

Meeting of the Commissioners of the Madison Metropolitan Sewerage District

Thursday, April 11, 2019 8:00 a.m.

MMSD Maintenance Facility Training Room, 1610 Moorland Road, Madison, WI 53713

Present:

- Commissioner Tom Hovel
- Commissioner Sara Eskrich
- Commissioner James Martin
- Commissioner Ezra Meyer
- Commissioner Brad Murphy
- Commissioner Mary Swanson
- Commissioner Tom Wilson

Excused Absences:

Commissioner Ken Clark
Commissioner Angela James

Commission Meeting

1. Opening

- A. Call to Order 8:00 a.m.
- B. Welcome Guests: Greg Fries, City of Madison
- C. Announcements: Introduction of Mark Nesson, Metrogro Mechanic

2. Appearances by the Public: None.

3. Consent Calendar

- A. Approval Meeting Minutes from 3-28-2019
- B. Approval of Cash Statements – Operating Fund
- C. Approval of Cash Statements – Capital Projects Fund
- D. Review and Approval of Sewer Extension Plans

New Construction Projects

- Windsor Crossing Village Center Phase 1, Village of Windsor
- Grandview Commons North Phase 7 & Grandview Commons Northeast Phase 2, City of Madison
- E. Acceptance of SEI Rehab Upstream of Pumping Station 9
- F. 2019 Final Clarifier 17 & 19 Coating Project

Discussion: The 3-28-2019 minutes, cash statements operating fund and capital fund, sewer extension plans (2019-04-11-R1 and R2), acceptance of SEI Rehab Upstream of Pumping Station (2019-04-11-R3) and 2019 Final Clarifier 17 and 19 Coating Project (2019-04-11-R4) were reviewed and placed on file.

The operating cash fund account shows an available balance through operating fund check no. 121426 in the amount of \$126,120.21; subsequent receipts totaling \$2,625,239.13; less disbursements of \$2,047,089.16; resulting in a cash balance of \$704,270.18. The

capital projects fund cash statement shows an available balance through capital projects fund account check no. 10365 in the amount of \$1,629,970.88; plus receipts of \$48,984.53; less disbursements of \$1,233,420.33; with a resulting cash balance of \$445,535.08.

Action: Commissioner Wilson moved, second by Commissioner Meyer to approve items A-F of the consent calendar.

Motion carried.

4. Approval of First Quarter 2019 Sewer Service Charges

Presenter: Capital Planning Engineer Todd Gebert

Description: Service charges for each of the district's customers are calculated and invoiced on a quarterly basis to fund the district's costs for conveying and treating wastewater and require approval by the commission before invoices are sent. Mr. Gebert requested the commission to approve sewer service charges for the first quarter of 2019.

Discussion: Mr. Gebert provided a quarterly information packet to the commission at the meeting. He then presented information on the financial impact, analysis and options and service charge summary for the first quarter of 2019.

Action: Commissioner Martin moved, second by Commissioner Eskrich to approve resolution (2019-04-11-R5) approving the first quarter sewer service bills as presented.

Motion carried.

5. Informational: Review of Customer and Community Meeting

Presenter: Jennifer Sereno, Strategic Communications and Public Affairs Manager

Description: Ms. Sereno gave an informational presentation of the customer and community meeting that took place on March 20, 2019 in preparation for the next strategic planning session on April 25.

Discussion: None.

Action: None.

6. Review of Bids and Award of Contract for the NEI Truax Extension Relief

Presenter: Jennifer Hurlebaus Collection Systems Engineer

Description: Staff presentation and request to award the project contract.

Discussion: Ms. Hurlebaus presented information on the financial impact, background, analysis and options and next steps to the commission. After commission discussion, the following action took place:

Action: Commissioner Meyer moved, second by Commissioner Murphy to approve resolution (2019-04-11-R6) to award the contract for the NEI Truax Extension Relief.

Motion carried.

7. **Amendment of Commission Policy on Capital Projects Budget and Debt Service Budget Development and Approval**

Presenter: Jeff Brochtrup, Assistant Chief Engineer and Director of Finance

Description: Staff informational presentation to amend policy ATT-2 to allow for combined bidding on construction projects.

Discussion: Mr. Brochtrup presented information on the background of commission policy "ATT-2: Commission Policy Statement on Capital Projects Budget and Debt Service Budget Development and Approval". Staff is requesting commission to adopt resolution 2019-04-11-R7, which amends the policy to allow for combined bidding of construction projects.

