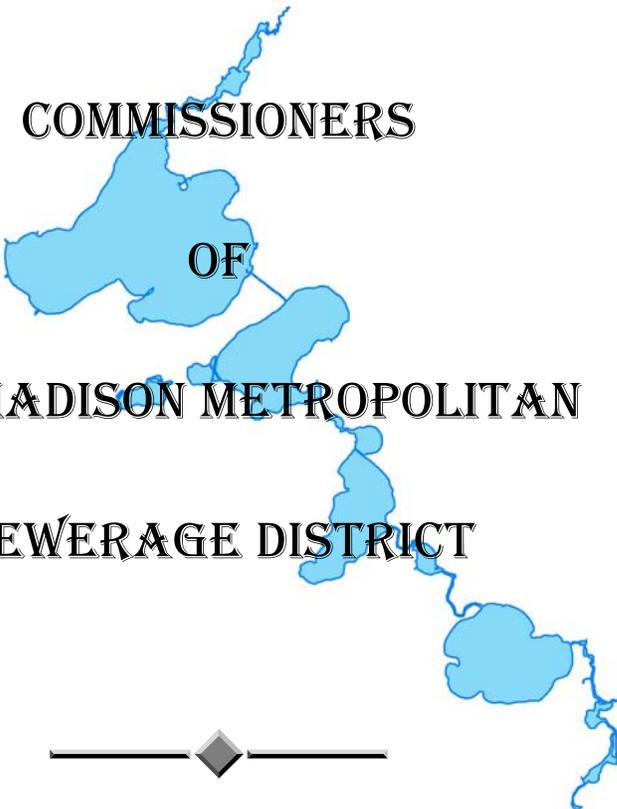


SEVENTY-NINTH
ANNUAL REPORT
OF THE
COMMISSIONERS
OF
THE MADISON METROPOLITAN
SEWERAGE DISTRICT



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FOR THE CALENDAR YEAR 2008

Table of Contents

Present and Former Commissioners	i
Introduction	ii
COMMISSIONERS AND EXECUTIVE STAFF	3
TIME AND PLACE OF MEETINGS	3
OPERATION OF WASTEWATER FACILITIES	3
Sources of Wastewater	3
Interceptor Service	3
Quantity of Wastewater	5
AVERAGE DAILY QUANTITIES OF WASTEWATER	5
Wastewater Treatment	6
METROGRO OPERATION	10
ACCOUNTING – CLERICAL ACTIVITIES	12
INFORMATION SYSTEMS ACTIVITY	13
RESEARCH	13
INDUSTRIAL PRETREATMENT PROGRAM	16
ACCEPTANCE OF SEPTAGE AND ATYPICAL WASTES	17
LAGOON SITE SUPERFUND PROJECT	18
WATERSHED PROJECTS	18
Yahara River Watershed Monitoring Program	18
Sugar River and Badger Mill Creek Monitoring Program	20
Upper Yahara River Watershed Monitoring Program	21
Grass Lake Monitoring Program	21
Phosphorus-Related Initiatives	21
MONITORING STREAM FLOWS	22
LABORATORY ACTIVITY	22
MAINTENANCE OF DISTRICT FACILITIES	23
Building and Grounds Section	24
Mechanical Maintenance Section	25
Electrical Maintenance Section	26
Inventory Control/Purchasing	27
INTERCEPTOR TELEVISIONING AND CLEANING	27
USER-CHARGE MONITORING AND BILLING	28
SEWERAGE SERVICE CHARGES	28
TRAINING ACTIVITIES	29
PUBLIC EDUCATION	30
PROFESSIONAL PARTICIPATION DURING 2008	31
LITIGATION	34
50-YEAR MASTER PLAN	34
STRATEGIC PLANNING INITIATIVES	35
COLLECTION SYSTEM PLANNING INITIATIVES	36
ENGINEERING AND CONSTRUCTION IN 2008	37
CLEAN WATER FUND LOANS	43
Tenth Addition to Nine Springs	43
West Interceptor Extension Replacement	43
Pumping Stations No. 6 and 8 Rehabilitation	43
NINE SPRINGS ENERGY USE PROFILE	44
ANNEXATIONS TO THE DISTRICT	45
FINANCES	49
SALARIES AND WAGES	49
RETIREMENT OF DISTRICT EMPLOYEES	50

MADISON METROPOLITAN SEWERAGE DISTRICT

Present and Former Commissioners

Ernest N. Warner	February 15, 1930 – July 9, 1930
Frank C. Blied	February 15, 1930 – February 1, 1951
Charles V. Seastone	February 15, 1930 – September 26, 1940
John C. White	February 6, 1931 – February 15, 1946
Lewis H. Kessler	October 11, 1940 – February 15, 1945
Henry J. Hunt	April 29, 1942 – January 15, 1945
James G. Woodburn	February 15, 1945 – August 17, 1972
William B. Sarles	May 25, 1946 – February 15, 1949
William J. Polk	May 19, 1949 – February 15, 1970
George A. Nelson	February 9, 1951 – May 17, 1971
Henry E. Reynolds	February 23, 1970 – March 31, 1979
Lawrence B. Polkowski	May 17, 1971 – May 24, 1995
Robert K. Hamm	August 17, 1972 – January 18, 1979
J.W. Bill Clark	August 17, 1972 – February 1, 1982
H. Gladys Swope	August 17, 1972 – August 30, 1982
David E. Mergen	January 18, 1979 – December 31, 1980
Harold Lautz	April 1, 1979 – October 7, 1993
John G. Schutz	January 1, 1981 – April 19, 1983
Elizabeth E. Salmon	February 1, 1982 – July 17, 1986
Edward V. Schten	August 30, 1982 – Now Serving
Gordon C. Johnson	May 2, 1983 – November 15, 1990
Eugene O. Gehl	July 17, 1986 – January 23, 1997
Stephen Hiniker	November 15, 1990 – September 18, 1991
Thomas D. Hovel	September 18, 1991 – Now Serving
Caryl E. Terrell	October 7, 1993 – Now Serving
Paul M. Berthouex	July 13, 1995 – Now Serving
Scott McCormick	January 23, 1997 – May 21, 1998
John Hendrick	May 21, 1998 – Now Serving

Introduction

From the triumphs of successfully completed construction projects to the challenges of record rainfall and implementation of an advanced digestion process, 2008 was a busy year for the District and its employees.

The District continued to make improvements to the conveyance system infrastructure. We completed projects to increase pumping capacity at two major pump stations; initiated major renovations, including capacity increases, at two other pump stations; and completed two major interceptor replacement/rehabilitation projects. We also completed construction of two new interceptors to serve developing areas on the east and west sides of the District.

Record precipitation events in the summer of 2008 resulted in record-setting wastewater flows. District employees responded exceptionally well under these very challenging circumstances. Although the volume of wastewater exceeded the conveyance system capacity in some instances, minimal problems were encountered with basement flooding or sewer overflows. In response to these events, plans were developed to reduce the level of leakage into the sanitary sewer system during future flooding events. Some of these actions were implemented in 2008 while others will be implemented over the next several years.

The District continued to pursue its goal of developing a biosolids digestion process that can cost-effectively produce a Class A biosolids product on a consistent basis. Several technical issues were successfully addressed, but others remain to be solved. The District will continue to pursue this challenging goal in 2009.

The District delivered exceptional service in a cost effective manner in 2008. A survey of 175 of the larger municipalities in the US showed that the District's 2008 residential service charge was only 61 percent of the national average. The District again received the Gold Award from the National Association of Clean Water Agencies (NACWA) signifying 100 percent compliance with its WPDES operating permit.

Work continued on development of a 50-year master plan that will guide long-range decisions. The plan will recommend specific short-range projects and strategies for maintaining options to address longer term water resource issues that may involve the reuse and/or relocation of effluent discharges from the Nine Springs plant or new satellite plants. The plan is being developed with input from a technical advisory committee comprised of individuals with diverse professional backgrounds, and will be completed in 2009.

Succession planning and employee development efforts continued with the first edition of the Supervisory and Management Training Program completing its second year, a second edition of the program beginning in 2008, and a revised performance review program.

Additional details of these and more of the District's 2008 activities may be found in the remainder of this report. As you read further, it will be apparent that District employees take great pride in the role they play in protecting public health and the environment.

SEVENTY-NINTH ANNUAL REPORT
OF THE COMMISSIONERS OF THE
MADISON METROPOLITAN SEWERAGE DISTRICT

For the Calendar Year 2008

Madison Metropolitan Sewerage District (the District) is a body corporate with the powers of a municipal corporation for the purpose of carrying out the provisions of Sections 200.01 to 200.15 of the State of Wisconsin statutes. It was created by judgment of the county court for Dane County, entered on the 8th day of February 1930. Its existence was validated and confirmed by Chapter 132 of the Laws of 1969, effective August 2, 1969. The constitutionality of that Law was sustained by the Wisconsin Supreme Court in Madison Metropolitan Sewerage District vs. Stein, 47 Wis. 2nd 349, 177 N.W. 2nd 131 (1969).

COMMISSIONERS AND EXECUTIVE STAFF

The District is governed by five Commissioners, each appointed by the Dane County Executive and approved by the County Board for five-year terms.

Paul M. Berthouex (term ending June 30, 2009)
Thomas D. Hovel (term ending June 30, 2010)
John Hendrick (term ending June 30, 2011)
Edward V. Schten (term ending June 30, 2012)
Caryl E. Terrell (term ending June 30, 2013)

The Chief Engineer and Director is Jon W. Schellpfeffer. Dave Gawenda, the Treasurer of the City of Madison, also serves as treasurer of the District. Griffin Dorschel of Axley Brynelson is attorney for the District.

TIME AND PLACE OF MEETINGS

The Commissioners of the District meet once or twice each month, at the office of the Commission at 1610 Moorland Road, Madison, Wisconsin. Special meetings are held upon call of any member of the Commission.

OPERATION OF WASTEWATER FACILITIES

Sources of Wastewater

The District receives and treats wastewater from the Cities of Fitchburg, Madison, Middleton, Monona and Verona; the Villages of Cottage Grove, Dane, DeForest, Maple Bluff, McFarland, Shorewood Hills and Waunakee; and from sanitary and utility Districts and other areas in the Towns of Blooming Grove, Burke, Dunn, Madison, Middleton, Pleasant Springs, Verona, Vienna, Westport and Windsor. The District also accepts septic tank wastes and similar wastes from unsewered areas located primarily in rural Dane County. The total area of the District is 178.10 square miles.

Interceptor Service

Interceptor sewer service is provided within the District through the District's main and intercepting sewers. The District operated and maintained 93.56 miles of gravity sewers and 29.28

miles of force main at the end of 2008. Wastewater collecting systems are owned and operated by the cities, villages and town sanitary and utility districts and are connected to the metropolitan interceptor system.

All wastewater generated in the District is treated at the Nine Springs Wastewater Treatment Plant located at 1610 Moorland Road, Madison, Wisconsin, located approximately one mile south of Lake Monona. The easterly part of the District is served by the East Interceptor, the Southeast Interceptor, the Northeast Interceptor and the Far East Interceptor. The westerly part of the District is served by the Lower Badger Mill Creek Interceptor, the West Interceptor, the Southwest Interceptor, the South Interceptor, and the Nine Springs Valley Interceptor.

The transmission of wastewater from the metropolitan area to the Nine Springs Wastewater Treatment Plant requires the operation of 129 pumping stations, not including 414 small grinder pump installations. The following two tables list the number of pumping stations operated and maintained by individual communities and the District.

PUMPING STATIONS OPERATED AND MAINTAINED BY COMMUNITIES

Owner	Number of Pumping Stations	Number of Grinder Stations
City of Middleton	8	0
City of Monona	7	0
Village of Cottage Grove	4	0
Village of Dane	1	0
Village of DeForest	1	0
Village of McFarland	4	0
Village of Shorewood Hills	1	0
Village of Waunakee	2	0
Town of Blooming Grove Waunona S. D. No. 2	1	0
Town of Burke Token Creek Sanitary District	0	0
Town of Dunn Kegonsa Sanitary District	5	354
Town of Pleasant Springs Sanitary District No. 1	9	55
Town of Vienna Utility District No. 1	1	0
Town of Vienna Utility District No. 2	1	0
Town of Westport Utility District No. 1	10	1
Town of Windsor Sanitary District No. 1	3	0
Town of Windsor Morrisonville S. D. No. 1	1	0
State of Wisconsin:		
University of Wisconsin Campus	6	4
University of Wisconsin Arboretum	1	
Dane County - Rodefild Landfill	1	0
Dane County - Vilas Zoo	1	0
Total	68	414

**PUMPING STATIONS OPERATED AND MAINTAINED
BY THE DISTRICT**

Owner	Number of Pumping Stations
Madison Metropolitan Sewerage District	17
City of Madison	29
City of Verona	1
Village of Maple Bluff	3
Town of Dunn Sanitary District No. 1	4
Town of Dunn Sanitary District No. 3	3
Town of Madison	3
Dane County Lake Farm Park	1
Total	61

Quantity of Wastewater

The District received 17,292,768,000 gallons of wastewater at the Nine Springs Wastewater Treatment Plant in 2008. This was a 10.5% increase from 2007. The average daily quantities received from each municipality and through infiltration into the District's intercepting sewers in 2008 were as follows:

AVERAGE DAILY QUANTITIES OF WASTEWATER

Municipality	2008(GPD)	% of Total
City of Fitchburg	1,960,000	4.15
City of Madison	31,649,000	66.99
City of Middleton	1,939,000	4.10
City of Monona	1,038,000	2.20
City of Verona	914,000	1.93
Village of Cottage Grove	755,000	1.60
Village of Dane	59,000	0.13
Village of DeForest	1,053,000	2.23
Village of Maple Bluff	264,000	0.56
Village of McFarland	705,000	1.49
Village of Shorewood Hills	705,000	0.43
Village of Waunakee	1,722,000	3.64
Town of Blooming Grove	5,500	0.01
Town of Blooming Grove San. Dist. No. 2	228,000	0.48
Town of Blooming Grove San. Dist. No. 10	17,000	0.04
Town of Burke Util. Dist. No. 2	4,000	0.01
Town of Burke Util. Dist. No. 6	800	<0.01
Town of Burke – Token Creek San. Dist.	123,000	0.26
Town of Dunn San. Dist. No. 1	252,000	0.53
Town of Dunn San. Dist. No. 3	74,000	0.16
Town of Dunn San. Dist. No. 4	38,000	0.08

Municipality	2008(GPD)	% of Total
Town of Dunn Kegonsa San. Dist.	172,000	0.36
Town of Madison	932,000	1.97
Town of Middleton San. Dist. No. 5	16,000	0.03
Town of Pleasant Springs San. Dist. No. 1	61,000	0.13
Town of Verona	600	<0.01
Town of Verona Util. Dist. No. 1	23,000	0.05
Town of Vienna Util. Dist. No. 1	51,000	0.11
Town of Vienna Util. Dist. No. 2	45,000	0.09
Town of Westport Util. Dist. No. 1	165,000	0.35
Town of Westport Util. Dist. No. 2	433,000	0.92
Town of Westport Util. Dist. No. 3	15,000	0.03
Town of Westport Util. Dist. No. 4	14,000	0.03
Town of Westport - Cherokee Golf and Tennis	4,900	0.01
Town of Windsor San. Dist. No. 1	284,000	0.60
Town of Windsor San. Dist. No. 3	400	<0.01
Town of Windsor - Illinois Foundation Seed	100	<0.01
Town of Windsor - Hidden Springs San. Dist.	3,700	0.01
Town of Windsor - Lake Windsor San. Dist.	60,000	0.13
Town of Windsor - Morrisonville San. Dist.	84,000	0.18
Town of Windsor - Oak Springs San. Dist.	40,000	0.09
Total Wastewater	45,410,000	96.11
Infiltration into District Interceptors	1,838,000	3.89
Total Received at the Treatment Plant	47,248,000	100

Wastewater Treatment

The Nine Springs Wastewater Treatment Plant is located in the Town of Blooming Grove at the intersection of South Towne Drive and Moorland Road.

Preliminary treatment includes influent wastewater fine screening and grit removal. Fine screening is accomplished with three rotating band screens with 6 mm openings and a vortex grit system for grit removal. Variable speed drives for the band screens are used to control the influent well level and to maintain a minimum level above the influent flow meters. Grit is removed continuously from the vortex grit chambers. The grit and screenings are disposed of by Waste Management, Inc.

