S. 6 & 8 Rehabilitation	190,306	3,397,613	195,301	2,118,000	3,835,361	12.88%
44020	PS 7 Back-up Power	0	0	0	0	141,516	NMF
86150	Pumping Capacity Improvements at PSs 11-12-13-14	73,137	213,617	235,459	486,000	3,317	-98.45%
	TOTAL EXPENDITURES	\$ 6,238,422	\$ 13,143,746	\$ 1,642,195	\$ 8,420,437	\$ 15,212,915	15.74%

REVENUES

Revenue Source	2007 Actual	2008 Budgeted Amount	Actual 2008 Revenues Thru June	2008 Estimated Year-End	2009 Budgeted Amount	2009 Budgeted Increase From 2008 Budgeted Amount
CWF Loan - Tenth Addition to Nine Springs	\$ 1,771,437	\$ 720,639	\$ 0	\$ 708,545	\$ 0	-100.00%
CWF Loan - Effluent Equalization	68,878	0	0	0	0	NMF
CWF Loan - West Int Ext Replacement and PSs 13 and 14	2,074,842	280,000	84,827	517,400	0	-100.00%
CWF Loan - Rehab of PSs 6 and 8 and NEI Truax Ext Liner	0	3,650,000	0	3,433,000	4,407,000	20.74%
CWF Loan - Solids Handling Improvements	0	0	0	0	1,700,000	NMF
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 1	0	0	0	0	5,275,000	NMF
Interceptor and Treatment Plant Connection Charges	889,141	1,100,000	177,331	600,000	800,000	-27.27%
Interest on Investments	538,216	401,000	146,859	255,000	270,000	-32.67%
TOTAL REVENUES	\$5,342,513	\$6,151,639	\$409,016	\$5,513,945	\$12,452,000	102.42%

RESERVE BALANCE

CAPITAL PROJECTS RESERVES	2007 Actual	2008 Budgeted Amount	Actual 2008 Balance Thru June	2008 Estimated Year-End	2009 Budgeted Amount	2009 Budgeted Increase From 2008 Budgeted Amount
Beginning Reserve Balance	\$11,088,101	\$10,003,000	\$10,192,192	\$10,192,192	\$7,286,000	-27.16%
Ending Reserve Balance	\$10,192,192	\$3,011,000	\$8,959,013	\$7,286,000	\$4,525,000	50.28%