Action: After discussion Commissioner Wilson moved, second by Commissioner Eskrich to approve resolution 2019-04-11-R7, contingent upon legal counsel review.

Motion carried.

8. **Chief Engineer and Director's Report**

A. CED Update: Mr. Mucha provided the commission with additional instructions for strategic planning and next steps. He also discussed the heightened concern over recent power outages with the wastewater system. Mr. Mucha then reported on a proposed City of Madison ordinance which would require two district commission board seats to be filled with alders. Mr. Mucha plans to attend an upcoming City Council meeting to learn more. Lastly, Mr. Mucha and members of the commission who attended the NACWA Policy Fly in briefed the entire commission on EPA priorities and legislative visits.

B. Regulatory and Legal review: Paul Kent of Stafford and Rosenbaum gave a brief regulatory/legal update.

C. Future Meeting Schedule: No changes.

Action: None.

9. **Future Agenda Topic:**

Action: None.

10. **Other Business by Law**

Action: None.

11. **Adjournment**

Action: Commissioner Wilson moved, seconded by Commissioner Swanson to adjourn the meeting at 9:32 a.m.

Motion carried.

James L. Martin, Secretary

Future Meetings:

Thursday, April 25, 2019 at 8 a.m.

Thursday, May 16, 2019 at 8 a.m.

Thursday, May 30, 2019 at 8 a.m.



**WINDSOR CROSSING VILLAGE CENTER PHASE 1
2019-04-11-R1**

WHEREAS, plans for sanitary sewer extensions were submitted to the Madison Metropolitan Sewerage District (“the district”) for Windsor Crossing Village Center Phase 1, in the Village of Windsor, on March 18, 2019, by William Dunlop of JSD Professional Services, and

WHEREAS, the project consists of installing 499 feet of 8-inch diameter sanitary sewer within a utility easement on lots 1-2 and outlot 2 of an unrecorded Certified Survey Map (CSM), and

WHEREAS, the lands to be served are lots 1-2 of the unrecorded CSM, and

WHEREAS, the proposed sanitary sewer extension will connect to Village of Windsor’s sanitary sewerage facilities, and is within the district’s Northeast Interceptor/Highway 19 extension basin, and

WHEREAS, plan review fees are due, and

WHEREAS, conveyance facility and treatment plant connection charges for the lands to be served were previously paid with sewer plan #2015-083, approved by the district on July 16, 2015 for Windsor Crossing, and

WHEREAS, the district has received a sewer extension review letter #175-19-4 from the Capital Area Regional Planning Commission (CARPC) dated April 3, 2019 stating the CARPC staff has reviewed the proposed extension and determined that it is consistent with the urban service area provisions of the “Dane County Water Quality Plan” and the “Dane County Land Use and Transportation Plan”, and is consistent with the conditions of DNR approval letter #DC-0106, which added this area to the Northern Urban Service Area, and

WHEREAS, the chief engineer and director of the district has recommended the approval of said plans,

THEREFORE, BE IT RESOLVED, that the plans for sanitary sewer extensions for Windsor Crossing Village Center Phase 1, in the Village of Windsor, submitted on March 18, 2019, by William Dunlop of JSD Professional Services, be approved subject to the following conditions:

1. That the Village of Windsor shall pay the plan review fee of \$1,475 to the district within 30 days of receiving an invoice for the fee.
2. That the Village of Windsor shall require the presence of an engineer or an inspector on the construction of said sewer extensions who shall make a record showing in detail the

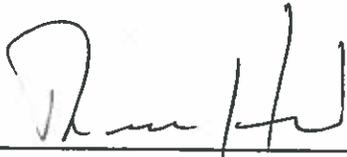
construction as built and shall furnish the district with as-built plans in the case of any significant deviations from the original design.

3. That the construction, operation, maintenance and use of said sewer extensions shall be in accordance with the lawful rules and regulations of the district and with the applicable State of Wisconsin plumbing and sewerage codes.
4. That if construction of the sewer extensions covered by said plans has not commenced within four years following the approval date of this resolution, this approval shall become void and new plans shall be submitted. If construction has commenced but has not been completed within the four-year approval period, the unbuilt portion must be submitted for reapproval if it is a significant portion of the project and would require DNR approval.

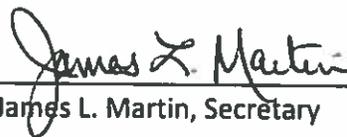
The above resolution was adopted by the Commissioners of the Madison Metropolitan Sewerage District at their meeting held at the district on April 11, 2019.

MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary



**GRANDVIEW COMMONS NORTH PHASE 7 & GRANDVIEW COMMONS NORTHEAST PHASE 2
2019-04-11-R2**

WHEREAS, plans for sanitary sewer extensions were submitted to the Madison Metropolitan Sewerage District (“the district”) for Grandview Commons North Phase 7 & Grandview Commons Northeast Phase 2, in the City of Madison, on March 25, 2019, by Mark Moder, City Engineering Division, and

WHEREAS, the project consists of installing 2,024 feet of 8-inch and 10-inch diameter sanitary sewer on Ragan Street, North Star Drive, Galileo Drive, an unnamed public trail and within a public utility easement on lot 1150 of the plat of Northeast Addition to Grandview Commons, and

WHEREAS, the lands which can be served by the proposed sewers are lots 804-805 of the plat of North Addition to Grandview Commons; and lots 1040-1072, 1086-1087, 1116-1117, 1150-1157, 1164-1165 and outlot 52 of the plat of Northeast Addition to Grandview Commons; and outlot 4 of the plat of Eastlawn, and

WHEREAS, the lands which will be developed and served by the current phases are lots 804-805 of the plat of North Addition to Grandview Commons; and lots 1040-1049, 1063-1072, 1116-1117 and 1164-1165 of the plat of Northeast Addition to Grandview Commons, and are hereinafter referred to as the “phased lots”, and

WHEREAS, outlot 4 of the plat of Eastlawn has been dedicated to the public for trail purposes, and is a public right-of-way. Outlot 52 of the plat of Northeast Addition to Grandview Commons has been being dedicated to the public for stormwater management purposes, and is recognized by the Capital Area Regional Planning Commission (CARPC) as being within an environmental corridor. Said outlot 4 and outlot 52 will not receive sanitary sewer service and are hereinafter referred to as the “exempt outlots”, and

WHEREAS, lots 1050-1062, 1086-1087 and 1150-1157 of the plat of Northeast Addition to Grandview Commons are adjacent to proposed sewers, but are not included within the city’s development agreement for the current phases. Said lots are not being developed and are not connecting to the public sewer system at this time, and are hereinafter referred to as the “deferred lots”, and

WHEREAS, the proposed sanitary sewer extension will connect to City of Madison’s sanitary sewerage facilities, and is within the district’s Far East Interceptor/Door Creek extension basin, and

WHEREAS, plan review fees are due, and

WHEREAS, conveyance facility and treatment plant connection charges for the lands to be served have not been paid, and

WHEREAS, the district has received a sewer extension review letter #6-19-18 from CARPC dated April 3, 2019 stating the CARPC staff has reviewed the proposed extension and determined that it is consistent with the urban service area provisions of the "Dane County Water Quality Plan" and the "Dane County Land Use and Transportation Plan", and is consistent with the conditions of DNR approval letter #DC-0096 and Resolution DCRPC #839, which added this area to the Central Urban Service Area, and

WHEREAS, the chief engineer and director of the district has recommended the approval of said plans,

THEREFORE, BE IT RESOLVED, that the plans for sanitary sewer extensions for Grandview Commons North Phase 7 & Grandview Commons Northeast Phase 2, in the City of Madison, submitted on March 25, 2019, by Mark Moder, City Engineering Division, be approved subject to the following conditions:

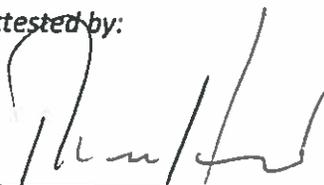
1. That the City of Madison shall pay the plan review fee of \$1,475 to the district within 30 days of receiving an invoice for the fee.
 2. That the aforementioned exempt outlots are exempted from conveyance facility and treatment plant connection charges.
 3. That the aforementioned deferred lots may not be connected to the public sewerage system at this time. Prior to installation of the proposed sewers, the City of Madison shall record a document with the Dane County Register of Deeds, indicating that district connection charges for the deferred lots have not been paid. Said deferred lots are not to be connected to the public sewerage system until appropriate conveyance facility connection charges and treatment plant connection charges have been paid. If said document is not recorded within six months of approval of this resolution, conveyance facility and treatment plant connection charges on the deferred lots shall be due by the City of Madison.
 4. That prior to connection of the proposed sewers serving said lands to the public sewerage system, the City of Madison shall have paid to the district the sum of \$17,990.94 for payment of \$12,964.13 in Far East Interceptor/Door Creek extension conveyance facility connection charges and \$5,026.81 in treatment plant connection charges; said lands being the aforementioned phased lots.
 5. That payment of the aforementioned connection charges shall be made to the district within six months of the date of approval. If payment in full is not received by the district within six months of approval, the approval shall become void and new plans shall be submitted.
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6. That conveyance facility and treatment plant connection charges are adjusted from time to time, and said connection charges will be due based on the rate in place at the time at which the payment is made.
 7. That if said connection charges for the lands to be served remain unpaid after construction of said sewer extensions, a late fee of 0.5 percent of the amount due shall be charged to the City of Madison for each month or partial month thereafter following connection. A one-time \$500 administrative fee shall also be charged.
 8. That the City of Madison shall require the presence of an engineer or an inspector on the construction of said sewer extensions who shall make a record showing in detail the construction as built and shall furnish the district with as-built plans in the case of any significant deviations from the original design.
 9. That the construction, operation, maintenance and use of said sewer extensions shall be in accordance with the lawful rules and regulations of the district and with the applicable State of Wisconsin plumbing and sewerage codes.
 10. That if construction of the sewer extensions covered by said plans has not commenced within four years following the approval date of this resolution, this approval shall become void and new plans shall be submitted. If construction has commenced but has not been completed within the four-year approval period, the unbuilt portion must be submitted for reapproval if it is a significant portion of the project and would require DNR approval.

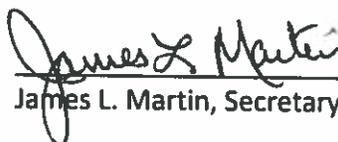
The above resolution was adopted by the Commissioners of the Madison Metropolitan Sewerage District at their meeting held at the district on April 11, 2019.

MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary



**ACCEPTANCE OF WORK: SOUTHEAST INTERCEPTOR
REHABILITATION UPSTREAM OF PUMPING STATION 9
2019-04-11-R3**

WHEREAS, routine televising and cleaning of the Southeast Interceptor upstream of Pumping Station 9 indicated that the gravity sewer suffered from interior pipe corrosion and numerous leaky joints, and

WHEREAS, Madison Metropolitan Sewerage district (“the district”) determined the need to rehabilitate the Southeast Interceptor upstream of Pumping Station 9, and

WHEREAS, the project was included in the district’s capital improvements plan and budget, and

WHEREAS, the Southeast Interceptor Rehabilitation Upstream of Pumping Station 9 (the “project”) project included lining of 634’ lineal feet of 24-inch through 30-inch diameter gravity sewer, rehabilitation of two manholes, grouting of pipe joints in 2,700’ of 24-inch through 27-inch pipe, and

WHEREAS, the district entered into a contract dated Feb. 27, 2018, with Visu-Sewer, Inc., for construction of the project, and

WHEREAS, the chief engineer and director of the Madison Metropolitan Sewerage district certifies that all work included for the project has been completed in accordance with the contract documents, and

WHEREAS, Visu-Sewer, Inc., has submitted acceptable evidence showing satisfactions of all claims/liens, and

WHEREAS, acceptable evidence showing compliance with state prevailing wage requirements was not required, and

WHEREAS, Visu-Sewer has submitted acceptable evidence showing compliance with Davis-Bacon federal prevailing wage rate requirements, American Iron & Steel requirements, Disadvantaged Business Enterprise requirements, and

WHEREAS, the original contract amount was \$215,780 and the final contract amount, including all change orders, is \$225,970, and

Attachment 2

WHEREAS, the contract includes a provision that the sum of \$10,000 be withheld by the district as a retainer for a period of one year following substantial completion.

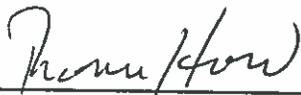
NOW, THEREFORE, BE IT RESOLVED by the Madison Metropolitan Sewerage District Commission, and following consideration of the above recitals which are incorporated by reference, as follows:

1. That said work be accepted, with the district reserving to itself all rights under said contract, including guarantees against defects in workmanship, materials, construction or installation and guarantees against failure to perform successfully within the limits of the specifications.
2. That final payment be authorized and made to Visu-Sewer, Inc., in the amount of \$60,471.00, which amount provides for the withholding of a \$10,000 retainer from the final contract amount of \$225,970.