All material removed by the fine screens is conveyed to a screenings processing well. Two to four times a day the grit must be removed from the well with the operators present to oversee the pumping operation. The grit and accompanying rags are pumped to a separate settling basin (termed a "Snail") which had previously been used by the District in a primary sludge dewatering process. The material settled in the snail was conveyed to small two yard dumpsters and required removal and contract hauling to the landfill three to five times per week. In November 2008, an auger was installed to transport grit removed by the Snail into a much larger grit dumpster. This eliminated the extra labor and expense required to move and haul temporary two-yard dumpsters.

Following preliminary treatment, nineteen primary settling tanks are used to remove floatable and settleable material from the wastewater. The wastewater from primary settling is then biologically treated in the activated sludge system. The activated sludge system consists of tanks with anaerobic, anoxic and aerobic zones configured for biological phosphorus removal, ammonia removal and decomposition of organic material. The secondary clarifiers are a combination of center feed/peripheral draw off and peripheral feed/peripheral draw off configurations and efficiently remove the suspended bacterial solids to meet advanced secondary standards. Most of the solids, which contain the microbial culture, are pumped back to the aeration tanks. A certain percentage is wasted every day to maintain a desired bacterial growth rate. An eight to ten day solids retention time (SRT) is normally maintained in the process.

During 2008, the secondary portion of the Nine Springs Wastewater Treatment Plant was operated as four separate plants. Effluent from the individual plants was monitored to ensure adequate process control and to provide information on differing operating modes.

The treated water is disinfected by ultraviolet irradiation from April 15th through October 15th and pumped to Badfish Creek and Badger Mill Creek. In 2008, the average volume pumped to Badfish Creek was 41.68 mgd and the average volume pumped to Badger Mill Creek was 3.24 mgd.

The open-channel ultraviolet disinfection system has met the effluent fecal coliform concentration standard since start-up in 1997. All lamp banks are cleaned with phosphoric acid in the winter months when disinfection is not required and other system maintenance is also accomplished during this period.

The primary sludge is removed from the 19 primary settling tanks on a continuous basis and pumped to two gravity-thickener tanks. The solids concentration from the gravity thickeners averaged 3.56% in 2008. The waste-activated sludge is thickened in two dissolved-air-flotation (DAF) units. The solids concentration from these units averaged 4.42% in 2008. When a new gravity belt thickener was added in 2006 for thickening anaerobically digested sludge, the existing gravity belt was modified so it could either thicken waste-activated sludge or anaerobically digested sludge. From February 2008, through March 2008, the old gravity belt thickener was used to thicken a portion of the waste-activated sludge while the new gravity belt thickener was used for the anaerobically digested sludge. Because of acid digestion problems in the fall of 2007, the thickened waste-activated sludge from the gravity belt thickener was combined with the anaerobically digested sludge and sent to the metrogro storage tanks for digestion in the tanks over the winter. Normally, all of the thickened waste-activated sludge from the DAF thickeners and thickened primary sludge from the gravity thickeners are combined in feed piping to the anaerobic digestion process.

The anaerobic digestion process was operated as a phased process, both gas-phased and temperature-phased, from January 2008, through June 2008. The raw sludge was fed to an acid digester, Digester No. 7, at approximately 90° F and a 2.5-day detention time. Sludge was then heated and transferred from this digester to Digesters 4, 5, and 6 which were operated as thermophilic digesters at approximately 128° F and a 9-day detention time. Sludge from Digesters 4, 5, and 6 was reduced in temperature to approximately 106° F and transferred to Digesters 1, 2, and 3 for further digestion at mesophilic temperatures with a 6.5-day detention time. Approximately 70% of the heat given up in reducing the temperature from 128° F to 106° F was transferred to raw sludge heating for Digester No. 7.

Mixing problems had initially plagued Digester 7 when it was placed into service as an acid digester in September 2006. Rags plugging the mixers were cleaned out, and modifications were made to the feed piping in March 2007, to help prevent the possibility of short-circuiting. The system was restarted in April 2007, and performed well until October 2007, but problems were again encountered. In January 2008, the digestion system was again operated as previously described, but the short-circuiting problems continued to result in excess methane gas production and foaming in Digester 7. Facility planning for upgrading the digestion system began in April 2008, and as part of the facility planning an interim operational plan was initiated in July 2008. That plan is to operate the digestion system as a single-stage mesophilic digestion system until long-term modifications are constructed for the system. By October 2008, the system was converted to a single-stage mesophilic digestion system with all digesters being fed and heated to a temperature of approximately 100° F.

The digested biosolids concentration averaged 1.8% in 2008. The digested biosolids were thickened from 1.8% to an average concentration of 5.3% by the addition of liquid emulsion polymer on Gravity Belt Thickener No. 2. An average of 26 tons/day of digested biosolids was thickened in 2008.

As a by-product of the anaerobic digestion process, gas is produced that is approximately 60% methane. The District supplements digester gas production with natural gas purchased from Madison Gas and Electric. Digester gas usage averaged 570,000 cubic feet per day in 2008, but was much lower at times while the change in digestion processes was being made. Most of the digester gas was used to fuel boilers for heating and to operate a 650 horsepower blower engine, which provides air to aeration tanks. There are also two generator engines capable of using digester gas, but neither generator was operational until May, 2008, because of engine failures in 2007 caused by high levels of moisture and siloxanes in the digester gas. A gas treatment system designed by Applied Filter Technologies was started up in May 2008, and was designed to remove moisture, H₂S, and siloxanes from the gas. Even after startup of the treatment system, only one generator at a time was operated in 2008 since gas quantities were limited while the digestion process was changed to single stage mesophilic. An average of 6,509 kW-hrs of electricity was generated each day in 2008; and engine blower operation saved the purchase of approximately 9,350 kW-hrs of electricity per day.

The District takes advantage of the heat recovered from the engines to heat anaerobic digesters and most plant buildings. Jacket water heat and engine exhaust heat are recovered from all three engines when available. Lube oil heat is recovered from the engine generators, but not from the blower engine.

The thickened and digested biosolids are either pumped directly to loading facilities or to the Metrogro storage tanks. During the winter, all biosolids are stored in the Metrogro storage tanks. The tanks have a storage capacity of 19.5 million gallons. All biosolids are hauled and applied to cropland as a soil conditioner and fertilizer. The digested biosolids are marketed by the District under the name of "Metrogro."

The 2008 wastewater treatment data are reported in accordance with the District's WPDES Permit and a summary of this information is shown in the table "Yearly Log-Plant Operations." Monitoring data for effluent metals are reported in the table "Influent and Effluent Metal Concentrations."

**Madison Metropolitan Sewerage District
Influent and Effluent Metal Concentrations
For 2008**

Date of Sample	Effluent MGD	Cadmium (T) (PPB)		Chromium (T) (PPB)		Copper (T) (PPB)		Lead (T) (PPB)		Mercury (T) (PPT)		Nickel (T) (PPB)		Zinc (T) (PPB)	
		Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff
		1/8/08	56.42	q 0.27	q 0.11	q 2.28	< 1.4	73.3	q 7.73	3.72	< 0.7	117	2.34	2.97	q 1.23
2/5/08	44.97	q 0.13	< 0.09	3.97	q 1.22	70.5	10.0	3.93	< 0.7	207	2.20	q 2.84	< 1.3	138	60.2
3/4/08	51.65	q 0.11	< 0.06	4.77	q 1.19	78.4	q 7.98	4.59	q 0.64	174	3.56	q 2.94	< 1.3	129	57.6
4/8/08	54.29	0.22	< 0.06	3.56	< 2.2	76.1	9.84	4.25	q 0.62	186	4.11	q 2.74	q 1.51	126	52.2
5/6/08	53.78	q 0.16	< 0.06	3.27	< 2.2	78.6	q 8.70	3.21	q 0.81	124	2.12	q 2.62	< 1.3	116	52.6
6/3/08	46.37	q 0.16	< 0.06	q 3.22	< 2.2	69.2	q 8.24	5.07	< 0.6	113	1.46	q 3.79	< 1.3	131	58.1
7/8/08	61.28	q 0.13	< 0.06	3.93	q 1.43	65.7	12.2	5.16	< 0.6	104	1.68	q 2.83	q 1.8	144	56.1
8/5/08	52.14	q 0.20	< 0.06	q 3.23	< 1.1	73.9	q 7.88	5.60	< 0.6	246	1.59	q 3.37	< 1.3	186	39.5
9/3/08	49.53	q 0.10	< 0.06	5.01	< 1.1	79.3	10.2	10.2	< 0.6	229	0.984	q 3.48	< 1.3	154	56.0
10/7/08	44.71	< 0.06	< 0.06	q 2.64	< 1.1	74.0	q 8.30	3.82	< 0.6	146	2.80	q 2.44	< 1.3	135	48.6
11/4/08	41.74	q 0.06	< 0.06	q 3.25	< 1.1	85.2	q 7.58	3.22	< 0.6	159	2.46	q 3.1	< 1.3	151	39.7
12/9/08	42.48	q 0.18	< 0.06	q 3.39	< 1.1	106	8.98	3.91	q 0.61	195	2.13	4.80	q 1.61	152	39.8

"<" validation code indicates that sample concentration is less than the method detection limit

"q" validation code indicates that sample concentration is less than the limit of quantitation and above the method detection limit

**Madison Metropolitan Sewerage District
Nine Springs Wastewater Treatment Plant
YEARLY LOG – PLANT OPERATIONS
2008**

Month	Inf Flow MGD	BFC Eff Flow MGD	BMC Eff Flow MGD	BOD		TSS		Nitrogen		Phosphorus		Eff F COLI MPN/100 Mean(1)	Min Hr Eff D.O. MG/L
				RAW BOD MG/L	Eff BOD MG/L	RAW TSS MG/L	Eff TSS MG/L	RAW TKN MG/L	Eff NH3 MG/L	RAW TP MG/L	Eff TP MG/L		
				Jan-08	43.65	42.27	3.29	239	5.3	205	5.3		
Feb-08	42.19	40.83	3.28	240	5.0	219	4.9	38.4	0.18	6.4	0.30		7.22
Mar-08	47.87	47.72	3.29	213	5.9	212	6.0	33.8	0.12	5.6	0.31		7.31
Apr-08	55.51	55.86	3.29	191	4.5	193	4.9	29.8	0.12	5.0	0.22	120	5.83
May-08	47.68	46.42	3.29	206	3.5	204	3.7	32.3	0.08	5.3	0.20	108	7.77
Jun-08	62.17	60.49	3.27	160	3.5	174	3.9	24.9	0.07	4.2	0.28	102	4.39
Jul-08	53.15	54.24	3.29	178	3.1	185	3.1	28.7	0.10	4.9	0.41	151	7.14
Aug-08	45.96	45.12	3.28	209	2.8	208	3.3	32.6	0.07	5.5	0.35	139	7.21
Sep-08	44.44	44.84	3.28	224	3.2	233	4.2	37.1	0.06	6.0	0.33	110	6.95
Oct-08	42.5	38.99	3.28	241	4.6	216	5.0	39.2	0.07	6.3	0.37	127	6.90
Nov-08	40.87	37.45	3.29	234	4.8	230	4.5	38.8	0.06	6.3	0.28		6.66
Dec-08	41.08	38.60	3.29	235	4.8	212	4.9	38.2	0.07	6.0	0.29		7.38
Average	47.26	38.99	3.28	214	4.2	208	4.5	34.2	0.09	5.6	0.30	122	6.91

BFC is to Badfish Creek Outfall

BMC is to Badger Mill Creek Outfall

(1) geometric mean

METROGRO OPERATION

The District recycles biosolids to agricultural land through its Metrogro Program. Summary hauling and cost information for each of the past five years is given in the following table. Increased fuel prices have had a significant impact on program costs in each of the last three years.

Year	2002	2003	2004	2005	2006	2007	2008
Gallons Recycled (MG)	36.6	40.0	38.4	34.0	35.9	38.2	38.1
Dry Tons Recycled	7,872	8,827	8,397	7,086	7,185	7,380	7,720
Acres Applied	4,691	5,285	4,923	4,376	4,431	4,758	4,566
Program Cost (\$000)	\$1,210	\$1,359	\$1,440	\$1,238	\$1,301	\$1,335	\$1,453
\$/1000 Gallons	\$33.09	\$33.91	\$37.48	\$36.39	\$36.23	\$35.13	\$38.16
\$/Capita	\$3.86	\$4.34	\$4.55	\$3.86	\$3.94	\$4.05	\$4.31
\$/Dry Ton	\$154	\$154	\$171	\$175	\$181	\$181	\$188

The District continues to produce a high quality biosolids product. Metal concentrations in 2008 were below the concentrations used by EPA to define an exceptional quality biosolid. (note: WDNR uses the term "high quality" in NR 204).

Metrogro Biosolids Quality-2008 Average Values

Parameter	Concentration	EPA EQ Limit*	EPA Ceiling Limit	Units (Dry Weight)
Total Solids	5.0	NA	NA	%
TKN	7.0	NA	NA	%
NH3-N	3.1	NA	NA	%
Total-K	0.8	NA	NA	%
Total-P	4.8	NA	NA	%
Arsenic	<5.7	41	75	mg/kg
Cadmium	1.4	39	85	mg/kg
Chromium	47.2	NA	NA	mg/kg
Copper	612	1,500	4,300	mg/kg
Lead	43.9	300	840	mg/kg
Mercury	1.2	17	57	mg/kg
Molybdenum	19.4	NA	75	mg/kg
Nickel	25.3	420	420	mg/kg
Selenium	<6.7	100	100	mg/kg
Zinc	733	2,800	7,500	mg/kg
PCB	<0.013	NA	NA	mg/kg

*EQ means "exceptional quality"

NA means not applicable

< data qualifier is used if one or more of the monthly values used to calculate the yearly average is reported as below the analytical limit of detection.

Environmental monitoring to support the Metrogro program continued in 2008. Approximately 680 water samples were collected from private wells, with samples being analyzed for a number of parameters, including nitrate nitrogen and coliform bacteria. Soil samples were also collected, with the soil test recommendations being used to determine Metrogro application rates.

The District continued to operate its biosolids management program under an Environmental Management System (EMS) based on principles established by the National Biosolids Partnership (NBP). However, the District has decided to not maintain its status as a platinum certified agency with the National Biosolids Partnership due to audit frequency and associated costs. The District will participate in the Biosolids Best Practices Network (BBPN) administered by the NBP. In addition, the District will explore participation in other voluntary EMS programs at the state level that are designed to promote the continuous improvement concept. Two examples of such programs are the Wisconsin Department of Natural Resources “Green Tier” program and the “Wisconsin Forward” program.

Two changes to the Metrogro Program will be implemented in 2009 that should reduce overall program operating costs. A \$10/acre fee will be assessed for acres covered between July 1st and December 31st of each year, generating approximately \$30,000 in annual revenue. In addition, the spring yield guarantee program will be revised, establishing a standard payment structure based on the date at which application to a given field is completed. Payments under this revised program could be reduced by \$20,000 to \$40,000 annually.

MetroMix Program

The District’s goal is to diversify its overall biosolids management program by developing a soil-like product(s) called MetroMix. MetroMix will be produced by combining dewatered biosolids with materials such as sand and sawdust to provide bulk and texture. The District is currently in the research and development phase of the MetroMix Program. Wide scale production and distribution of MetroMix will not occur until operational changes are made at the District’s Nine Springs Wastewater Treatment Plant that are necessary to support MetroMix production.

A two year field research project to support MetroMix development and marketing efforts conducted by the Department of Soil Science at the University of Wisconsin-Madison was completed in 2008. The research demonstrated that MetroMix supplies valuable nutrients necessary for turf grass, vegetable and flower production. When applied at high rates, MetroMix improves the physical condition of the soil, making it an effective soil amendment. Site selection could be an important consideration to minimize the potential for phosphorus losses due to soil erosion if MetroMix is applied at high rates over a large area.

In 2009, the District will participate in a four year field research project conducted jointly by the University of Wisconsin-Madison and the Virginia Polytechnic Institute and State University. The study is funded by the United States Department of Agriculture. The key objective of this study is to determine whether biosolids use in sod production operations can lead to increased profitability by reducing supplemental fertilizer and pesticide use and minimizing soil export during sod harvesting operations. Both Metrogro and MetroMix will be used in this research project. The Wisconsin field research will be conducted on plots located at a sod farm in Marshall, Wisconsin. The District will serve on an advisory team formed to assist with oversight of this research effort. Information from this project will be used to support future MetroMix marketing efforts.