CAPITAL PROJECTS BUDGET

2009 - 2018

EXPENDITURES

Acct #	Project	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
822-00-40	Sugar River Plant Site Purchase	3,001,522									
440-00-21	Sugar River USGS Gauging Station	12,200									
822-00-55	Solids Handling Improvements	2,000,237	4,000,000								
822-00-56	Septage Receiving Improvements	109,781	1,000,000								
822-00-57	Eleventh Addition										
822-00-59	Process Control System Upgrade	375,199	725,000	1,200,000							
822-00-65	Operations Building HVAC Rehab			750,000							
828-55/440	District Long Range Master Facility Plan	94,708									
828-56/440	Update Collection System Facilities Plan	88,000									
828-57/440	Treatment Plant Asset Management Plan	30,000									
828-00-58	Solids Handling Facility Planning	56,816									
830-00-54	Telemetry System - Third Upgrade		100,000	50,000							
831-00-51	Southwest Interceptor - Haywood Extension Rehab or Replacement								60,000	600,000	10,000
832-00-70	West Interceptor - Upstream of Pumping Station No. 5	112,052	1,100,000	10,000							
832-00-72	West Interceptor Replacement at Old University Avenue	29,929	525,000	10,000							
835-00-50	West Interceptor Extension Replacement	10,000									
836-00-73	East Monona Interceptor at Fair Oaks u/s of Starkweather Creek		42,000	420,000	10,000						
838-00-62	NSVI - Morse Pond Extension		60,000	600,000	10,000						
839-00-77	NEI - Truax Extension Rehabilitation	15,537									
839-00-78	NEI - Relief Upstream of Pumping Station No. 10	5,099,951	5,100,000	10,000							
839-00-79	NEI - Far East Int. to Southeast Int. Junction				250,000	5,000,000	10,000				
840-00-50	South Interceptor - Baird Street Replacement	20,080	300,000	10,000							
841-00-56	Far East Int - Door Creek Extension at Gaston Road	10,000									
841-00-57	Far East Int - Cottage Grove Extension Lining	19,601	500,000	10,000							
843-00-50	Lower Badger Mill Creek Interceptor Project	147,108	100,000	120,000			5,000,000	10,000			
853-00-50	Pumping Stations 3, 4, & 9 Revisions									250,000	3,000,000
856-00-51	Pumping Stations 6 & 8 Rehabilitation	3,835,361	1,147,000	20,000							
440-00-20	PS 7 Back-up Power	141,516									
856-00-52	Gravity or Force Main Tie between PS6 and PS10				0	0	0				
857-00-70	PS7 - Improvements (in conjunction with PS18 construction)					100,000	1,000,000	10,000			
861-00-52	Pumping Stations 11 & 12 Rehabilitation					500,000	4,000,000	4,000,000	20,000		
863-00-50	Pumping Stations 13 & 14 Rehabilitation	3,317						500,000	4,000,000	4,000,000	20,000
864-00-50	Pumping Station 15 Rehabilitation						250,000	2,500,000	1,500,000	20,000	
867-00-50	Pumping Station 17 Upgrade (Completed in conjunction with LBMC1 or SRTP)					200,000	2,000,000				
868-00-51	P.S. No. 18 Construction		287,000	250,000	4,000,000	4,000,000	20,000				
868-00-52	P.S. No. 18 Force Main Construction		261,000	250,000	4,000,000	4,000,000					
	Future Collection System Projects							6,000,000	6,150,000	6,304,000	6,462,000
	Total	\$ 15,212,915	\$ 15,247,000	\$ 3,710,000	\$ 8,270,000	\$ 13,800,000	\$ 12,280,000	\$ 13,020,000	\$ 11,730,000	\$ 11,174,000	\$ 9,492,000

Revenues

Revenue Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CWF Loan - Rehab of PSs 6 and 8 and NEI Truax Ext Liner	4,407,000	1,320,000								
CWF Loan - Solids Handling Improvements	1,700,000	4,220,000	80,000							
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 1	5,275,000									
CWF Loan - Nine Springs Process Control System Upgrades		1,100,000	1,225,000							
CWF Loan - Septage Facilities Improvements		950,000	50,000							
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 2		5,100,000								
CWF Loan - West Interceptor Upstream of PS 5		1,100,000								
CWF Loan - FEI Cottage Grove Ext Liner		500,000								
CWF Loan - P.S. No. 18 and PS 18 Force Main				7,800,000	9,050,000	150,000				
CWF Loan - Northeast Interceptor FEI to SEI Replacement Project					5,150,000	100,000				
CWF Loan - Nine Springs Maintenance Facilities					0	0				
CWF Loan - 2014 Collection System Projects						4,160,000	5,390,000	50,000		
CWF Loans for Future Collection System Projects							5,300,000	11,430,000	10,520,000	6,910,000
Interceptor Connection Charges	800,000	1,000,000	1,200,000	2,000,000	2,100,000	2,200,000	2,300,000	2,400,000	2,500,000	2,600,000
Interest on Investments	270,000	180,000	170,000	180,000	270,000	220,000	110,000	160,000	240,000	290,000
Total	\$ 12,452,000	\$ 15,470,000	\$ 2,725,000	\$ 9,980,000	\$ 16,570,000	\$ 6,830,000	\$ 13,100,000	\$ 14,040,000	\$ 13,260,000	\$ 9,800,000

Construction Account Cash Flow Summary

Construction Account Activity	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Beginning of Year Reserve Balance	\$ 7,286,000	\$ 4,530,000	\$ 4,750,000	\$ 3,770,000	\$ 5,480,000	\$ 8,250,000	\$ 2,800,000	\$ 2,880,000	\$ 5,190,000	\$ 7,280,000
+ Revenues	12,452,000	15,470,000	2,725,000	9,980,000	16,570,000	6,830,000	13,100,000	14,040,000	13,260,000	9,800,000
- Expenditures	15,212,915	15,247,000	3,710,000	8,270,000	13,800,000	12,280,000	13,020,000	11,730,000	11,174,000	9,492,000
End of Year Cash Reserve Balance	\$ 4,530,000	\$ 4,750,000	\$ 3,770,000	\$ 5,480,000	\$ 8,250,000	\$ 2,800,000	\$ 2,880,000	\$ 5,190,000	\$ 7,280,000	\$ 7,590,000