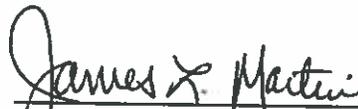
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MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary



**AWARD OF CONTRACT AND INCREASE TOTAL PROJECT COST FOR
2019 FINAL CLARIFIER 17 & 19 COATING PROJECT
2019-04-11-R4**

WHEREAS, The Madison Metropolitan Sewerage District (“the district”) owns, operates and maintains nineteen (19) final clarifiers as part of liquid processing, and

WHEREAS, the final clarifiers are essential to meeting permit compliance, and

WHEREAS, district staff developed a plan to extend the life of the final clarifiers by rehabilitation through means of protective coating, and

WHEREAS, the district staff developed a financial plan to coat two final clarifiers per year starting in 2010 and omitting 2015, and

WHEREAS, the 2019 capital budget includes \$185,000 for the project, and

WHEREAS, the district received two competitive bids from pre-qualified bidders and noted no bid abnormalities among the bids received, and

WHEREAS, the lowest responsible bid contains all documentation required by law and district policy, including, but not limited to, bid security,

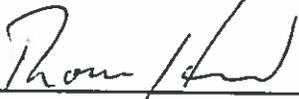
NOW, THEREFORE, BE IT RESOLVED by the Madison Metropolitan Sewerage District Commission, and following consideration of the above recitals which are incorporated by reference, as follows:

1. The commission awards the contract for the 2019 final clarifier 17 & 19 coating project to MZ Construction Inc., at its low bid price of \$197,000.
 2. The commission increases the total authorized project cost from \$185,000 to \$210,000.
 3. The total amount of authorized expenditures listed in the 2019 capital projects budget remains unchanged at this time based on anticipated spending in this fund for the remainder of 2019.
 4. Following completion of all required conditions, the commission authorizes the chief engineer and director to execute the contract on behalf of the district.
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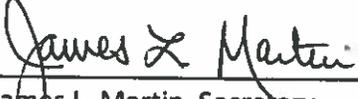
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MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary

Attachments incorporated by reference:
Project bid tabulation





**APPROVAL OF FIRST QUARTER SEWER SERVICE BILLS (2019)
2019-04-11-R5**

WHEREAS, service charges are charges to the district's customer communities that recover its annual operating and debt service expenses based on the quantity and quality of wastewater received at the Nine Springs Wastewater Treatment Plant and the number of actual users and equivalent meters in service in the district, and

WHEREAS, the amount of service charges for each community is the sum of seven billing parameters: wastewater volume, carbonaceous biochemical oxygen demand (CBOD), total suspended solids (TSS), total kjeldahl nitrogen (TKN), total phosphorus (TP), actual customers, and equivalent meters, and

WHEREAS, each billing parameter is measured by district staff and multiplied by its corresponding billing rate. Parameter billing rates are determined each year based on the district's operating and debt service costs, the expected quantity and quality of wastewater received at the treatment plant and the expected number of actual users and equivalent meters in service in the district, and

WHEREAS, service charges for transmitting and treating wastewater from the district's customer communities have been computed for the first quarter of 2019 for the period from Jan. 1, 2019 through March 31, 2019,

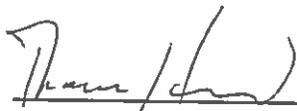
THEREFORE, BE IT RESOLVED, that first quarter service charges be approved and distributed to each customer community in accordance with the attached service charge summary.

BE IT FURTHER RESOLVED that all customer community bills shall be payable by May 15, 2019.

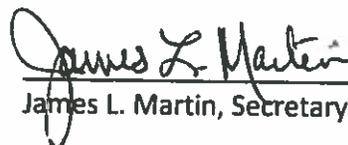
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MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary

Attachments incorporated by reference:

1. Service Charge Summary (Quarter 1, 2019)



**AWARD OF CONTRACT: NORTHEAST INTERCEPTOR – TRUAX EXTENSION RELIEF
2019-04-11-R6**

WHEREAS, Madison Metropolitan Sewerage District (“the district”) has determined the need to rehabilitate or replace a portion of the Northeast Interceptor between Lien Road and the terminus of the Pumping Station 13 force main in the City of Madison, and

WHEREAS, the district’s “Collection System Facilities Plan Update (2011)” showed that capacity increase for the Northeast Interceptor Truax Extension will be needed sometime between 2017 and 2031, and