ACCOUNTING – CLERICAL ACTIVITIES

The District's Accounting/Clerical work group provides clerical support and accounting functions for all District departments. Routine tasks include receptionist duties; telephone answering; typing of commission meeting minutes, agenda and resolutions; managing the septage receiving database; records management including scanning incoming and outgoing general office correspondence for electronic storage; and accounting functions including administering accounts receivable, accounts payable, general ledger, payroll, investments and employee benefits.

Notable activities in 2008 include the following:

1. OnBase (a document management system) was a focus area in 2008. We configured a new retrieval method for HR documents, and started scanning employee records into OnBase. This will allow supervisors and employees to view personal development information, performance review documents, and verify pay rates and scheduled work hours. Employees will be able to view pay and tax information and current benefits. We also worked with the Engineering department to document their workflows for OnBase and improve the configuration for active and inactive projects.
2. Union negotiations started in August 2008 and were completed with a tentative three-year contract by December 2008. This required a substantial amount of staff time investigating health insurance options and presenting and choosing a vendor for a Retirement Health Savings Plan which will be implemented in 2009.
3. A year-end audit for 2007, conducted in February 2008, was the first District audit with Clifton Gunderson LLP. There were several new auditing requirements, such as filling out Risk Assessment forms, new accountability in the preparation of the financial statements and new testing methods. It was exciting to work with a new group of people and get some suggestions for opportunities for improvement.
4. Administrative and IT staff participated in a test of our business continuity site. The work group recognized some areas that needed more preparation and will test annually to improve response time and functionality.
5. Janelle participated on the Performance Review Committee to provide the District with a formalized method of giving feedback to all non-represented employees on an annual basis. This will be implemented in 2009.
6. Shirley participated in two educational meetings for follow-up training for the computerized maintenance management system.

INFORMATION SYSTEMS ACTIVITY

The District's Information Systems (IS) work group provides infrastructure and software support for the following existing applications:

Administration

Budgeting, document and records management, email, internet user monitoring, Microsoft Office Desktop, pretreatment, pump station billing, rate setting, security, user charge billing, virus protection and web site management.

Engineering

Change order management, construction plan holders, computer aided drafting/design (CAD) geographical information system (GIS), and collection system flow modeling.

Operations & Maintenance

Metrogro hauling and land application, operations (regulatory) reporting, process control data transfer and analysis, SPL Enterprise Asset Management.

The District IS work group was also involved in the following activities in 2008:

- Installed and tested the current release of the SPL EAM product on our Oracle database.
- Continued application development for Mercury Reduction.
- Enhancements and testing at Business Continuity site.

RESEARCH

UW Soils Department/State Laboratory of Hygiene Research

A long term objective of the District is to produce a biosolid that meets the USEPA and Wisconsin Department of Natural Resources definition of a Class A biosolid with respect to pathogens. Class A production requires the use of a treatment process that consistently reduces pathogens to below detectable levels. Current state and federal regulations require the production of a Class A biosolid for end uses anticipated in the MetroMix Program.

Regulatory agencies have identified six different methods that can be used to demonstrate compliance with the Class A pathogen reduction requirements. One method is to demonstrate on a site-specific basis that operating conditions result in pathogen reduction levels equivalent to defined processes known to reduce pathogen levels to below detectable levels, which are commonly referred to as processes to further reduce pathogens (PFRPs). A site-specific equivalency determination requires the development of a robust dataset. In late 2007, the District began funding a research project designed to develop the required dataset. The research was led by Professor Sharon Long, who has a joint appointment with the UW-Madison Department of Soil Science and the Wisconsin State Laboratory of Hygiene. The research continued in 2008.

Initial efforts were designed to characterize the Districts biosolids digestion process with respect to pathogen reduction. Monthly composite samples of the digester feed solids and the digested biosolids were analyzed for specific pathogens identified in state and federal regulations. These include Salmonella, enteric viruses and helminth ova. Analysis included Fecal Coliform bacteria, which is used in state and federal regulations as an indicator for pathogenic bacteria. Potential surrogates for enteric viruses (male-specific coliphages) and viable helminth ova (*Bacillus* and *Clostridium* spores) were included in the suite of microbial analyses because they are more rapid and inexpensive to enumerate. In addition, previous sampling had demonstrated that enteric virus and helminth ova levels in both the feed and digested biosolids were always near or below detection limits. Thus, it would be difficult to demonstrate the reductions necessary for an equivalency determination. EPA has been open to the use of surrogates for this determination. The surrogates chosen for this research project were selected because they had been used in pathogen equivalency evaluations conducted by other facilities.

EPA has strict QA/QC requirements for equivalency databases. EPA-valid measurements were obtained on feed and finished solids samples from December 2007 through July 2008 on the Districts phased digestion system. The phased digestion process was able to reduce fecal coliform and *E. coli* densities by six \log_{10} (99.9999%). The mean density of fecal coliforms was 2.4×10^7 and 2.1×10^1 for feed and finished solids, respectively. The mean density of *E. coli* was 2.1×10^7 and 2.1×10^1 for feed and finished solids, respectively. For *Salmonella*, an approximately three \log_{10} (99.9%) reduction in density between feed and finished biosolids was documented.

Male-specific coliphage proved useful as a surrogate for enteric viruses in the South Columbus, GA PFRP project. It also demonstrated promising results for use by the District. However, the use for spores as helminth ova surrogates was less clear. Further research is needed to determine a scientifically defensible analysis plan to be able to demonstrate the 2 \log_{10} reduction in helminth ova (or an acceptable surrogate) required for an equivalency determination. A University of Wisconsin HATCH grant has been awarded to continue investigating this question starting in October 2009.

Struvite Control

In September 2008, a research project under the direction of Professor Dan Noguera of the UW Civil and Environmental Engineering Department and student Megan Corrado was initiated to investigate the release of phosphorus from waste-activated sludge. The idea was to release and remove the phosphorus prior to digestion and thus reduce the potential for struvite formation in anaerobic digesters and downstream heat exchangers, pumps and piping. The struvite problem in the treatment processes increased dramatically when the anaerobic digesters were operated at thermophilic temperatures and the sludge then cooled to mesophilic temperatures. The results of this research will be considered for struvite mitigation measures in the 2009 Solids Handling Facility Plan under preparation.

The research is a follow-up on research accomplished by Dan Noguera and students Sean K. Chaparro and Cynthia Jae Condliff from 2001 to 2003. Dan Noguera and Sean Chaparro published results of this research in the Water Environment Research Journal in May 2003, and were awarded a Water Environment Federation award for the best research paper published in 2003. This research was focused on releasing phosphorus from waste-activated sludge and precipitating the phosphorus with a metal salt to remove it from the system. The current research is focused on releasing the phosphorus and isolating it with a dedicated struvite fertilization production process.

Also, for sludge age control, activated sludge was wasted from the aeration tanks in 2001-2003, while currently return sludge from the clarifiers is being wasted. The more concentrated stream should benefit a dedicated struvite removal process, but additional testing is necessary to confirm this. This research will be on-going through 2009.

MMSD Golf Course Demonstration Project

Working in cooperation with the City of Fitchburg and the Nine Springs Golf Course, effluent is being used to irrigate a 5,200 square foot area on the 7th hole of the golf course, which includes the former green and portions of the adjacent fairway. This demonstration project began in 2004 as part of the District’s on-going effort to evaluate opportunities to promote the beneficial reuse of effluent. This project has taken on added significance as the District discusses various effluent reuse opportunities as part of public information/education activities associated with the District’s 50-Year Master Planning effort.

Summary information for this project is provided below. The 2004 and 2005 data for total gallons/acre, total gallons/acre/day and precipitation equivalent are slightly different from data previously reported due to rounding.

Golf Course Irrigation Summary Information

General information	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Demonstration area (ft ²)	5,200	5,200	5,200	5,200
Irrigation period	18 May-12 Oct	16 Jun-26 Sept	7 May-6 Oct	16 May-27 Sept
Days irrigated	112	53	71	79
Total volume (gallons)	97,650	50,610	56,460	69,750
Total gallons/acre	818,000	424,000	473,000	584,000
Total gallons/acre/day*	7,304	8,000	6,662	7,400
Precipitation equivalent (in)	30.3	15.7	17.5	21.6
Commercial fertilizer additions				
Total Nitrogen (lbs/acre)	0	15.6	33	11
Total Phosphorus (lbs/acre)	0	0	0	0
Total Potassium (lbs/acre)	0	5.4	8	5
Effluent additions				
Total Nitrogen (lbs/acre)	118	60	66	77
Total Phosphorus (lbs/acre)	2.7	1.6	1.8	1.6
Total Potassium (lbs/acre)	96	48	54	67

*Calculated as total gallons/acre divided by days irrigated.

Soil samples were collected following completion of the irrigation season at two depths (0-2 inches and 2-4 inches) and analyzed for specific parameters, including nutrients, metals, minerals and salts. The concentration found in several analyses increased with depth, including chlorides, phosphorus and potassium. There was no evidence of salt damage or nutrient deficiencies in the turf grass based on visual observations made throughout the growing season.

Fate and Transport of Treated Effluent and Predicted Effects on Microbial Phosphorus Cycling in Lake Mendota

The objectives of this study were to: 1) predict the fate and transport of treated effluent in the lake using an integrated 3D circulation, temperature, and phosphorous model; and 2) evaluate the impact of effluent and its constituents on the phosphorus cycling activity of microbial communities native to the lake. Professors Katherine McMahon and Chin Wu are the principal investigators for this project.

In 2008, the main tasks included: (1) developing continuous temperature and velocity profiles measurement at the eastern and western basin of Lake Mendota from July to September to aid in modeling of the treated effluent transport behavior under field conditions; (2) conducting dye (effluent) mixing experiments to obtain effluent diffusivity across the thermocline in Lake Mendota; (3) continuous development of an integrated model including the primary effluent constituent of concern (phosphorus); (4) model calibration using the collected field data; (5) evaluating real-case discharge effluent modeling scenarios including stratification periods, overturn periods, and storm events.

Model results suggest that the ambient current conditions driven by wind generally have stronger effects on phosphorus transport than the self-induced circulation caused by discharge of effluent to the hypolimnion layer, which is the bottom and most dense layer of water in a stratified lake. The lake basin can be considered as a closed domain. Based on the sensitivity analysis of inflow/outflow, the inflow/outflow plays a less important role compared with the wind-driven circulations. The buoyant effluent plume is effectively suppressed by the thermocline; however, after one-month continuous discharge, the surface TP concentration can increase up to 18% above the initial level. While the discharged effluent can be trapped during the summer stratification periods, effluent can be circulated and reach the water surface under storm conditions.

INDUSTRIAL PRETREATMENT PROGRAM

The 24th year of the District's Industrial Pretreatment Program exhibited continued routine work with long-term industrial permittees and new dynamic activities with sectors where pollution prevention techniques are predominant.

Manufacturing industries that significantly changed operations, included Springs Window Fashions and Maxpower Cylinders, with the former ceasing all metal finishing operations and the latter eliminating all metal finishing wastewater discharges. The District rescinded the Springs Window Fashions permit in April. Maxpower Cylinders received a "zero-discharge" permit modification and subsequently notified the District of its intent to move its facility outside of the District in early 2009. All industrial permittees were inspected and sampling of discharge points occurred in each semi-annual period. Less significant permitting activities in 2008 included rescinding the Metal Skills Plus permit. No third party or regulatory audits of the pretreatment program were conducted in 2008.

District staff continued to perform waste-acceptance reviews and to respond to non-permitted industrial and commercial requests. Pollution prevention efforts continued to focus on mercury with some initial outreach provided on fats, oils, and grease (FOG) control.

Work occurring under the second year of Mercury Pollutant Minimization Plan was centered on the dental sector. The goal of having all dental clinics, where dental amalgam is placed or removed, operating amalgam separation equipment by the end of 2008 was met with the exception of five extensions provided for clinics that were in the process of relocations or remodeling. Overall, 97 clinics met the deadline for installation of separators, with about half of those clinics completing their obligations in 2008. The dental clinic sector exhibited a poor response rate to required annual reporting requirements in late 2007. The second annual reporting period was moved forward to September 2008 and internet-based reporting tools were provided. The second annual report also had a poor response rate (40%) that required significant follow-up by District staff. Additional dental sector activities included performing site visits at 20 dental clinics.

District staff made initial attempts to identify opportunities for collaboration to reduce FOG discharges to sanitary sewers. A meeting of potential partners was held in conjunction with a web seminar in September. Additionally, the District submitted an article on grease trap management for the Madison/Dane Health newsletter which is circulated to all county restaurants.

ACCEPTANCE OF SEPTAGE AND ATYPICAL WASTES

During 2008, the District accepted waste from 30 permitted septage haulers and 6 non-typical haulers (organizations or consultants) that have special discharge permits. Database modifications were made, including the addition of a feature that compiles and calculates annual and historical data that are used for setting annual septage rates.

The District has accepted septage at the Nine Springs Wastewater Treatment Plant since 1986. The septage receiving facility handled nearly 7,850 loads of septage in 2008. For each category of septage, the septage haulers are charged a specific rate that reflects the District's cost of treating the wastes.

The following table lists the five septage categories, the number of gallons of septage received during 2008, and the percentage change in volume from 2007.

Common Septage Type Received Summary Information

Septic Tank	Holding Tank	Grease Trap	Settling Basin	Portable Toilet
3,632,000	13,301,000	454,900	256,000	189,100
21% increase	8% increase	1% increase	1% increase	21% decrease

The septage receiving facility was also the discharge point for other wastewaters not characterized by the five septage categories. During 2008, these included:

Other Wastewaters	Volume (gallons)
Groundwater from Remediation Projects	53,200
Blood Water	139,500
Refuse Hideaway Landfill Leachate	255,000
Middleton Landfill Leachate	17,400
Verona Landfill Leachate	69,300
Veolia Landfill Leachate	169,300
Kraft Foods Plant (Special Project)	143,000
Wastewater from TruGreen	3,400

Other Wastewaters	Volume (gallons)
Waste Ice Cream from Schoep's	108,300
Waste Annatto Oil from Danisco USA	5,600
Waste Product from Danisco USA	1,300
Waste Latex paint from Sherwin Williams	600
Waste Animal Tissue from WVDL	26,400
Waste Fruit Concentrate (Special Project)	3,500
Waste Salt Brine (Special Project)	9,000
Waste Spill Response (Special Project)	17,000
Waste Filtrate from SGS (Special Project)	4,700

The District continued cooperative efforts with regional wastewater treatment plants by providing transportation and treatment services for biosolids. The District accepted 19 loads from the Village of Brooklyn totaling 95,000 gallons. Other wastewater accepted from outside of the District service area included: 83,000 gallons of meat plant wastewater from Dairyland Beef and Country Meat Cutters, 11,000 gallons of dog food wastewater from NFP, and 140 gallons of titanium dioxide and propylene glycol wastewater from Colorcon.

LAGOON SITE SUPERFUND PROJECT

Routine O&M activities continued in 2008 and included routine inspections of containment dike and cap integrity, dike stability monitoring, water management and vegetation control. The elevation of selected portions of the southernmost perimeter dike was raised in late 2008 to ensure that the dike elevation was at least 1 foot higher than the high water mark in the Nine Springs Creek that resulted from record-setting precipitation events during the summer. Semi-annual reports were submitted to the U.S. Environmental Protection Agency (EPA) in June and December. The December report contained an evaluation of cap and dike stability prepared by Professor Tuncer Edil (Geo Engineering Consultants, LLC.). The evaluation concluded that both the cap and dikes remain stable.

EPA conducted its second 5-year review of the Lagoon Site in November 2007 and the associated report was finalized in March, 2008. The purpose of this review was to document that the lagoon cap was being maintained and that institutional controls were in place and were effective. Institutional controls include monitoring requirements, site restrictions and access/use restrictions. The report concluded that in the short term the selected remedy continues to be protective of human health and the environment. The report acknowledged the importance of maintaining and monitoring the institutional controls to ensure long-term protection. This may require that the District list the specific institutional controls in the deed restriction as opposed to simply providing a reference to the Record of Decision in the deed restriction.