CAPITAL PROJECTS BUDGET

2009 - 2018

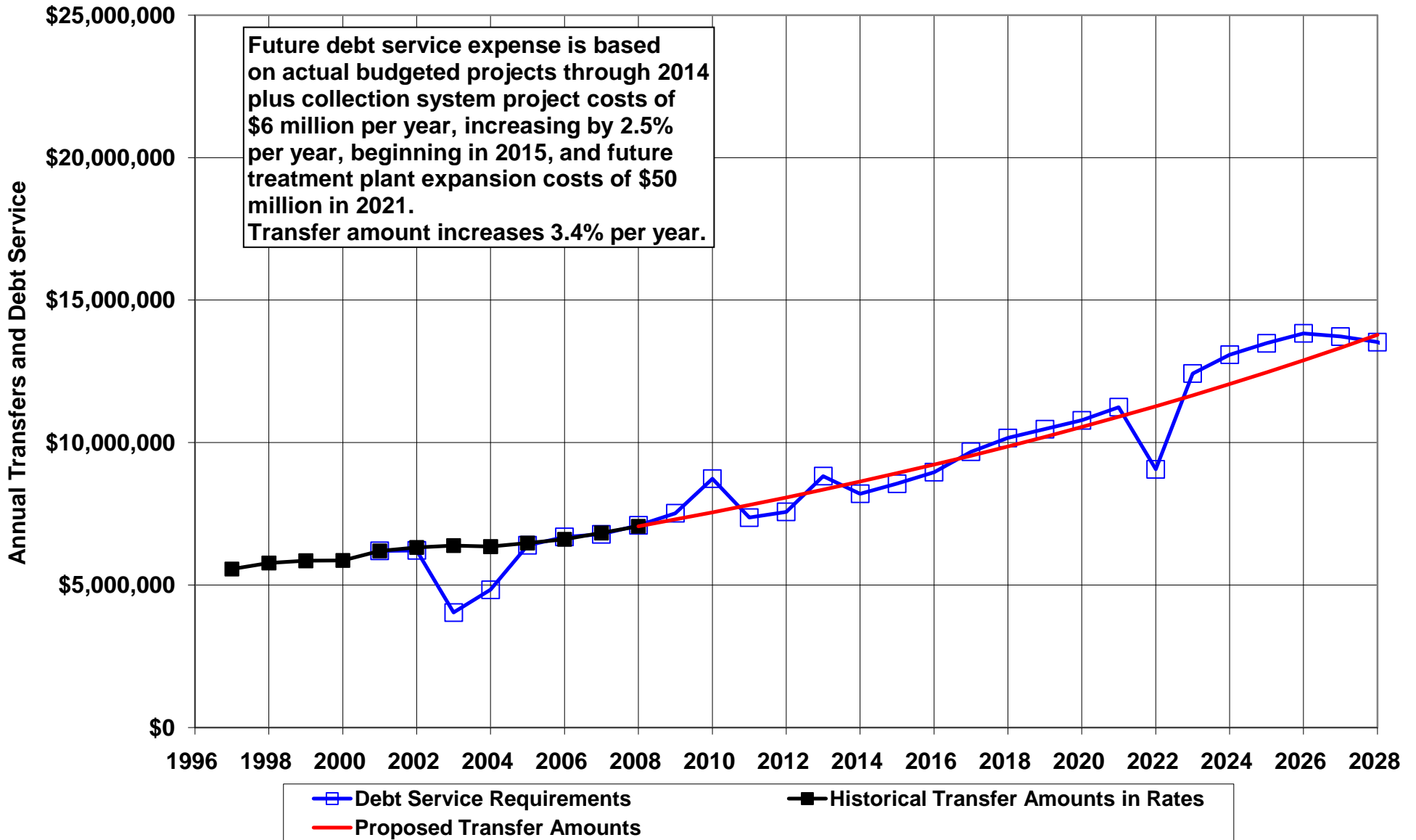
Debt Service Payments

Debt Instrument	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CWF Loan - Pumping Station No. 7	141,333	141,272	141,208	141,142	141,073	141,002	140,928	140,851	140,771	140,688	140,602	140,512	140,418	140,323	140,222							
CWF Loan - Eighth Addition to NSWTP	1,485,397	1,484,786	1,484,152	1,483,493	1,482,809	1,482,099	1,481,361	1,480,594	1,479,798	1,478,972	1,478,113	1,477,221	1,476,295	1,475,333	1,474,333	1,473,296						
CWF Loan - Pumping Station No. 5	84,708	84,903	84,876	84,849	84,821	84,792	84,763	84,732	84,700	84,667	84,633	84,598	84,562	84,524	84,486	84,446						
CWF Loan - Verona Force Main and Pumping Station	180,224	181,812	190,899	190,837	190,774	190,708	190,641	190,571	190,498	190,424	190,346	190,267	190,184	190,099	190,011	189,920	189,826	189,729	189,628			
CWF Loan - Ninth Addition to NSWTP	351,475	1,032,000	1,109,954	1,105,959	1,106,473	1,106,102	1,105,719	1,105,323	1,104,914	1,104,491	1,104,055	1,103,604	1,103,139	1,102,658	1,102,162	1,101,649	1,101,119	1,100,572	1,100,007			
CWF Loan - Badger Mill Creek Effluent Return	47,000	141,500	344,500	327,525	327,431	327,335	327,235	327,132	327,026	326,917	326,804	326,688	326,568	326,445	326,317	326,185	326,050	325,910	325,765	325,616	325,463	
CWF Loan - PS #2 Force Main Replacement - Phase 1					41,589	126,032	125,968	125,931	125,893	125,853	125,813	125,771	125,728	125,683	125,637	125,589	125,540	125,490	125,437	125,383	125,328	125,270
CWF Loan - PS #2 Force Main Replacement - Phase 2			0	0	20,140	139,342	139,686	139,646	139,606	139,563	139,520	139,475	139,428	139,380	139,331	139,280	139,227	139,172	139,116	139,058	138,999	138,937
CWF Loan - Tenth Addition to NSWTP	0						27,610	344,028	737,264	2,268,223	2,341,274	2,470,228	2,527,722	2,530,088	2,529,409	2,528,712	2,527,995	2,527,257	2,526,500	2,525,721	2,524,920	2,524,097
CWF Loan - PS 1, PS 2, and PS 10 Rehas							6,247	108,989	404,962	203,991	524,204	524,073	523,938	523,799	523,656	523,509	523,358	523,203	523,043	522,879	522,711	522,537
CWF Loan - PS 1, PS 2, and PS 10 Rehas Amendment										11,101	17,973	17,969	17,966	17,962	17,959	17,955	17,951	17,947	17,943	17,939	17,935	17,931