WHEREAS, district staff recommended construction of a relief sewer prior to rehabilitation of the existing Truax Extension, which reduces the overall risks and total cost of both projects, as the relief sewer can be used to bypass flows during the rehabilitation (i.e., lining) of the existing sewer, and

WHEREAS, the Northeast Interceptor – Truax Extension Relief project (the “project”) was included in the district’s “2019 Capital Improvements Plan and Budget,” and

WHEREAS, Strand Associates prepared plans and specifications for the project, and

WHEREAS, district staff advertised the project as required by Wisconsin Statutes and the district’s procurement policies, and

WHEREAS, the scope of work includes installation of 7,800 lineal feet of 42-inch interceptor and construction of a paved path in Reindahl Park, and

WHEREAS, bids received were within the approved amount in the capital budget, and

WHEREAS, district staff reviewed bidders’ proof of responsibility, including but not limited to standard information regarding financial ability, equipment, experience in the work prescribed in the public contract and other matters that the district requires for the protection and welfare of the public in the performance of the project, all as permitted by Wis. Stats. s. 66.0901(2) and district policy, and thereby pre-qualified the bidders, and

WHEREAS, the district received four competitive bids from pre-qualified bidders and noted no bid abnormalities among the bids received, and

Attachment 2

WHEREAS, the lowest responsible bid contains all documentation required by law and district policy, including, but not limited to, bid security, and

WHEREAS, the project will be financed by a Clean Water Fund loan.

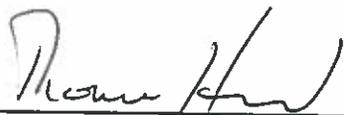
NOW, THEREFORE, BE IT RESOLVED by the Madison Metropolitan Sewerage District Commission, and following consideration of the above recitals which are incorporated by reference, as follows:

1. The commission awards the contract for the Northeast Interceptor – Truax Extension Relief project to Speedway Sand and Gravel, Inc., at its low bid price of \$7,034,426.02.
2. Following completion of all required conditions, the commission authorizes the chief engineer and director to execute the contract on behalf of the district.

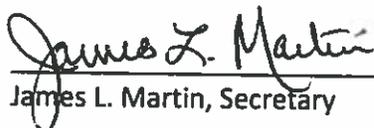
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MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:



Thomas Hovel, President



James L. Martin, Secretary



**AMENDMENTS TO THE POLICY ON
CAPITAL PROJECTS BUDGET AND DEBT SERVICE BUDGET DEVELOPMENT AND APPROVAL
2019-04-11-R7**

WHEREAS, the district has a policy on Capital Projects Budget and Debt Service Budget Development and Approval which governs overall financial management of capital improvements projects, and

WHEREAS, the policy on Capital Projects Budget and Debt Service Budget Development and Approval shows many individual projects with approved total project costs to provide accountability and control of capital expenditures, and

WHEREAS, from time to time it may be advantageous to bid construction contracts for two or more capital improvements projects as a single construction contract, and

WHEREAS, when individual projects are combined for purposes of bidding construction contracts it will often be difficult to identify the costs for the individual projects at the time of bidding and contract award making estimation of individual project costs difficult.

NOW, THEREFORE, BE IT RESOLVED, by the Madison Metropolitan Sewerage District Commission, and following consideration of the above recitals which are incorporated by reference, as follows:

That the Madison Metropolitan Sewerage District Commission hereby amends the policy on Capital Projects Budget and Debt Service Budget Development and Approval as shown in Attachment 1.

The above resolution was adopted by the Commissioners of the Madison Metropolitan Sewerage District at their meeting held at the district office on April 11, 2019.

MADISON METROPOLITAN SEWERAGE DISTRICT

Attested by:

Handwritten signature of Thomas Hovel in black ink, positioned above a horizontal line.

Thomas Hovel, President

Handwritten signature of James L. Martin in black ink, positioned above a horizontal line.