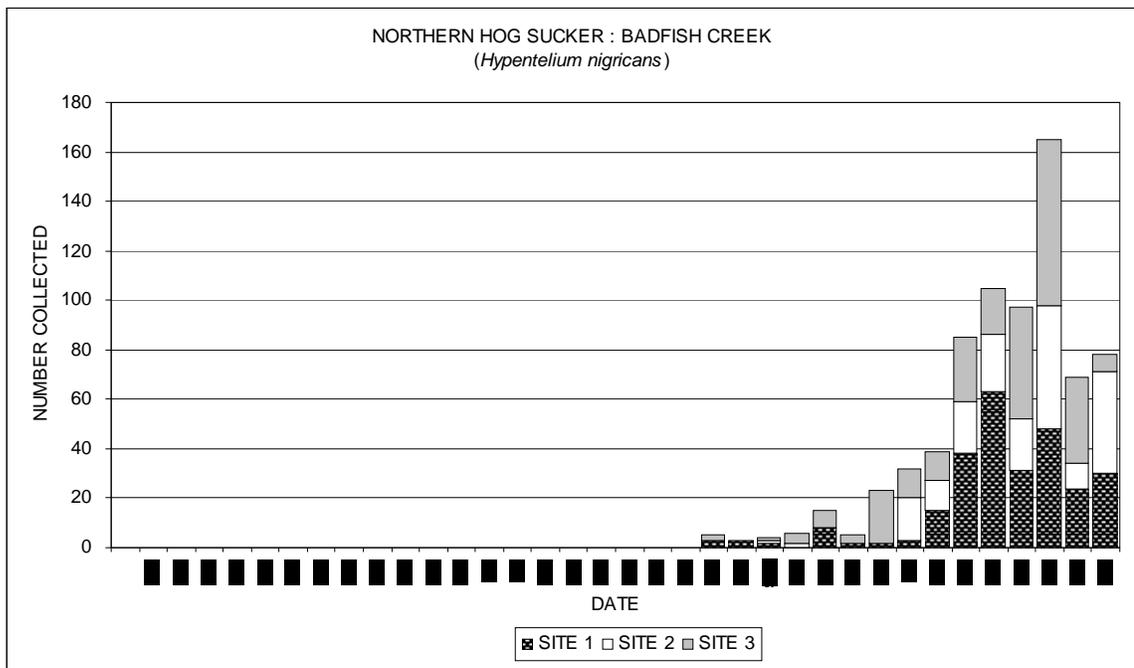
WATERSHED PROJECTS

Yahara River Watershed Monitoring Program

Monitoring to determine the impact of the District's treated discharge upon the main receiving stream, Badfish Creek, continued in 2008. During 2008, water-quality sampling of Badfish Creek, its tributaries and the Yahara and Rock Rivers continued semi-annually at established sampling points.

Aquatic macroinvertebrate samples were collected from three sites on Badfish Creek and one site on the Oregon Branch of Badfish Creek twice during 2008 (April and October). Three samples were taken at each site, producing a total of 24 samples. Biological indices continue to suggest that the District’s effluent water quality is not inhibiting organisms from living in Badfish Creek. Preliminary data show fair to good water quality classification for all sites.

Fish were collected at three sites along Badfish Creek in July using the District’s walk-along, stream-shocking boat. Each site sampled had four 100-yard sections shocked for data analysis. Results continue to show a diverse population of fish inhabiting Badfish Creek. A total of 45 different species of fish has been collected since fish shocking was started in 1983, with 23 species being collected in 2008. At Site 1, there was a 27-inch, 5lb 8oz northern pike and numerous brown trout collected which is similar to collections during previous surveys. For the first time since June 1993 bluntnose minnow were collected in their highest numbers at Site 2. Also, for the first time since the inception of fish shocking in May 1983, the bluegill was collected in its highest number at Site 3. The northern hog sucker was commonly found at all sites on Badfish Creek. Northern hog suckers are considered intolerant species to organic pollution and by their increased presence continue to show improvements in water quality throughout the Creek. Our data suggest that this intolerant species is a regular inhabitant of Badfish Creek. Lower collections of the northern hog sucker in 2007 may have been due to sample techniques used during this survey, although in 2008 the total number collected from all sites showed little change.



Key:

- Site 1 is located off Rutland Dunn Townline Road (~4mi from outfall).
- Site 2 is located off CTH A (~9 mi from outfall).
- Site 3 is located off Old Stone Road (~12 mi from outfall).

The green sunfish was the dominant fish collected at Site 1. At Sites 2 and 3 the white sucker was dominant. These are similar to the results from last year. The information collected continues to suggest that water quality is not a limiting factor in the viability of fish living throughout Badfish Creek. The lack of fish habitat and the addition of non-point pollution sources along the 20 miles of Creek may continue to cause fewer game fish and other fish species to be collected during future surveys. The aquatic plant, Eurasian water milfoil, was seen for the fourth year at all fish shocking sites. There is a concern that this species of aquatic plant will form dense mats on the surface of the water, affecting dissolved oxygen values which are critical for the survival of fish. This highly invasive exotic plant will be closely monitored during future surveys. During this survey the Madison area saw over fifteen inches of rain in June and July. Water levels and turbid water conditions may have affected collection data.

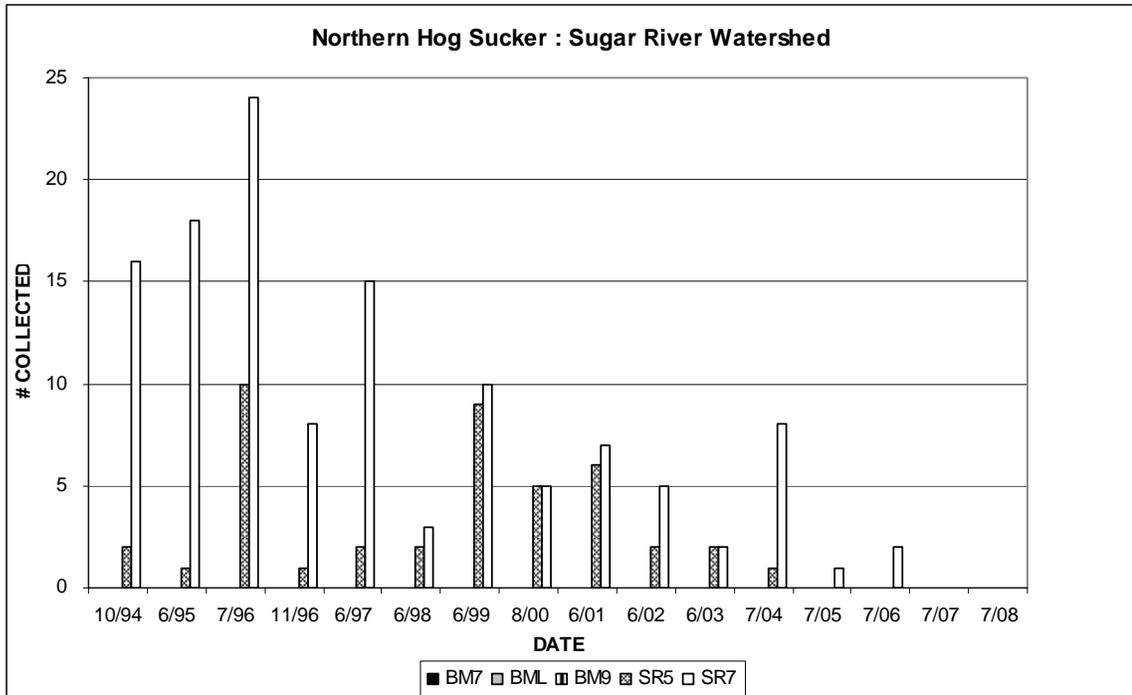
Sugar River and Badger Mill Creek Monitoring Program

The Sugar River and Badger Mill Creek, both within the Sugar River Watershed, were sampled chemically and biologically in 2008 to determine water quality.

During 2008, water samples were collected bimonthly at established sites within the watershed and chemically analyzed.

Aquatic macroinvertebrates were collected at two sites on the Sugar River and three sites on Badger Mill Creek in April and October. Aquatic macroinvertebrates were collected similarly to the ones in Badfish Creek with three kick samples taken at each site, producing 30 samples. Preliminary data for 2008 show a fair-to-good macroinvertebrate community at all of the sites, which is similar to 2007.

A fish survey completed in July used the District's walk-along stream-shocking boat on four 100-yard sections at two sites on Badger Mill Creek and one site on the Sugar River. This is the first time since inception of fish shocking in 1994 that Site SR5 (upstream of the confluence with Badger Mill Creek) was not sampled due to high water levels and debris within the streams caused by the heavy rains in June and July. This survey produced 19 different species of fish. Since 1994, there have been 38 species of fish found in the Sugar River Watershed; 29 species in Badger Mill Creek and 35 species in the Sugar River. For the first time the brassy minnow was collected in the Sugar River (SR7). Both the golden shiner and the orange spotted sunfish were new to the collections in Badger Mill Creek (at Site BM7 and BM9 respectively). The lack of northern hog sucker in the Sugar River continues to be a concern and will be monitored during future survey events. This was the second time that none of this species was collected at SR7 (downstream of the confluence with Badger Mill Creek) since the first survey was initiated. Water chemistry has not changed; however, stream habitat (substrate) appears to be changing from a more coarse gravel to a finer-grained mud.



Upper Yahara River Watershed Monitoring Program

In July 2002, monthly water sampling was initiated in the Upper Yahara River Watershed on Token Creek, Six Mile Creek, Spring Creek and the Yahara River. For each water body, water samples were taken at sites near their headwaters and at sites closest to their entrance to Lake Mendota. Samples were taken to characterize water quality conditions in the Upper Yahara River Watershed. In July 2003, after a year of monthly testing, sampling was reduced to quarterly. The number of sample sites was also reduced, with remaining sampling taking place closest to each stream entry to Lake Mendota. During 2008, four samples were taken at these sites. Results continue to show similar values for the twenty-three chemical parameters monitored. Sites have also been chosen for fish and aquatic macroinvertebrate sampling, although no collections were made in 2008.

Grass Lake Monitoring Program

Approximately once per month, relief operators go to the Grass Lake dike to monitor its integrity and gather water level information from the lake and the Badfish Creek effluent channel. Although water sampling was discontinued in 1995, the District still monitors lake levels and maintains the dike as required by the NR 30.12 permit issued by the Department of Natural Resources in 1988.

Phosphorus-Related Initiatives

The Wisconsin Department of Natural Resources is working on two phosphorus-related initiatives having the potential to impact District operations by requiring that effluent phosphorus concentrations be significantly reduced. These initiatives could result in the District needing to make costly improvements to plant processes and/or offset phosphorus loads by funding non-point phosphorus reduction practices.

The first initiative is an effort to develop statewide phosphorus water quality criteria. DNR has formed an advisory committee to assist with this effort and the District is represented on it. A number of significant technical, implementation and policy issues must be addressed as this effort moves forward. District staff is working closely with DNR and other stakeholders in this regard. Following development and promulgation of phosphorus water quality criteria in the Wisconsin Administrative Code, water-quality-based effluent limits will be calculated and placed in WPDES permits. Although a firm schedule for promulgation of the phosphorus criteria has not been established, it is unlikely that this effort will be completed prior to 2010.

The second initiative is an effort to develop a phosphorus total maximum daily load (TMDL) for the Rock River Basin. A TMDL is a calculation of the maximum amount of a pollutant that a water body can receive and still meet water quality standards. The TMDL will allocate the pollutant load between point sources and nonpoint sources. The technical, implementation and policy issues associated with the phosphorus TMDL are similar to those associated with the development of phosphorus water quality criteria. The current timeline calls for the TMDL report to be completed by August, 2009.

Decisions made as part of the TMDL process could have significant financial and operational impacts on the District. The most important of these will be the allocation of pollutant loads among the point and nonpoint sources. If the District's allocations are more than the District's current effluent loadings, the financial impact could be positive. It might allow the District to sell pollution removal credits to a downstream entity. If the District's allocations are lower than the District's current effluent loadings, District costs would increase, either due to construction of additional facilities to improve effluent quality, or purchase of removal credits from another entity. DNR anticipates forming workgroups in early 2009 to address key TMDL implementation issues. The District anticipates participating on these workgroups.

MONITORING STREAM FLOWS

An agreement signed in June 1977 with the United States Geological Survey (USGS) for monitoring stream flows in Badfish Creek near Cooksville and the Yahara River near Fulton was renewed for another year. In September 1996, an agreement was also signed with the USGS to monitor stream flows, stage, specific conductance, dissolved oxygen and water temperatures in Badger Mill Creek near Bruce Street in Verona. This agreement was also renewed for another year.

LABORATORY ACTIVITY

During 2008 the District Laboratory performed a total of 53,129 analyses on 11,964 samples. These analyses included:

PARAMETERS	QUANTITY
Nutrients (TKN, TP, NH3-N, NO2-N, PO4-P, WEP)	14,118
Solids (Suspended and Total)	14,779
Biochemical Oxygen Demand	5,150
Anions (Cl, NO3-N, SO4)	3,860
Field Measurements (pH, TEMP, COND, DO)	4,218
Metals	6,393
Bacteria (FCOLI, TCOLI, ECOLI, Salmonella)	1,473
Volatile Fatty Acids (VFA)	2,283
Misc. Testing (Alkalinity, Density, WET)	855

The District laboratory was also involved in the following activities:

- Continuing its relationship with the UW and providing analytical support on one UW research project. The project was designed to assess the release and uptake of phosphorus under varying conditions.
- Analyzing numerous samples for Volatile Fatty Acids (VFA) while the operations department continued to assess the digestion process.
- The City of Middleton continued sending the District samples for TKN, NH₃-N and TSS analysis. During wet weather conditions, the city pumps water out of a retention pond and must have the discharged water analyzed for reporting to the DNR. During the year the District analyzed fifteen samples of this type.
- The City of Madison Engineering Department continued to bring the lab samples from their monitoring program. The City collects samples from various points throughout the collection system to use for billing purposes. The District analyzed 138 samples for TKN, TP, CBOD₅, TSS, and pH. This partnership will continue in 2009.
- The metals lab analyzed 132 plant tissue samples that were harvested from test plots being used to evaluate the suitability of various MetroMix blends. Each plant tissue sample was analyzed for fourteen metals.

Other noteworthy activities in the laboratory during 2008 were the following:

- The lab must continue to show the capability to perform analyses in compliance with NR 149, the Wisconsin Administrative Code to which laboratories must adhere in order to obtain certification in the state of Wisconsin. As part of this requirement, in January 2008 the laboratory successfully underwent an on-site evaluation by the Wisconsin Department of Natural Resources.
- All laboratory staff members met the criteria for successful participation in the District safety incentive program.

MAINTENANCE OF DISTRICT FACILITIES

The maintenance portion of the Operations and Maintenance Department is responsible for the maintenance of the Nine Springs Wastewater Treatment Plant, the District pumping stations, and the non-District pumping stations covered by maintenance agreements. This work is performed by the Mechanical Maintenance Section, the Electrical Maintenance Section, the Building and Grounds Section, and the Purchasing/Inventory Section.

Training of craftsmen continued to be an important function in 2008. Maintenance Department personnel serve on the Joint Apprenticeship Training Committee (JATC) which oversees the activities of the apprenticeship programs.

Additional training courses attended by Maintenance Department supervisors and craftsmen included: the Plant and Facilities Maintenance Association (PFMA) monthly meetings in Madison, Electric Ladder Drawing, MMSD Supervisory Training Program, and Focus on Energy Building Operator program.

The District's Computerized Maintenance Management System (CMMS) continues to be an important aid in performing District business. Success in the continuing improvement in inventory accuracy was demonstrated by an accuracy rate of greater than 99% during the year-end inventory count for the fifth year in a row.

The record snowfall of the winter of 2007-2008 and the severe flooding in June put added strain on the District's equipment and personnel. Due to the hard work of all of the District's personnel, all of the District's facilities kept operating at their peak capacity.

Following are more detailed listings of the activities performed by each of the maintenance sections.

Building and Grounds Section

The section spent the majority of the year maintaining the District and non-District pumping stations and the Nine Springs Wastewater Treatment Plant buildings and grounds, odor control equipment, roads, and small equipment. Routine work includes landscaping projects, cutting grass, plowing snow, cleaning plant buildings and galleries, maintaining lagoon and dike roads, and painting and carpentry projects. This section performs preventive maintenance work on the District's electrical manholes, process tanks, roofs, floors, and HVAC units.

Brad Walker and Don Martinson attended the Focus on Energy Building Operator Certification program. This was a series of eight, one-day classes on topics related to building operation and maintenance issues and wise energy usage. An outcome of the course was the replacement of lighting in the District's Laboratory with a more energy efficient system. Brian Suchomel participated in the Building and Grounds progression program.