CWF Loan - Effluent Equalization											104,655	108,928	108,908	108,888	108,868	108,846	108,825	108,803	108,780	108,757	108,733	108,709
CWF Loan - WI Ext Replacement and PSs 13 and 14											0	49,687	172,512	172,511	172,475	172,438	172,400	172,361	172,321	172,280	172,238	172,195
CWF Loan - PS 6 and PS 8 Rehas and NEI Truax Ext Liner												0	132,571	217,218	637,795	637,698	637,560	637,417	637,271	637,121	636,968	636,810
CWF Loan - Solids Handling Improvements													1,906	80,590	399,219	400,174	400,090	400,002	399,913	399,822	399,728	399,631
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 1													12,055	334,238	338,228	338,158	338,086	338,013	337,937	337,860	337,780	337,699
CWF Loan - Nine Springs Process Control System Upgrade														2,784	95,008	153,288	153,225	153,158	153,088	153,018	152,943	152,868
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 2														11,911	323,884	327,007	326,939	326,870	326,799	326,726	326,651	326,574
CWF Loan - 2010 Septage Facilities Improvements														2,602	63,354	64,119	64,106	64,092	64,078	64,064	64,049	64,034
CWF Loan - West Interceptor Upstream of PS 5														2,935	69,907	70,531	70,516	70,501	70,486	70,470	70,454	70,438
CWF Loan - FEI Cottage Grove Ext Liner														586	31,571	32,060	32,053	32,046	32,039	32,032	32,025	32,017
CWF Loan - PS 18 and Force Main																26,433	32,053	32,046	32,039	32,032	32,025	32,017
CWF Loan - NE Int, FEI to SEI, Replacement Project																	14,504	343,423	349,864	349,773	349,680	349,584
CWF Loan - 2014 Collection System Projects																	14,235	180,516	663,182	664,308	664,131	663,948
CWF Loan - Future Collection System Projects																		18,525	428,033	1,222,448	1,899,578	2,332,317
Total (Rounded)	\$ 4,615,000	\$ 5,404,000	\$ 5,742,000	\$ 5,729,000	\$ 5,809,000	\$ 6,063,000	\$ 6,105,000	\$ 4,048,000	\$ 4,735,000	\$ 6,074,890	\$ 6,577,992	\$ 6,759,000	\$ 7,084,000	\$ 7,591,000	\$ 8,894,000	\$ 8,797,000	\$ 7,686,000	\$ 9,051,000	\$ 9,868,000	\$ 9,372,000	\$ 10,046,000	\$ 10,151,000
Percent Change from Previous Year	11.1%	17.1%	6.3%	-0.2%	1.4%	4.4%	0.7%	-33.7%	17.0%	28.3%	8.3%	2.8%	4.8%	7.2%	17.2%	-1.1%	-12.6%	17.8%	9.0%	-5.0%	7.2%	1.0%