James L. Martin, Secretary

Attachment 1

Madison Metropolitan Sewerage District INCORPORATED INTO COMMISSION POLICY BY REFERENCE

Title: Commission Policy Statements on “Capital Projects Budget and Debt Service Budget Development and Approval,” “Debt Financing,” “Financial Reporting,” “Fund Reserves,” “Fund Structure,” “Operating Budget Development and Approval” and “Strategic Financial Planning”

Attachment Number: ATT – 2

Madison Metropolitan Sewerage District Commission Policy Statement

Commission Policy Statements on Capital Projects Budget and Debt Service Budget Development and Approval

POLICY OBJECTIVE:

The district’s plans for capital expenditure and financing are intended to effectively develop and maintain the district’s infrastructure assets to meet the demands of growth and timely repair and replacement. The “Capital Projects Budget and Debt Service Budget Development and Approval Policy” is intended to ensure that the district’s capital project expenditure and financing plans are developed and approved by the commission under a defined schedule that will provide for stakeholder review and engagement. The district will control expenses and service charge rates consistent with our mission to protect public health and the environment. This policy clarifies when staff must obtain approvals for changes to the capital projects and debt service budgets.

POLICY STATEMENT

I. Definitions

In this policy, the following words and phrases (listed alphabetically) have the meanings indicated below.

- A. **“Capital Projects Budget”** is the annual financing plan for the budget year’s anticipated capital projects fund expenditures.
- B. **“Capital Improvements Plan”** (CIP) is the six-year plan identifying projects, total project costs and the estimated project costs for each year of the plan. The plan provides information on the level and type of future capital expenditures and identifies sources of funds and anticipated capital expenditures in each year of the plan.
- C. **“Debt Service Budget”** is the annual plan for transfers to and disbursements from the debt service fund.

Attachment 1

- D. **"Debt Service Plan"** is the six-year plan identifying planned transfers to and scheduled disbursements from the debt service fund.
 - E. **"Project"** means any of several activities that are integrally related to and may result directly in the creation of or modifications to a district asset. Such activities include, but are not limited to, feasibility studies, facilities planning studies, engineering and design studies and plans, and construction. A single project may consist of one or more of these activities and may or may not include construction, and, in general, has a cost of \$100,000 or more.
 - F. **"Proposed Capital Projects Budget"** is the chief engineer and director's annual budget recommendation for the upcoming calendar fiscal year. The proposed capital projects budget becomes the capital projects budget after review and adoption by the commission.
 - G. **"Proposed Debt Service Budget"** is the chief engineer and director's annual budget recommendation for the upcoming calendar fiscal year. The proposed debt service budget becomes the debt service budget after review and adoption by the commission.
 - H. **"Total Project Cost"** includes all estimated costs for activities to complete a single project over one or more years.
- II. Capital Projects Budget and Debt Service Budget Development
- A. The chief engineer and director shall annually submit to the commission the following for commission action:
 - 1. Total Project Costs – A list of all projects previously approved, all projects new to the current budget year, and a list of all existing projects that have changed estimates of previously approved total project cost along with the estimated costs to complete each project.

Commission action on the total project costs and the capital projects budget allows expenditures of project funds subject to other pertinent statutory or policy requirements including policies related to commission approval of contracts and other transactions and the district's procurement policy.
 - 2. Capital Improvements Plan - The plan identifies projects and anticipated sources of funds for capital expenditures in each year of the six-year plan. Commission action on the capital improvements plan approves capital projects, expenditures and the financial plan for planning purposes only. It does not authorize expenditures, sources of funds, the tax levy, or the amount of the tax levy to be abated in subsequent years. Commission

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approval of the capital projects plan records an indication of the projects the commission plans to move forward with in the future.

3. Capital Projects Budget - The annual financing plan for a fiscal year's anticipated expenditures. The budget identifies projects, expenditures and sources of funds for capital expenditures for the budget year. It also includes a summary of actual revenues and expenditures for the preceding calendar year and an estimate of revenues and expenditures based on the first six months (or most current actual data) for the current calendar year.

Commission approval of the capital projects budget identifies the amount of the tax levy and other sources of funds anticipated for the budget year's capital expenditures. Approval of the capital projects fund budget by the district's commission authorizes expenditures of funds subject to other pertinent statutory or policy requirements including policies related to commission approval of contracts and transactions and the district's policy for procurements.

4. Debt Service Budget - The annual plan for a fiscal year's anticipated transfers to and disbursements from the debt service fund to meet district debt obligations.

Commission approval of the debt service budget authorizes the amount of operating fund transfers to and debt service payments for the budget year's debt service obligations.

5. Debt Service Plan - The plan identifies planned transfers to and scheduled disbursements from the debt service fund for a six-year period.

Commission action on the capital improvements plan approves the plan for incurrence of debt obligations and servicing for the budget year and the next five years required to support the district's capital projects plan.