A significant amount of time was spent on cleaning heat exchangers associated with the digestion process. In addition the crew members removed significant amounts of struvite from digested-sludge piping. This work supported the District's efforts to produce a Class A biosolids product. A new digester gas treatment system was installed in 2008. At the end of the year the crew members insulated a significant portion of the piping on this unit. The section continued working with the City of Madison to create a successful non-intrusive pumping station wet well cleaning procedure. This procedure eliminated the need to enter the confined space of the wet wells and allowed the grease and debris that are removed from the well to be taken directly to the landfill.

Major projects accomplished in 2008 were:

- Cleared trees from along the effluent channel near Grass Lake.
- Painted Pumping Station No. 7 and the Maple pump station as well as minor painting at several other stations.
- Performed preventive maintenance on Primary Tanks 5, 9, and 10.
- Performed preventive maintenance on Aeration Tanks 25-30.
- Performed preventive maintenance on Final Clarifiers 1-4 and 12.
- Tuck-pointed and replaced necessary brick and flashing on all three Metrogro Storage Tanks.
- Replaced the roof on Pumping Station No. 16 and made landscaping improvements at the station.
- Tuck-pointed and replaced damaged brick on Digester 1.
- Installed new sheathing, siding, roofing, and windows and replaced doors on a storage shed.
- Painted and landscaped the treatment plant in preparation for the Open House.
- Replaced the laboratory lighting with energy efficient lighting.

Contracted for the following services:

- Insulated the attic in one rental property building.
- Removed the asbestos from a shed on the plant grounds.

Purchased the following vehicles and equipment:

- Two replacement pickup trucks for the Mechanical Maintenance Section.
- A replacement van for the vehicle pool.
- A new pickup truck for the Collection System Superintendent.

Mechanical Maintenance Section

The goals of the Mechanical Maintenance Section are to: 1) verify proper operation and effectively maintain the pumping stations of the District and its contract customers; 2) ensure that all collected wastewater is conveyed to the treatment plant; 3) effectively maintain and support operation of the treatment plant equipment and facilities while working with operations personnel to meet the District's goal of meeting or exceeding the WPDES permit; and 4) develop section staff members to their best professional and personal ability through the District's apprenticeship program, other training programs, and wellness opportunities.

Mark Ripp and Zenon Kochan were enrolled in the Maintenance Mechanic Apprenticeship Program. They continue to gain valuable work experience by working with the District's journeymen. Three mechanics are also participating in the District's Supervisory Training Program.

In addition to many planned and scheduled maintenance activities, major accomplishments completed in 2008 included:

- Rebuilt Pump B at Pumping Station No. 15.
- Assisted the Engineering Department with the rehabilitation of Pumping Station Nos. 13 and 14.
- Rebuilt several Maci pumps at the Headworks Building.
- Assisted the Operations Section with maintenance on the gas treatment unit.
- Installed a new exhaust heat exchanger on the blower engine.
- Rebuilt Pump B at Pumping Station No. 11.
- Removed Pump A at Pumping Station No. 2 and Pump B at Pumping Station No. 10 for warranty repair at the Cornell Pump Company.
- Rebuilt several sludge recirculating pumps in SCB1 and SCB2
- Rebuilt two pumps from the City of Madison Gettle pump station as part of the rehabilitation of this station. The pumps were also converted to mechanical seals.
- Installed a new B pump at Pumping Station No. 9

Electrical Maintenance Section

The Electrical Maintenance Section devoted a majority of the year to providing the support necessary to assure a high level of electrical reliability to District facilities and the facilities owned by others and maintained by the District. This was accomplished with a mix of preventive maintenance, normal day-to-day support, staff training, and planned improvement and construction projects. Examples of preventive maintenance tasks developed by the section include: calibration of electrical and instrumentation equipment, thermographic testing of switches and motors, repair and testing of fixed and portable gas detectors, and operational inspections and cleaning of electrical and electronic equipment. The section continued to make progress in identifying problems by tracking data with the use of the Computerized Maintenance Management System (CMMS). The CMMS has continued to aid with maintenance scheduling and daily work orders.

Steve Hering and Carl Wright continued in the Industrial Electrician Apprenticeship Program. Jeff Kroning and Jeff Fuller were added to the section in 2008. They will enroll in the apprentice program in 2009.

In addition to normal maintenance tasks connected with the operation of the District's wastewater collection and treatment facilities, the following planned improvements or projects were completed in 2008.

- Continued with the installation of new electrical services at the City of Madison Hoboken Pump Station.
- Completed installation of new pump controls at the Hoboken station.
- Completed replacement of an unsafe plug system with a selector switch at the City of Madison Carroll Pump Station.
- Completed replacement of old reduced-voltage motor starting equipment with new soft start devices at Pumping Station No. 5 and the City of Madison Fremont Pump Station.
- Prepared the pumping station control panels for summer and winter operation.
- Continued with the upgrading and documentation of electrical drawings for the District and non-District facilities.
- Provided electrical cross-training to the District's mechanics.
- Modified the motor connections for the Macerator Process in the Headworks Building.
- Continued with the in-house training of the apprentice electricians on electrical and instrumentation theory and hardware.
- Continued updating of the documentation for the District's phone system.
- Completed the addition of the Maple Bluff Jonas and Baywood Pumping Stations to the SCADA system.
- Modified the Johnson Control software to accommodate the Operations Building HVAC system.
- Operated District generators to provide power to various pumping stations during planned and unplanned power outages.
- Started the electrical pump control upgrade at Pumping Station 16 with the completion and testing of the controls for one pump and started on pump two.
- Assisted the Engineering Department with submittal review for pumping station and Plant rehabilitation and upgrade projects.
- Completed replacement of obsolete VFD's with new VFD's for the Ferric Chloride Pumps in the solids handling area.

Inventory Control/Purchasing

The primary goal of the Inventory Control/Purchasing Section is to centralize purchasing and inventory control functions for the District to reduce costs. One major component is the scheduling and completing of physical inventories. Three partial inventories were conducted in April, July, and October based on usage. In December, a full physical inventory was conducted to reconcile all inventory quantities. This inventory showed an accuracy of 99.7% based on total inventory value.

The Purchasing/Inventory Manager is the administrator of the District's Computerized Maintenance Management System (CMMS). Along with the Senior Maintenance Supervisor he monitors upgrades to the system proposed by the vendor, tests the upgrades, and recommends movement to the upgrades as necessary. The Purchasing/Inventory Manager also serves on the board of directors of the national CMMS users group. The CMMS is providing recordkeeping and information storage for the District. This allows record sharing for all personnel resulting in all sections working closer together, especially purchasing and accounting.

The Purchasing/Inventory Assistant's goal is to increase inventory accuracy by doing the stock checkouts and returns. He updates bills of material and catalog records. In addition, he serves as the back-up for the Purchasing/Inventory Manager.

Grouping orders together and taking advantage of price breaks at price and quantity levels have helped to reduce purchasing costs. Internet purchasing is being used to take advantage of the latest technology. Expanding the vendor base and finding alternative sources and products for District purchases have resulted in shorter ordering times and a reduction in District inventory.

Major projects in 2008 were:

- Reorganizing of District inventory.
- Eliminating obsolete inventory.
- Performing and reconciling physical inventory.
- Maintenance of the storeroom, vendor and catalog records.
- Purchasing of parts for maintenance functions.
- Testing of CMMS upgrades.
- Internet based purchasing.
- Shipping and receiving.
- Gasboy fuel system upgrades.

INTERCEPTOR TELEVISIONING AND CLEANING

MMSD's collection system includes 93 miles of MMSD-owned gravity interceptors and approximately 1,200 manholes. MMSD's interceptor inspection program includes physical inspection, cleaning and televising of approximately 33% of this system each year. This program is intended to keep MMSD current on the physical condition and hydraulic adequacy of its interceptors and to allow for well-informed decisions regarding the need for significant underground repair or replacement projects. This year 42.5% of the interceptors and force mains were inspected for a total of 39.6 miles.

USER-CHARGE MONITORING AND BILLING

User-charge billing of the District's thirty-eight municipal customers is performed quarterly using data collected at Nine Springs Wastewater Treatment Plant and within the collection system. The monitoring services/sewer maintenance (MS/SM) crew supports quarterly billing by providing sampling and flow measurement at key points in the collection system. In 2008, the MS/SM crew collected data and samples at 94 field sampling points each quarter, thereby generating 2765 samples throughout the year. The analysis of the user-charge field samples and Nine Springs influent samples by the District lab generated 12,550 sample results used in the user-charge billing process. A new monitoring point was constructed on the District interceptor sewer at Windsor Road that will eliminate the use of three monitoring sites in DeForest.

SEWERAGE SERVICE CHARGES

Prior to the beginning of each calendar year, the District furnishes a written estimate of the cost of sewerage service for the ensuing year to each municipality in the District. This estimate is based on the previous year's wastewater contributions, any anticipated changes that may alter the municipality's prevailing water use trends, and the service charge rates for the ensuing year.

The District's 2008 service charge rates, shown in the following table, were adopted on October 29, 2007 by the MMSD Commission.

Service Charge Rate Summary Information

Parameter	Rate	Units
Volume	\$378.09	per million gallons
CBOD	\$0.11175	per pound
Suspended Solids	\$0.17211	per pound
TKN-Nitrogen	\$0.30647	per pound
Total Phosphorus	\$1.61825	per pound
Actual Customers	\$17.53	per year
Equivalent Meters	\$12.68	per year

The 2008 rates included a 1.00% surcharge to recover the DNR NR101 effluent fees.

Wastewater volumes, CBOD loadings, suspended solids loadings, total Kjeldahl nitrogen (TKN) loadings and total phosphorus loadings are determined each quarter for each community. These determinations are based on a minimum of seven consecutive days of monitoring data for the current quarter and previous quarter's discharge data for each community.

Meter equivalencies are based on the capacities of the different sizes of water meters used throughout the District. A 5/8-inch water meter has a capacity of twenty gallons per minute and is defined as one equivalent meter. The capacities of larger water meters are divided by the twenty-gallon per minute capacity of a 5/8-inch water meter to determine their meter equivalencies. An actual customer is defined as one water meter without regard to size. The numbers of equivalent meters and actual customers in each municipality are set by counting the number of each size of water meter in service in each municipality where water meters are used. In municipalities where water meters are not used, the number of each size water meter that would be required is estimated.

A survey of 175 of the nation’s largest municipalities indicated that residential service charges in the District were 61% of the national average. In 2008, the average annual residential service charge in the District was about \$202. This amount includes \$121 for services provided by the District and \$81 for services provided by the municipality (e.g. the City of Madison).

Operating costs per million gallons of treated wastewater for the years 2004 through 2008 were as shown in the table below. Several accounting policy changes in 2008 affect comparisons with prior years. First, benefit costs that had previously all been charged as an administration or treatment expense were charged to all cost centers. The effect of this change is to reduce administration costs and increase collection labor costs. Second, some planning costs are no longer charged to the collection, and treatment cost centers but are included under administration costs. The effect of this change is to increase administration costs and reduce collection, and treatment costs. The combined effect of the accounting policy changes is to show an overall decrease in the 2007 operating costs of 0.7%. To enable a “same basis” comparison, column 2007(2) shows 2007 costs using the same accounting policies as were used for 2008. These changes would increase the 2007 administration costs by 3%, and decrease the collection costs by 9%, and treatment costs by 1%.

In comparison with the revised 2007 costs, 2008 overall operating costs increased 3.8% with administration costs decreased 13%, collection costs increased 24%, treatment costs increased 6.5%, and debt service costs increased 3.4%. The decrease in administration costs was due to a reduction in planning costs. The increases in collection and treatment costs were largely due to increases in labor, energy, and chemical costs. The cost per million gallons decreased by 6.0% compared to the revised 2007 costs because of the moderate increase in costs combined with a large volume increase of 10.5%.

Costs per Million Gallons of Wastewater Treated

District Function	2004	2005	2006	2007	2007(2)	2008
Administration	\$137	\$162	\$170	\$202	\$209	\$165
Collection	82	107	104	115	105	118
Treatment	469	523	545	569	564	544
Debt Service	413	451	450	436	436	408
TOTAL	\$1,101	\$1,243	\$1,269	\$1,322	\$1,314	\$1,235

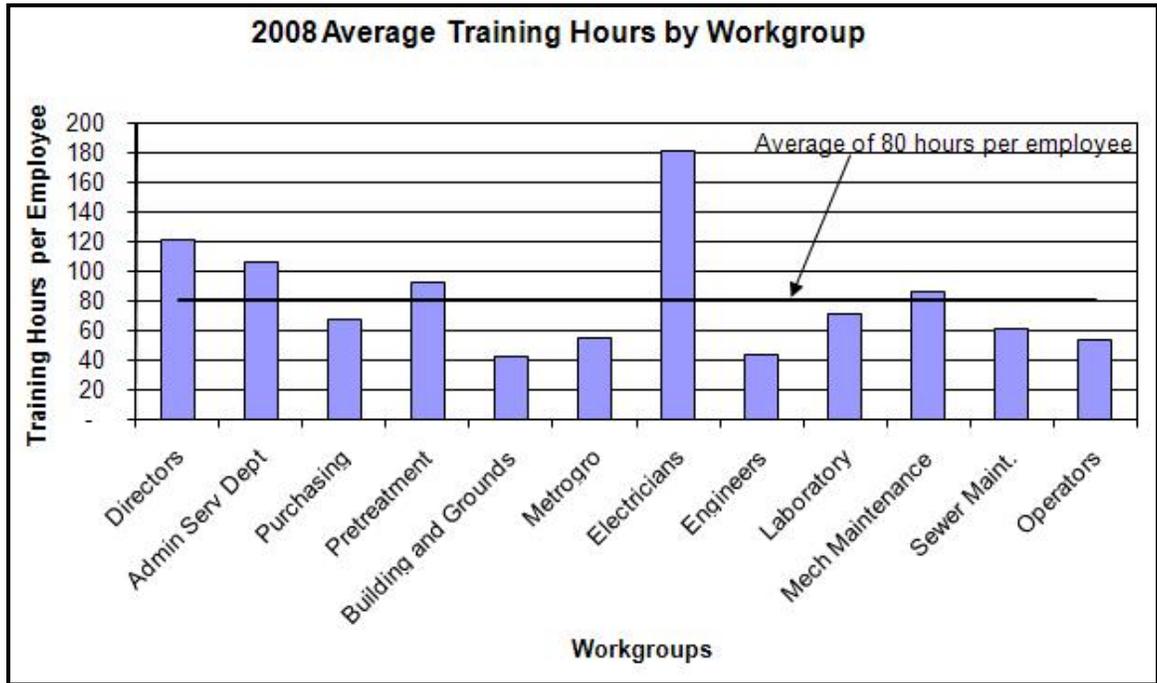
TRAINING ACTIVITIES

During 2008, District employees completed over 6,469 hours of training. As a whole, District employees averaged over 80 hours of training during the year.

Notable accomplishments for 2008 include:

- John Nelson completed the operator progression program.
- Vendor training conducted for the digester gas conditioning system was videotaped and stored as movies on the district servers for future use.
- Dan Stahl, human resources representative, conducted Respectful Workplace training for all employees.
- District employees averaged over 24 hours of safety training each during 2008. Safety training is held biweekly throughout the year.
- The District implemented two phases of the supervisor and manager training program. Phase 1 began in 2007 and Phase 2 was started in 2008. The first phase of the training is

for existing supervisors and managers. During 2008, nine Phase 1 sessions were held. The second phase of the training was offered to District employees who are not supervisors now. A total of 25 people signed up for Phase 2 of the training which started early in 2008. During the year, eight Phase 2 sessions were held. The sessions are a mix between courses led by District staff and courses led by Madison Area Technical College instructors. The program has been very well received and is a model training program that other agencies have requested information.



PUBLIC EDUCATION

2008 Tour Summary

In 2008, fifty plant tours took place with a total of 1,425 total participants. Compared to 2007, there were about the same number of tours but in 2008 there were 432 less people touring. Helping with our public education efforts by serving as tour guides were: Paul Nehm, Roy Swanke, Steve Reusser, Jim Post, Jon Schellpfeffer, Ralph Erickson, Ryszard Zolnik, Dave Taylor, Mike Northouse, Dave Lundey and Jeff Brochtrup. Terry Gent and others in the Building and Grounds crew assisted tour efforts by setting up the Multipurpose Room for tours and by keeping the facility "Park Like and Parlor Clean." Monty Baker and others in the Lab helped by setting up the Lab display and exhibits.