Debt Service Reserves Included in Service Charge Rates

Debt Instrument	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
CWF Loan - Pumping Station No. 7	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	142,902	902									
CWF Loan - Eighth Addition to NSWTP	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	1,501,206	206								
CWF Loan - Pumping Station No. 5	85,642	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711	711						
CWF Loan - Verona Force Main and Pumping Station	197,000	193,700	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	192,739	
CWF Loan - Ninth Addition to NSWTP	1,124,000	1,041,000	1,130,000	1,115,000	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	1,117,777	
CWF Loan - Badger Mill Creek Effluent Return	113,000	353,000	328,000	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	330,501	
CWF Loan - PS #2 Force Main Replacement - Phase 1					140,102	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122	127,122
CWF Loan - PS #2 Force Main Replacement - Phase 2			0	0	127,735	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926	140,926
CWF Loan - Tenth Addition to NSWTP							317,000	703,510	2,227,930	2,408,367	2,351,318	2,551,389	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361	2,554,361
CWF Loan - PS 1, PS 2, and PS 10 Rehas							79,000	489,700	524,877	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	528,855	
CWF Loan - PS 1, PS 2, and PS 10 Rehas Amendment										24,875	18,112	18,112	18,112	18,112	18,112	18,112	18,112	18,112	18,112	18,112	18,112	18,112	
CWF Loan - Effluent Equalization										84,919	109,815	109,760	109,760	109,760	109,760	109,760	109,760	109,760	109,760	109,760	109,760	109,760	
CWF Loan - WI Ext Replacement and PSs 13 and 14											133,935	188,457	173,922	173,922	173,922	173,922	173,922	173,922	173,922	173,922	173,922	173,922	
CWF Loan - PS 6 and PS 8 Rehas and NEI Truax Ext Liner												59,756	186,313	639,319	643,078	643,078	643,078	643,078	643,078	643,078	643,078	643,078	
CWF Loan - Solids Handling Improvements													26,510	381,013	403,465	403,465	403,465	403,465	403,465	403,465	403,465	403,465	
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 1														280,888	340,938	340,938	340,938	340,938	340,938	340,938	340,938	340,938	
CWF Loan - Nine Springs Process Control System Upgrade														78,573	100,181	154,548	154,548	154,548	154,548	154,548	154,548	154,548	
CWF Loan - NEI Replacement Upstream of PS 10 - Phase 2														272,560	329,628	329,628	329,628	329,628	329,628	329,628	329,628	329,628	
CWF Loan - 2010 Septage Facilities Improvements														53,557	64,633	64,633	64,633	64,633	64,633	64,633	64,633	64,633	
CWF Loan - West Interceptor Upstream of PS 5																							

Annual Transfers Included in Service Charge Rates and Annual Requirements of Debt Service Fund



Annual Debt Service Fund Transfers with and without an Advanced Phosphorus Treatment Plant Expansion