- B. The chief engineer and director, with the commissioners' approval, shall establish a calendar for public hearings and the commission's review of the proposed capital projects budget and debt service budget. The proposed capital project budget and proposed debt service budget are subject to a public hearing preceded by a public notice pursuant to Wisconsin Statutes chapter 65.90. The district's proposed capital project expenditure and financing plans shall be made available for public inspection at least 15 days before the public hearing. These plans consist of the district's: (1) capital improvements plan, (2) debt service plan, (3) proposed capital projects budget and (4) proposed debt service budget (collectively referred to as the district's "capital projects expenditure and financing plans"). A notice of the public hearing shall be published at least 15

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days before the hearing. The chief engineer and director will also send written notice of the proposed budget and budget hearing to the district's customer communities in advance of the public hearing.

1. The chief engineer and director may provide for additional public hearings or meetings with interested stakeholder groups to review the proposed capital project expenditure and financing plans at his/her discretion, subject to compliance with the commission approved public hearing schedule.
- C. The commission shall review the proposed capital improvements plan and may amend it through normal budget deliberations.
- D. The proposed capital projects budget and the proposed debt service budget are subject to change either through commission-sponsored or staff-sponsored amendments. The proposed capital projects budget becomes a capital projects budget for the succeeding fiscal year when the commission adopts an approving resolution(s) following consideration of the proposed capital projects budget; comments of the public following the noticed public hearing on the proposed capital budget; staff-proposed amendments; and commissioner-sponsored amendments. The same procedure holds for the debt service budget review and adoption.

III. Commission Action, When Required

- A. Commission action is required for the following with a simple majority vote unless otherwise noted:
1. Approval of the annual capital projects budget and the debt service budget.
 2. Amendments to the adopted capital projects budget that increase the capital projects budget total: The resolution presented to the district commission for approval must include the sources and uses of funds in the amendment.

Approval of amendments to an adopted budget requires a two-thirds vote of all commissioners and the publication of a class one notice of the change within 10 days per Wisconsin Statutes chapter 65.90.
 3. The addition of a new project not included in the adopted capital projects budget. The resolution presented to the commission for approval must describe the total project cost, including the amount estimated to be spent in the current year and over the life of the project.
 - a. If funds are available within the capital projects budget without increasing the capital budget total.

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b. If funds are transferred from the operating fund a two-thirds vote is required in accordance with State law.

4. Approval to increase a previously approved total project cost.

5. The combining or consolidation of individual projects for bidding of construction contracts.

~~5-6.~~ The issuance of bonded debt and notes or promissory notes to finance the capital projects budget.

~~6-7.~~ The issuance of municipal obligations in anticipation of receiving proceeds from Clean Water Fund Program loans.

~~7-8.~~ The levying of property taxes.

IV. Force Account

Approval of the capital projects budget authorizes force account expenditures (district staff time and expenses) upon the effective date of the budgets adopted by the commission.

V. Project Cost Carry-over

Project costs approved for expenditure in the previous year's capital projects budget but not expended in that year can be carried over and expended in the succeeding budget year without additional approval by the commission. The approved total project cost shall not be exceeded without prior approval of the commission.

VI. Project Consolidation for Bidding

Individual CIP projects may be combined and bid as a single construction project when advantageous. When projects are so combined the combined total project cost cannot exceed the sum of the individual project costs as previously approved by the commission. For purposes of meeting the total project cost requirements of this policy the previously approved total project cost for the formerly separate projects are no longer controlling, rather, the new combined total project cost applies. Costs for each individual project shall be tracked throughout construction and shall be provided in the CIP for informational purposes. Combining projects shall be approved by the commission prior to advertising for bids for construction contracts.

~~VI.~~ VII. Chief Engineer and Director Responsibility

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- A. The chief engineer and director shall ensure that capital projects expenditures do not exceed the total funds budgeted (as may be amended) for the year and that the total project costs for a project do not exceed the approved amount.
 - 1. When it is apparent that budgeted total capital projects expenditures will be exceeded a request for a budget amendment shall be brought to the commission before an overrun.
 - 2. When it is apparent that the approved total project costs for a project will be exceeded a request for a project cost amendment shall be brought to the commission before an overrun.
- B. The chief engineer and director shall ensure that required debt service payments are made as required to meet district debt obligations.

None of the specific provisions of this statement shall be interpreted to require actions that will frustrate accomplishment of the stated policy objective.

Adopted by commission action June 13, 2013
Amended by commission action April 11, 2019