The tour area in the Effluent Building that displays the many species of fish and insects found in streams receiving effluent was manned for nearly every tour by Jeff Steven. To highlight the quality of the effluent produced at the Nine Springs Wastewater Treatment Plant, the 50-gallon, flow-through aquarium was maintained in the Effluent Building public education room. In addition to the fish tank, this display area includes maps, drawings and pictures of all water, aquatic macroinvertebrate and fish surveys. The tank that houses fish contains species that are commonly collected along Badfish Creek, Badger Mill Creek and the Sugar River. Effluent flows through the aquarium prior to being pumped to Badfish Creek and Badger Mill Creek. Survival, growth rates, and activity of the fish, which are living in 100% effluent, continued to be normal. The

display area is a favorite attraction of the many tour groups that routinely visit the Nine Springs Plant. It also provides us a “canary in a mine shaft” scenario to see if the effluent is acutely toxic to some of the biological inhabitants prior to the effluent’s discharge to the receiving streams. Tour participants also receive a pencil as a reminder that we need everyone’s help in doing the right thing when using water. Tour groups are asked to keep inorganic wastes, chemicals, mercury, and unused medicines out of the wastewater stream to help protect the environment. Reinforcing the concept that a toilet is not a waste basket. Time is spent during each tour encouraging people to consider higher education and apprenticeships working towards careers in environmental fields.

Interceptor and Fact Sheet Newsletters

In 2008, three Interceptor newsletters and five Fact Sheets were produced. The Interceptor is a newsletter that is distributed to District employees and sent to our customer communities, regulators, consultants, vendors, retirees, sister agencies, and colleagues. The Interceptor keeps everyone updated about activities here at the District. The Fact Sheet newsletter is an internal publication that helps keep the District’s employees up-to-date on issues that affect them. Many people help produce these newsletters. Roy Swanke is the main editor and producer of the Fact Sheet. Jon Schellpfeffer, Roy Swanke, and Matt Allen are the main editors of the Interceptor newsletter. The Interceptor is put together by a commercial graphic artist. Also, there are many District employees who contribute articles to the newsletters.

MMSD Open House at the Nine Springs Plant

On a hot sunny Saturday, September 20 2008, about 100 people attended the District's open house from noon till 5 p.m. Guests to the plant were greeted by MMSD hosts when they arrived. Displays and refreshments were available in the Multipurpose Room of the Operations Building. After viewing the debut of the recently revised plant tour videos, attendees toured the plant. The tour followed the normal water flow through the plant to highlight our method of cleaning wastewater to protect public health and the environment. At the completion of the tour, groups were taken to the Metrogro Pumping Station to meet with other MMSD guides to learn about work in the Engineering Department and about the Pretreatment and Metrogro Programs.

PROFESSIONAL PARTICIPATION DURING 2008

The Commissioners of the District support and encourage participation by District employees in activities that promote the knowledge and enhance the image of the water quality field. District employees were very active in professional societies as officers, committee members and presenters at various meetings. Some of these activities are:

Mark Anderson – Member Society of Environmental Toxicology and Chemistry (SETAC). Attended SETAC Annual Meeting, November 17-21, 2008. Represents Madison Metropolitan Sewerage District at EnAct Board meetings.

Monty Baker – Provided training the CSWEA Teams for the Lab Event at the Operations Challenge at WEFTEC in Chicago.

Jeff Brochtrup – Member Central States Water Environment Association (CSWEA). Served on the Water Environment Research Federation (WERF) working group for Strategic Asset Management and the National Association of Clean Water Agencies (NACWA) financial survey committee and CleanWater Central- Strategic Analysis Project.

Stephanie Calkins – Attended the WICPA (Wisconsin Institute of Certified Public Accountants) Governmental and Non-Profit Annual Update Seminar.

Shirley Fox – Attended Oracle/SPL User Workshop in Denver, CO – Head of Water/Wastewater Special Interest Group. Participated in the League of Wisconsin Municipalities annual meeting for clerks, treasurers and finance officers. Trustee on Wisconsin Investment Trust Board. Participated in Union Negotiations for AFSCME Council 40 2009 – 2011 contract.

Bill Hughes – Member North American Lake Management Society (NALMS). Attended NALMS international symposium, November 10-14, 2008.

Joe Lynch CPMM – Attended Quest International– (Oracle WAM User Group Conference) Presented a paper at Reliability Web-International Maintenance and Enterprise Asset Management Conference. “How we got to where we are”, MMSD’s development of our EAM/CMMS. Attendance at USEPA Advanced Asset Management Workshop, Madison WI, Thermographers Association's Level 1 Certification Training, Seattle Washington, Presentation Sponsored by Trane on the future of Refrigerants, Madison, Microsoft Office 2007 Training

Don Lythjohan – Life member WWOA; member of NFPA; member of Dane County Emergency Management Task Force in Emergency Planning, Power Outage, Terrorism, WMD and Mass Decontamination; member of Wisconsin Department of Commerce Public Safety Advisory Council; member of State Expert Panel on Management of Biological, Chemical and Radiological Effluent, Expert Panel for Hospital Decontamination Wastewater Management, Expert Panel for WDNR Effluent Decontamination Rules; FEMA instructor in National Incident Management System (NIMS); President of Water/Wastewater Education Association; Presented training (Confined Space) to Blooming Grove Fire Department, Dane County Fire Chief Association and Rib Mountain Sewerage District; Trained 32 County and Local Police and Fire Departments in Mass Decontamination; Certified Instructor for American Red Cross in CPR, First Aid, AED and First Aid for the Professional Rescuer.

Dan McAdams – Completed studies for Professional Learning Plan. Courses completed at MATC for Degree in Technical Studies for the Journeyman in 2008 were: Contemporary American Society- Sociology, 3 credits, Economics 3 credits, Windows XP 1 credit, Foundations of Quality, a Supervisory Management course, 3 credits and, Internet Introduction 1 credit. Degree work was completed and graduated December 2008.

Paul Nehm – Member of the Wisconsin Section of CSWEA Operations Committee and chairman of the 2008 Management Seminar Planning Committee. Presented “Engineering Effects on Operations and Maintenance” to UW Civil and Environmental Engineering class.

Rhonda Riedner – Member of the Association of Laboratory Managers (ALMA). Attended annual ALMA symposium, October 15-17, 2008.

Steve Reusser – Participated on the Central States Water Environment Association Technical Program Committee for the meeting held in May, 2008. Recipient of the WEF William D. Hatfield Award at the May, 2008 CSWEA meeting. Participated as an instructor for the University of Wisconsin, College of Engineering Department of Engineering and Professional Development course, “Wastewater Treatment Plants: Process, Design and Operation”, held from September 12-14, 2008. On November 18, 2008 presented, “Low D.O. Operation: Effects on Biological Phosphorus Removal, Oxygen Transfer Efficiency, Denitrification, and Energy Savings,” at the

EPA POTW Nutrient reduction and Efficiency Workshop, held in Cincinnati, Ohio. On December 10, 2008, presented, “Wastewater SCADA Systems” to UW Civil Engineering students – CEE 426.

Jon Schellpfeffer – Chair of the Utility Management Committee of the National Association of Clean Water Agencies.

Mike Simon – Member of the IEEE IAS Maintenance, Operations, and Safety Working Group and project chair for the operations and management sub-group. Formerly, this working group was responsible for the IEEE Yellow Book, “Guide for Maintenance, Operation and Safety of Industrial and Commercial Power Systems.” Member of IEEE Emerald Book Working Group, “Powering and Grounding Electronic Equipment.” A member of the Industrial Application Society (IAS) of the IEEE and the Madison Branch-IEEE. Attended the Industrial and Commercial Power System (I and CPS) conference in Clearwater Beach, FL in May. Member of WEF and WWOA. Co-authored “Planning the Future for Wastewater Pumping Stations in Madison” (appeared in *Central States Water*, Winter 2007) and “Managing Wastewater Conveyance in Wisconsin’s Capital City” (WEFTEC 2008) with Ned Paschke. Member of CSWEA Management Seminar planning committee. On the Wisconsin Forward Award Board of Examiners for 2008. Member WERF Strategic Asset Management Working Group. Presented “Wastewater Facility – Electrical Design Considerations” to UW Civil Engineering students – CEE 426.

Jeff Steven – Taught biology, collection and identification techniques of fish and aquatic macro-invertebrates and basic water chemistry to grade school, high school and numerous college students and adult groups. Presentations and participation during MMSD tours and at the Cambridge Science Fair and the North American Benthological Society Annual Meeting; Member Wisconsin Association of Environmental Educators (WAEE), Member NACWA Water Quality Committee Biocriteria Workgroup, Member WERF Watershed Management and Water Quality Committee, Member WDNR Technical Advisory Committee’s on Thermal Standards (Committee Chair) and Water Body Use Designation (WBUD), Member and chairman of MMSD Safety Committee.

Roy Swanke – Member of National Environmental, Safety and Health Training Association, WWOA, Secretary of the Southern Section of the WWOA. Gave a presentation at the annual WWOA conference in Stevens Point September 2008 on “Safety Training, Keeping it Motivational and Economical.” Presented “Owners Perspectives” at the Designing Wastewater Pumping Systems and Lift Stations Course for the UW Department of Engineering Professional Development. Part Time Instructor at Madison Area Technical College teaching Welding and other metalworking courses. Certified Instructor for American Red Cross in CPR, First Aid, AED.

Dave Taylor - Member and co-chair of the NACWA Biosolids Committee; Member and co-chair of the National Biosolids Partnership Advisory Committee; Board of Directors for the Wisconsin State Laboratory of Hygiene-Board Chair in 2008; Member of the Wisconsin Section Government Affairs Committee; Member of the Spring Biosolids Symposium Planning Committee. Presented “Biosolids and Watershed Management Activities” to UW Civil Engineering students (CEE 426). Presented an MMSD Overview to UW Urban and Regional Planning/Nelson Institute for Environmental Studies students (UPRL/ENVIR ST 865). Presented “Biosolids Management-The MMSD Experience” at the 2008 State/EPA Biosolids Coordinators Workshop.

Joe Walsh – Attendee and Member of Knowledge Committee for Oracle User Group Conference – Collaborate 2008 in Denver, Colorado. Attendee at Oracle OpenWorld 2008 Conference in San Francisco, California.

Janelle Werner – Attended MTM seminar for OnBase and continued PLP development by taking MBA classes at Concordia College.

LITIGATION

The District was dismissed from the Small Claims Court action initiated in 2007 against several parties, including the District, by Hawkin Zukowski for alleged damages to the tires on his car.

50-YEAR MASTER PLAN

Work continued on the District’s 50-year master plan to address the following major issues:

- Growth of the service area population and its impact on facility needs
- Continued reliance on a one-plant model for providing regional sewerage service
- Continued diversion of effluent to Badfish Creek
- Effluent reuse options

The Capital Area Regional Planning Commission (CARPC) completed population and flow projections. Projected year 2060 service area population ranges from 475,000 to 560,000. Total wastewater flows are expected to range from 60 to 70 mgd. CARPC used this information to evaluate the capacity limitations within the collection system by allocating the projected flows among the pumping station service areas.

Malcolm Pirnie and Strand evaluated the capacity and condition of the Nine Springs Wastewater Treatment Plant and the District’s interceptors, force mains, and pumping stations. They also determined when the various facilities would require replacement, modifications, or supplemental capacity. At the end of the year the consultants were preparing and evaluating options for the provision of service for the next 50 years. These options will be reviewed by the District and the 13 members of the Technical Advisory Committee formed to aid this planning effort.

During the early part of the year, District staff made numerous presentations to various governmental bodies concerning the issues it planned to address in the plan and asking for their input. The public was very supportive of the District’s approach. Follow-up meetings with these bodies and others will be scheduled as part of the option review process.

The project was 75 percent complete by the end of the year. Work is expected to be completed by the summer of 2009.

STRATEGIC PLANNING INITIATIVES

The District conducts a significant review of its strategic plan and planning process as part of a five-year strategic planning cycle. The latest of these reviews occurred in 2007. If necessary, minor plan and process adjustments are adopted on an annual basis. For each year, focus area action plans are developed and implemented based upon the key challenges and objectives identified within the strategic plan, and the organizational priorities for the present year.

The directors and the organization addressed eleven focus areas during 2008; 2008 was the first year in the implementation phase of the District's recent five-year strategic planning cycle. The focus areas were selected based upon the four key challenges and their supporting objectives identified during the 2007 strategic planning review. The District's four key challenges are related to providing great customer service, exceptional performance, financial accountability, and creating a sustainable workforce. (Further details of the key challenges and their supporting objectives may be found in the third edition of the District's Vision, Goals, and Strategies document.) Each of the eleven focus areas helps address an objective or objectives related to one or more of the District's key challenges. Highlighted below are the eleven focus areas for 2008 along with their year-end status:

1. Establish a human resources program/presence.
A human resource presence has been established with the hiring of Human Resources Group, Inc. to provide some of the District's human resource services. These services will continue in 2009.
2. WPDES Permit – Preparation for negotiation/issuance in 2009.
The District submitted its application for a new permit in late summer of 2008. A new permit should be in place before the current permit's expiration (end of March 2009).
3. 10th Addition – Complete construction and fully implement.
The original Tenth Addition project has been completed and supplemental projects NS10D and NS10E are nearing completion. To address unmet goals, the District is currently undertaking a Solids Handling Facilities Plan.
4. Master Planning – Continue the Master Planning effort.
The Master Planning effort continued throughout 2008 and should be completed in the first half of 2009.
5. Asset Management – Continuously improve our asset management plans and practices.
The focus in 2008 was to work on development of an updated Collection System Facilities Plan and an asset management plan for the Nine Springs Wastewater Treatment Plant. The Capital Area Regional Planning Commission's collection system evaluation for MMSD was nearly completed by the end of 2008. Completion of the Collection System Facilities Plan Update and the treatment plant asset management plan is planned for 2009.
6. Succession Planning – Develop an approach to succession planning.
This planning effort identified three phases to be completed over the course of a year and a half. At year-end, the first phase was completed and the second phase was well underway. Progress will continue in 2009.
7. Performance Reviews – Establish and implement a formal program.
A new approach to performance reviews was developed in 2008. Implementation will begin in the first quarter of 2009.

8. Compensation Review – Complete compensation study and follow up.
In 2008, a compensation study was conducted and completed by Carlson-Dettmann.
9. Supervisory Training Program – Continue Phase 1 and begin Phase 2.
Phase 1 of the supervisory training program continued throughout 2008. Phase 2, which included non-supervisory personnel began in 2008 and will continue through 2009.
10. Strategic Planning/Directors’ Meetings – Implement strategic plan through use of action plans. Directors’ meetings provide a review and management process.
11. The directors consistently met during 2008 to discuss the status of action plans related to the selected focus areas. This will continue in 2009.
12. Union Negotiations – Present contract expires at the end of 2008.
District and union representatives negotiated a new contract for the years 2009-2011.

The year 2009 will be the second year of this strategic planning cycle’s implementation phase. At the end of 2008, the directors had a tentative list of focus areas for 2009 that included the following:

1. Solids Handling Facility Plan.
2. Master Planning Follow-up.
 - a. Research agenda.
 - b. Develop relationships with other water stakeholders.
 - c. Public communication.
3. Phosphorus Management.
4. Follow-up to June 2008 High Flow Events.
5. Improve O&M and Engineering Coordination and Communication.
6. Performance Review Implementation Process.
7. Asset Management.
8. Workforce/Succession Planning (Phase 2 completion and Phase 3).
9. Develop Organizational Performance Measures.
10. Review and update Policy Book.

Once the focus area list is finalized, action plans will be completed and implemented.

COLLECTION SYSTEM PLANNING INITIATIVES

The 2002 Collection System Facilities Plan continued to guide MMSD’s implementation of significant collection system improvements during 2008. The Collection System Facilities Plan provides an assessment of the condition and hydraulic capacity of MMSD’s collection system facilities, including 93.5 miles of gravity interceptors, 43.8 miles of wastewater and effluent forcemains, and 17 regional pumping stations.

The Facilities Plan provides a recommended timetable and anticipated costs for future collection system projects through 2020. The estimated total cost for the recommended projects through 2020 is approximately \$84 million. As of year-end 2008, the following projects discussed in the Facilities Plan were either in progress or completed:

- Rehabilitation of Pumping Station Nos. 1, 2 and 10 – completed.
- Collection System Dynamic Model – completed.
- Replacement of Pumping Station No. 2 Forcemain – completed.
- Replacement of SW Interceptor/Shore Drive – completed.
- Crosstown Forcemain Replacement – completed.
- PS1 North Basin Interceptor – completed.
- Fortune Drive Relief – completed.
- West Int. Campus Relief Phases I, II, III, IV – completed.
- Northeast Interceptor Pflaum Road Replacement – completed.
- Pumping Station No. 9 Electrical Upgrades – completed.
- Lower Badger Mill Creek Interceptor Design – completed.
- Northeast Interceptor Airport Relocation – completed.
- Pump Station Nos. 13 and 14 Firm Capacity Improvements – in progress.
- Lower Badger Mill Creek Interceptor : Phase 1 Construction – completed.
- Lower Badger Mill Creek Interceptor : Phase 2 Construction – substantially complete.
- West Interceptor Extension Replacement – completed.
- Southwest Interceptor North and South Legs Liner – completed.
- Pumping Station Nos. 6 and 8 Rehabilitation – in progress.
- Northeast Interceptor Truax Area Liner – completed.
- West Int. Campus Relief Phases V+ - postponed.
- Far East Interceptor Gaston Road Extension – completed.
- Northeast Interceptor Pumping Station No. 10 to Lien Road Relief – in progress.

The original five-year planning period detailed in the 2002 Collection System Facilities Plan ended in 2007, and an effort to update the Plan has started. The Capital Area Regional Planning Commission (CARPC) was retained to complete population and flow projections through 2030 and 2060. This work was substantially complete at the end of 2008 and the final report is expected in early 2009. Beginning in 2009, MMSD staff will incorporate the CARPC capacity evaluation with collection system risk and condition assessments to update the Facilities Plan and prioritize future capital improvement projects.

ENGINEERING AND CONSTRUCTION IN 2008

Solids Handling Facilities Plan

Following completion of the 10th Addition digestion facilities, a series of operational difficulties were encountered. These included the following major items:

- Foaming in the thermophilic digesters, especially during winter months, when waste activated sludge (WAS) flows were higher.
- Heat exchange problems (due to grease and rag build-up within the heat exchangers), which caused insufficient heating capacity.

To resolve these problems, the District incorporated an alternate process that included an acid-phase digestion step prior to thermophilic digestion. This reduced the grease problems in the heat exchangers and the process operated successfully for 2½ months in 2006 and 5 months in 2007. However, the acid phase digester could not maintain a reliable, stable mode of operation. This was most likely due to the fact that the digester (Digester 7) used for the acid phase step was too large for this application.

The District also experienced mechanical and materials handling problems associated with the new digestion process. Problems included:

- Gas binding in the centrifugal sludge transfer pumps.
- Vivianite formation in the second stage heat exchangers.
- Struvite formation in pumps, heat exchangers, and piping downstream of the thermophilic digesters.
- Rag accumulation in the heat exchangers.
- High moisture, hydrogen sulfide, and siloxane concentrations in the digester gas.

To alleviate these problems, the District embarked on the Solids Handling Facilities Plan in 2008. The primary objective of the Solids Handling Facilities Plan is to review available process alternatives and provide a detailed recommendation of facilities necessary to assure a reliable, sustainable process for producing Class A biosolids.

The team of Applied Technologies and Carollo Engineers were retained to complete the Solids Handling Facilities Planning work. At the end of 2008, the work was approximately 75% complete and is expected to be finished by the middle of 2009. Detailed design will follow and construction is expected to begin in 2010.

Lower Badger Mill Creek Interceptor-Phase 2

The second phase of construction for the Lower Badger Mill Creek Interceptor includes a total of approximately 5,100 feet of new interceptor ranging in size from 24-inch to 36-inch. The project begins at Edward Street in the City of Verona (where Phase 1 ended) and ends at Northern Lights Trail.

Preliminary design of this segment of interceptor was completed during overall design of the Lower Badger Mill Creek Interceptor (34,000 + feet) in 2005. Final contract documents, permitting, and easement acquisition were completed by MMSD staff in 2008.

The project was bid on March 6, 2008. The Commissioners awarded the contract to Capitol Underground, Inc., on March 17, 2008, at their low bid price of \$699,113.00. As of December 31, 2008, construction was substantially complete, with final paperwork and contract close-out expected in early 2009.

Pumping Station Nos. 13 and 14 Firm Capacity Improvements

This project addresses the pumping capacity at each station with the largest pumping unit out-of-service and compares the remaining pumping capacity to peak incoming flows.

Planning was completed in late 2006 and detailed design was completed in early 2007. Improvements include replacement the smallest pumping unit at each station with a unit comparable to the second largest pump. These units would serve as back-ups to each other and would pump in parallel to produce a flow equal to the largest pump. Also included in the design are re-builds (including new impellers) of three pumps (pumps 13B, 14B and 14C).

The project was bid on March 22, 2007. The Commissioners awarded the contract to Midwest Pipeline, Inc., on March 26, 2007, at their low bid price of \$424,601.00. As of the end of 2008, construction was 99.4% complete and is scheduled to be complete in early 2009.

West Interceptor Extension Replacement

Sewer televising inspection revealed that the West Interceptor Extension, constructed in 1957, had suffered significant deterioration. The 24-inch concrete interceptor had many areas where the pipe had settled or shifted, and also had areas of root intrusion and grease build-up. Sections of the interceptor could not be cleaned or televised due to the severe grade changes in the interceptor.

Approximately 3,200 feet of 42-inch and 36-inch interceptor were installed to replace the existing sewer from Mendota Avenue to Middleton Springs Drive. Final plans and specifications were completed in early 2007 and the project was bid on April 26, 2007. The Commissioners awarded the contract to Capitol Underground, Inc., on April 30, 2007, at their low price of \$1,810,624.50. Work was completed in the spring of 2008 and the contract was accepted by the Commissioners on June 19, 2008. The final contract amount, including all change orders, was \$1,757,288.78.

West Interceptor Relief-Walnut Street Siphon Cleaning

During preliminary design of Phase 5 of the West Interceptor Campus Relief Project, it became evident that an additional siphon under Walnut Street was not feasible due to existing infrastructure (primarily bridges) in the area. The capacity of the existing siphon was carefully evaluated and it was determined that the existing single siphon could handle future peak flows. However, the condition of the siphon was unknown and needed to be evaluated.

This project included the bypass of flow, draining, cleaning, and inspection of the West Interceptor Relief siphon under Walnut Street. Northern Pipe was originally hired to do the work at their low bid price of \$53,000. They were unable to finish the work due to large deposits inside the siphon and were paid \$27,650 for the work they completed. The final cleaning and inspection were completed by McCann Sewer in August 2008, for a price of \$41,250.

Northeast Interceptor-DeForest Monitoring Manhole 14-156A

Due to changes in municipal boundaries, several monitoring manholes in the DeForest area were combined into one point. The new monitoring location, just north of Windsor Road on the DeForest Leg of the Northeast Interceptor, was also easier to access than the previous locations.

Design of the 8 by 4 foot manhole was completed by MMSD staff. The manhole was purchased directly from Wieser Concrete Products at a cost of \$8,347. The manhole was installed by South Central Construction, at their low quote of \$43,800.00. Work was completed in November of 2008 at a final cost of \$44,700.00.

Adjustments to Manholes 06-120 to 06-122

During WDOT reconstruction of East Washington Avenue in 2007, several MMSD manholes between 2nd Street and 5th Street needed adjustment due to changes in road elevation. This included significant modifications to manhole 06-120, which required the removal of approximately 3 feet of the 6 by 6 foot poured-in-place structure.

Work was completed as part of the WDOT contract and was reimbursed to the WDOT via the City of Madison. Final payment of \$5,487.10 was made to the City in September of 2008.

Digester 7 Odor Control

To treat non-combustible, odorous gas released from the acid-phase sludge digestion process, a piping system was designed to divert gas from the acid-phase digester (Digester No. 7) to Aeration Tank No. 17. The system was designed by MMSD staff and included coarse bubble diffusers, piping, instrumentation; and related work. The gas throttling valve, thermal dispersion flow-meter and coarse bubble aerators required for the system were purchased directly by MMSD to expedite the project.

Installation was completed by H&H Industries, the low bidder for the work. Construction of the \$34,860.00 project began in the summer of 2007 and was finished early in 2008. The final amount, including all change orders, was \$34,860.00

NS10D-Improvements to the 10th Addition

This project includes installation of a new screw conveyor in the Headworks Facility, demolition and installation of HVAC equipment in the Boiler Building, installation of three new variable frequency progressing cavity pumps in Sludge Control Building No. 2, installation of a new sludge grinder in Sludge Control Building No. 2, modifications to boiler exhaust stacks in Sludge Control Building No. 2, and ductile iron piping modifications in Tunnel No. 2. The three variable frequency progressing cavity pumps were purchased directly by MMSD to expedite delivery and installation.

The project was bid on August 23, 2007. The Commissioners awarded the contract to H&H Industries on August 27, 2007, at their low price of \$432,640.00. As of the end of 2008, construction was 98.4% complete and is scheduled to be complete in early 2009.

NS10E-Digester Gas Treatment System

During start-up of the thermophilic digestion process in 2006, one of the gas engines driving an electric generator in Sludge Control Building No. 2 suffered a major mechanical failure. Subsequent investigation determined that high levels of siloxanes in the digester gas led to significant sand-like deposits within the engine, causing the failure. Tests also revealed high levels of hydrogen sulfide and moisture (due to higher thermophilic digestion temperatures) in the digester gas.

A review of processes available to address these issues revealed that a gas treatment system available from Applied Filter Technologies (AFT) produced the most reliable results on a continuous basis. Since the AFT system is proprietary and AFT is the only potential supplier of this technology, the system was supplied through a sole-source, turn-key proposal.

Subsequently, AFT was unable to secure the required bonding for the project. The electrical contractor for the project, Town & Country Electric, agreed to supply the necessary bonding for the project and assume the lead Contractor role. The Commissioners accepted the proposal from Town & Country Electric on October 15, 2007, for a price of \$1,778,804.00. As of the end of 2008, construction was substantially complete, with final paperwork and project close-out to be completed in early 2009.

West Interceptor Campus Relief – Phase 5

This is a continuation of several previous relief projects to the MMSD West Interceptor system and is intended to provide additional capacity to the regional sewers in the area. Phase 5 (and beyond) will be located in Campus Drive or University Avenue, and will extend from Walnut Street to Whitney Way.

Planning for the ~12,000 feet of interceptor began in 2007 and continued throughout 2008. Due to lower projected flows (based on the CARPC Collection System Evaluation) from Middleton, the project was postponed indefinitely near the end of 2008. The capacity of the West Interceptor system will be re-evaluated in coming years, when flow increases are better defined.

Far East Interceptor – Gaston Road Extension

This interceptor, which is an extension to the Far East Interceptor system, serves new areas near the intersection of Gaston Road and Interstate 94. The project involves the installation of approximately 1,700 feet of 18 and 21-inch sewer along Gaston Road, including the crossing of Interstate 94 at the Gaston Road Bridge.

Planning and design were completed by MMSD staff in early 2008 and the project was bid on May 22, 2008. The Commissioners awarded the contract to R.G. Huston Company, Inc., on May 28, 2008, at their low bid price of \$471,897.50. Work was completed in the fall of 2008 and the contract was accepted by the Commissioners on November 13, 2008. The final contract amount, including all change orders, was \$607,097.32.

Pumping Stations 6 and 8 Rehabilitation

The 2002 Collection Systems Facilities Plan identified Pumping Station Nos. 6 and 8 as needing improvements to upgrade the overall reliability of the stations and increase pumping capacity.

The rehabilitation of Pumping Stations 6 and 8 includes improvements to pumping equipment, electrical systems and structural components. The project also includes additions to both buildings, new HVAC equipment, and improvements to the exterior of the stations.

Design work was completed in 2008 and bids for construction were opened on June 27, 2008. Contracts were awarded on June 30, 2008, to the respective low bidders for the three prime contracts as follows:

<u>General Construction</u>	
Joe Daniels Construction Co., Inc.	\$1,058,602.00
<u>Mechanical Construction</u>	
J.F. Ahern Company, Inc.	\$2,661,000.00
<u>Electrical Construction</u>	
Forward Electric, Inc.	\$1,956,241.00

Construction of the project started in the fall of 2008. As of December 31, 2008, the General Construction contract with Joe Daniels Construction was 46.2% complete, the Mechanical Construction contract with J.F. Ahern was 3.9% complete, and the Electrical Construction contract with Forward Electric had not yet started. Work is expected to continue throughout 2010.

Northeast Interceptor Truax Area Liner

During televising of the Northeast Interceptor through the Dane County Airport, areas of deteriorated pipe were identified. Deterioration included mild corrosion above the waterline and intermittent infiltration at pipe joints. Because the interceptor is located beneath two airport runways and poses a significant risk if any problems were to develop, a decision was made to rehabilitate the pipe.

This project included rehabilitation of approximately 5,300 feet of 48-inch concrete pipe, which was originally installed in the 1960s. The pipe was lined with a cured-in-place-pipe from MH13-105 to MH13-117. Significant bypass pumping was required to facilitate the installation of the liner.

Planning and design were completed by MMSD staff in 2008 and the project was bid on March 27, 2008. The Commissioners awarded the contract to Michels Corporation on March 31, 2008, at their low bid price of \$1,738,300.00. Construction began in the summer of 2008 and was completed in the fall of 2008. The contract with Michels Corporation was accepted by the Commissioners on December 12, 2008. The final contract amount, including all change orders, was \$1,763,024.34.

Pumping Station No. 7 Back-up Power

In late June of 2008, an automobile accident on Bridge Road caused both electrical feeds to Pumping Station No. 7 to be disrupted. The resulting power outage caused a sanitary sewer overflow into the Yahara River.

After reviewing the power distribution in the Pumping Station No. 7 area, it became apparent that both MG&E feeds were located on the same pole line for a significant distance without the necessary switching capabilities. To make the feeds more independent and to provide additional redundancy, it was decided to install a third feed to the station. The third feed will be installed by MG&E in 2009. The anticipated cost for the work is \$142,000.00. At the end of 2008, work had not yet started.

Northeast Interceptor-PS10 to Lien Road Relief

The existing 48-inch interceptor from Pumping Station No. 10 to Lien Road lacks adequate capacity for peak flows and has infiltration in several areas. The interceptor also suffers from concrete deterioration above the normal waterline.

To address these issues, the interceptor will be replaced or relieved. Planning for this work began in 2008 and will continue into 2009. Approximately 9,500 feet of existing interceptor will be replaced or relieved. At the end of 2008, initial field surveying was complete and wetlands were delineated. Detailed design is expected to be complete by the middle of 2009 and construction of a portion of the project is anticipated to begin in late 2009. The entire project will not be completed until 2010, at an estimated cost of \$10 million dollars.

CLEAN WATER FUND LOANS

In 1989 the State of Wisconsin replaced the Wisconsin Fund Grant Program with the Clean Water Fund Loan Program. The Clean Water Fund is a state revolving loan fund that was capitalized initially with grants from the U.S. Environmental Protection Agency and by bonds issued by the State of Wisconsin. The District has issued general obligation bonds and notes to the State of Wisconsin for 14 loans under this program. The total amount financed through these Clean Water Fund loans is \$98.5 million.

The District had three Clean Water Funds loans in 2008 for which the final disbursement had not been received by the end of 2008. The status of those loans is as follows:

Tenth Addition to Nine Springs

The District issued General Obligation Sewerage System Promissory Notes, Series 2003B, on August 27, 2003, to the State of Wisconsin Clean Water Fund (CWF Project 4010-16). These bonds are for an aggregate amount not to exceed \$35,427,273 and are to be repaid at an annualized interest rate of 2.796%. The first interest payment on the loan was made on November 3, 2003. The first principal payment was made on May 1, 2006. The final bond payment will be made on May 1, 2023.

There were no disbursements for this loan during 2008. The final disbursement is expected in early 2009. As of December 31, 2008 the District had received \$34,718,727.54 from the Clean Water Fund for this project.

West Interceptor Extension Replacement

The District issued General Obligation Sewerage System Promissory Notes, Series 2007A, on December 12, 2007, to the State of Wisconsin Clean Water Fund (CWF Project 4010-23). Funds from this issue finance the West Interceptor Extension Replacement and Pumping Stations 13 and 14 Firm Capacity Improvements projects. These bonds are for an aggregate amount not to exceed \$2,826,309 and are to be repaid at an annualized interest rate of 2.555%. The first interest payment on the loan will be made on May 1, 2009. The first principal payment will be made on May 1, 2009. The final bond payment will be made on May 1, 2027.

As of December 31, 2008 the District had received \$2,534,343.83 from the Clean Water Fund for this project.

Pumping Stations No. 6 and 8 Rehabilitation

The District issued General Obligation Sewerage System Promissory Notes, Series 2006A, on November 12, 2008, to the State of Wisconsin Clean Water Fund (CWF Project 4010-26). Funds from this issue finance the Pumping Stations 6 and 8 Rehabilitation and the Northeast Interceptor Truax Area Liner projects. These bonds are for an aggregate amount not to exceed \$9,143,490 and are to be repaid at an annualized interest rate of 2.368 percent. The interest payment on the loan will be made on May 1, 2009. The first principal payments will be made on May 1, 2011. The final bond payment will be made on May 1, 2028.

As of December 31, 2008 the District had received \$2,409,852.37 from the Clean Water Fund for this project.

NINE SPRINGS ENERGY USE PROFILE

This table shows an estimate of the total amount of electric and thermal energy used at the Nine Springs Wastewater Treatment Plant and the division between purchased and renewable (primarily self-produced) power. The significant decrease in generated electrical power from 2006 to 2007 was due to problems caused by additional moisture and contaminants in the digester gas and a subsequent problem with one of the generator engines. The other generator was taken offline in May 2007 as a precaution. To correct the problem, the District installed a gas drying system, which also removes hydrogen sulfide and siloxanes. This new system went online in the summer of 2008 and the generators have since been placed back into service. The additional increase in total power consumption for 2008 over 2007 may be attributable to several factors; however, the main factor is the higher wastewater flows resulting from the June storm events and flooding.

Annual Energy Use Summary

Electric Energy	2004		2005		2006		2007		2008	
	kWhrs/	% of								
	day	Total								
Commercial Service Purchased from MG&E	58,705	70.7%	60,213	73.0%	60,266	69.6%	77,083	85.9%	78,032	83.1%
Wind Power Purchased from MG&E	15	0.0%	15	0.0%	15	0.0%	15	0.0%	37	0.0%
Generated from Digester Gas	16,438	19.8%	14,488	17.6%	17,121	19.8%	3,260	3.6%	6,509	6.9%
Avoided Purchase Due to Blower Gas Engine	7,866	9.5%	7,745	9.4%	9,147	10.6%	9,378	10.5%	9,350	10.0%
Total Used & Avoided	83,024		82,461		86,548		89,736		93,929	
Average cost of purchased power (dollars/kWhr)	\$ 0.0509		\$ 0.0599		\$ 0.0674		\$ 0.0674		\$ 0.0735	
Estimated total monthly value of energy used	\$128,949		\$150,335		\$177,559		\$183,879		\$210,452	
Estimated monthly value of renewable energy	\$37,771	29.3%	\$40,560	27.0%	\$53,921	30.4%	\$25,927	14.1%	\$35,617	16.9%
Thermal Energy	2004		2005		2006		2007		2008	
	therms/	% of								
	day	Total								
Generated from Natural Gas	342	24.9%	298	19.1%	277	13.4%	389	17.6%	566	26.5%
Generated from Digester Gas	227	16.5%	370	23.7%	409	19.8%	1,280	58.1%	813	38.0%
Recovered from Gas Engines	806	58.6%	896	57.3%	1,384	66.8%	534	24.2%	760	35.5%
Total hot water energy used	1,375		1,563		2,071		2,203		2,138	

Thermal Energy Continued	2004		2005		2006		2007		2008	
Average cost of purchased gas (dollars/therm)	\$ 0.7654		\$ 0.7548		\$ 0.9427		\$ 0.9344		\$ 0.9476	
Estimated total monthly value of gas used	\$42,683		\$47,853		\$79,161		\$83,484		\$82,181	
Estimated monthly value of renewable energy	\$32,054	75.1%	\$38,732	80.9%	\$68,553	86.6%	\$68,750	82.4%	\$60,428	73.5%
Total Energy Use	2004		2005		2006		2007		2008	
	\$ per	% of								
	month	Total								
Total Estimated Value of Energy Used	\$171,631		\$198,188		\$256,720		\$267,363		\$292,633	
Estimated Value of Renewable Energy Used	\$69,824	40.7%	\$79,292	40.0%	\$122,474	47.7%	\$94,677	35.4%	\$96,045	32.8%

ANNEXATIONS TO THE DISTRICT

Annexations to the District added 217.1 acres, increasing the area of the District to 178.10 square miles. The annexations occurred in the City of Verona, Town of Westport, City of Middleton, Town of Pleasant Springs. Descriptions of the areas annexed are as follows:

CITY OF VERONA

BREUNIG LANDS

MMSD ANNEXATION 08-01

A parcel of land located in the NE1/4 of the SE1/4 of Section 21, T6N, R8E, City of Verona, Dane County, Wisconsin more particularly described as follows:

Commencing at the west 1/4 corner of said Section 22; at a point described as the beginning of Lot 1 CSM 10579; thence continuing along said CSM boundary description S88°28'25"E, 114.60 feet; thence S54°55'01"E, 452.58 feet; thence S34°55'51"W, 360.42 feet; thence N49°07'38"W, 33.17 feet; thence N60°07'56"W, 285.22; thence N89°28'24"W, 133.6 feet to the intersection with the existing Madison Metropolitan Sewerage District (MMSD) boundary and the point of beginning of the parcel to be annexed; thence continuing N89°28'24"W, 174.79 feet; thence N00°53'20"W, 394.97 feet to the north line of the NE1/4 of the SE1/4 of Section 21 and the MMSD boundary; thence continuing along the MMSD boundary and said north line S89°28'24"E, 308.39 feet to the west 1/4 corner of said Section 22; thence continuing along the MMSD boundary southwesterly 400 feet; thence continuing along the MMSD boundary S54°51'54"E, 115.0 feet to the point of beginning and end of this description. Said parcel contains 1.66 acres of land.

TOWN OF PLEASANT SPRINGS-PLEASANT SPRINGS SANITARY DISTRICT
LOTS 48-49 OAK KNOLL
MMSD ANNEXATION 08-02

Lots 48-49 Oak Knoll, located in NE1/4, Section 32, T6N, R11E, Town of Pleasant Springs, Dane County, Wisconsin, more particularly described as follows:

Commencing at the intersection of the centerline of County Highway B and Williams Drive; thence North along said center line, 55 feet; thence North 88° 40' 00" East, 33.01 feet to a steel pipe; thence 5.22 feet North to a steel pipe, which is at the Southwest corner of the Greenway indicated on the plat map of Oak Knoll Plat, which was recorded in Volume 27, Page 3; thence North 349.79 feet to the Southwest corner of Lot 45 and the East line of Williams Drive; thence North along the East right-of-way line of Williams Drive to the Southwest corner of Lot 48 of Oak Knoll Plat and the point of beginning; thence East along the North line of Burritt Road 101.72 feet; thence North 80° 24' 00" East, 96.24 feet to the Southeast corner of Lot 48; thence North 07° 28' 30" West, 112.62 feet; thence North 43° 10' 00" East, 90 feet to the Northeast corner of Lot 49; thence South 89° 58' 10" West, 243.53 feet to the Northwest corner of Lot 49; thence South along the East right-of-way line of Williams Drive; to the point of beginning. Said parcel contains 0.87 acres.

CITY OF VERONA
CSM 2499 and USH 18 ROW LANDS
(MMSD ANNEXATION 08-03)

Part of the Southeast 1/4 (SE 1/4) of the Southwest 1/4 (SW 1/4) of Section 23, and part of the Northeast 1/4 (NE 1/4) of the Northwest 1/4 (NW 1/4) of Section 26, all in T6N, R8E, City of Verona, Dane County, Wisconsin, described as follows:

Beginning at the North 1/4 corner of said Section 26; thence South 01°02'57" West along the East line of the NE 1/4 of the NW 1/4 of said Section 26, 746.64 feet to the prolongation of the South line of Lot 2, Certified Survey Map (CSM) No. 2499; thence North 89°23'51" West along the said prolonged line and along the South lines of Lot 2 and Lot 1 of said CSM 2499, 625.59 feet to the northeast corner of Lot 1, CSM 2227; thence continue along the South line of Lot 1, CSM 2499 and the North line of Lot 1, CSM 2227, North 68°57'31" West, 305.90 feet; thence continue along Lot 1, CSM 2227, South 08°27'42" West, 117.06 feet; thence continue along Lot 1, CSM 2227, North 80°39'00" West, 170.99 feet; thence continue along Lot 1, CSM 2227, North 03°48'47" East, 172.75 feet; thence continue along Lot 1, CSM 2227, North 49°57'06" West, 74.13 feet; thence continue along Lot 1, CSM 2227, North 84°52'20" West, 141.45 feet to the easterly line of lands described in Quit Claim Deed, Document No. 2288999; thence North 00°29'37" West along the said easterly line, 414.90 feet to the South right-of-way line of County Trunk Highway "M"; thence North 00°58'55" East, 623.16 feet to the northerly right-of-way line of USH 18; thence North 87°17'47" East along the said right-of-way line, 78.04 feet; thence continuing North 76°16'59" East along the said right-of-way line, 438.34 feet; thence continuing North 51°15'37" East along the said right-of-way line, 250.47 feet; thence continuing North 19°20'33" East along the said right-of-way line, 464.53 feet; thence continuing North 26°57'24" East along the said right-of-way line, 310.19 feet; thence continuing North 55°12'14" East along the said right-of-way line, 157.83 feet; thence North 89°52'09" East, 162.78 feet to the East line of the SE 1/4 of the SW 1/4 of said Section 23; thence South 00°07'51" East along the said East line, 1622.16 feet to the Point of Beginning. Said parcel contains 49.802 acres.

CITY OF VERONA
HOLY WISDOMM MONASTERY LANDS
(MMSD ANNEXATION 08-04)

The following described property located in the Southwest quarter and Southeast quarter, Section 32, T8N, R9E, Town of Westport, Dane County, Wisconsin:

The Southeast quarter of the Southwest quarter of Section Thirty-two, Town Eight (8) North, Range Nine (9) East;

Together with, a parcel of land located in the Southwest quarter of the Southeast quarter of said Section Thirty-Two, described as follows:

Beginning at the Southwest corner of said Southwest quarter of the Southeast quarter; thence northerly along the westerly line of said Southwest quarter of the Southeast quarter to the northwest corner of said Southwest quarter of the Southeast quarter; thence easterly along the north line of said Southwest quarter of the Southeast quarter, 334 feet more or less to lands currently owned by Benedictine Women of Madison, Inc.; thence south 100 feet more or less along a westerly line of said lands; thence east 170 feet more or less along a southerly line of said lands; thence south 1174 feet more or less along the westerly line of said lands to the south line of said Southwest quarter of the Southeast quarter; thence westerly along the south line of said Southwest quarter of the Southeast quarter to the Point of Beginning. Said parcels contain 55.9 acres of land.

CITY OF MIDDLETON
GRABER HIGHLANDS LANDS
(MMSD ANNEXATION 08-05)

Part of the Northeast Quarter (1/4) of the Southwest Quarter (1/4), also part of the Southeast Quarter (1/4) of the Southwest Quarter (1/4), also part of the Southwest Quarter (1/4) of the Southeast Quarter (1/4), all in Section 35, Township 08 North, Range 08 East, Town of Springfield, Dane County, Wisconsin, more fully described as follows:

The Southwest Quarter (1/4) of the Southeast Quarter (1/4) of said Section 35. EXCEPTING THEREFROM lands conveyed to the City of Middleton in Volume 824 of Deeds, Page 579, as Document Number 1170627, Dane County Registry, being more fully described as follows:

Beginning at the Southeast corner of the Southwest Quarter (1/4) of the Southeast Quarter (1/4) of said Section 35; thence North along the East line of said Southwest Quarter (1/4) of the Southeast Quarter (1/4) of said Section 35, 761.0 feet; thence West along a line parallel with the South line of said Southwest Quarter (1/4) of the Southeast Quarter (1/4), 500.0 feet; thence South parallel with the East line of said Southwest Quarter (1/4) of the Southeast Quarter (1/4), 500.0 feet; thence southwesterly 386 feet more or less to a point on the South line of said Southwest Quarter (1/4) of the Southeast Quarter (1/4) which is 785.0 feet West of the point of beginning; thence East along said South line of the Southwest Quarter (1/4) of the Southeast Quarter (1/4), 785.0 feet to the point of beginning.

Together with a parcel of land located in the Southwest Quarter (1/4) of said Section 35 being more fully described as follows: Beginning at the Southeast corner of said Southwest Quarter (1/4) of Section 35; thence North two (2) rods; thence West to the centerline of U.S. Highway 12; thence southerly along the centerline of said highway to the South section line of said Section 35; thence East long said section line to the place of beginning.

Together with a parcel of land located in the East One-Half (1/2) of the Southwest Quarter (1/4) of aforementioned Section 35 being more fully described as follows: Commencing at the South Quarter (1/4) corner of said Section 35; thence North 00 degrees 23 minutes 39 seconds West, 33.00 feet to the point of beginning; thence South 88 degrees 53 minutes 39 seconds West, 373.79 feet to the easterly right-of-way line of U.S. Highway 12; thence North 06 degrees 41 minutes 05 seconds West along said easterly right-of-way, 504.16 feet to a point of curve; thence northwesterly along said easterly right-of-way on a curve to the right which has a radius of 3786.49 feet and a chord which bears North 02 degrees 11 minutes 05 seconds West, 594.17 feet; thence North 02 degrees 18 minutes 55 seconds East along said easterly right-of-way 324.70 feet to a point of curve; thence northwesterly along said easterly right-of-way on a curve to the left which has a radius of 988.00 feet and a chord which bears North 14 degrees 05 minutes 57 seconds West, 558.38 feet to the centerline of Greenbriar Road; thence northeasterly along the centerline of said Greenbriar Road on a curve to the right which has a radius of 680.00 feet and a chord which bears North 67 degrees 28 minutes 45 seconds East, 270.49 feet to a point of reverse curve, thence northeasterly along said centerline of Greenbriar Road on a curve to the left which has a radius of 385.00 feet and a chord which bears North 64 degrees 56 minutes 02 seconds East, 186.51 feet; thence North 50 degrees 55 minutes 00 seconds East, 185.07 feet; thence South 00 degrees 23 minutes 39 seconds East, 2252.61 feet to the point of beginning. Subject to an easement across the northerly 33 feet thereof for Greenbriar Road. Excepting there from lands conveyed to the Wisconsin Department of Transportation in Award of Damages recorded as Document Number 3519536. Said parcels contain 44.7 acres of land.

CITY OF MIDDLETON
MERRY ACRES LANDS
(MMSD ANNEXATION 08-06)

Part of the Northeast Quarter (1/4) and the Southeast Quarter (1/4) of the Southwest Quarter (1/4) of Section 35, Township 08 North, Range 08 East, Town of Springfield, also part of the Northeast Quarter (1/4) and the Northwest Quarter (1/4) of the Northwest Quarter (1/4) of Section 2, Township 07 North, Range 08 East, Town of Middleton, all in Dane County, Wisconsin, more fully described as follows: Commencing at the South Quarter (1/4) corner of said Section 35; thence S88°41'39.0"W, 403.30 feet along the South line of the Southwest Quarter (1/4) of said Section 35 to the centerline of Parmenter Street, and Point of Beginning; thence S06° 54'14.0"E, 33.14 feet along the centerline of said Parmenter Street; thence S88°36'36.5"W, 33.26 feet to the intersection of the westerly right-of-way line of Parmenter Street and the southerly right-of-way line of Springton Dr; thence S88°41'53.0"W, 366.02 feet along the southerly right-of-way line of Springton Dr; thence S63°32'57.0"W, 211.34 feet along the southerly right-of-way line of Springton Dr to the easterly right-of-way line of U.S.H. "12"; thence S12°53'29.0"W, 1245.61 feet along the easterly right-of-way line of U.S.H. "12" to the south line of the NE 1/4 of the NW 1/4 of said Section 2; thence S88°46'41.0"W, 60.59 feet along said line of the NE 1/4 of the NW 1/4 of Section 2; thence S88°46'41.0"W, 349.84 feet along southerly line of the NW 1/4 of the NW 1/4 of Section 2 to the westerly right-of-way line of U.S.H. "12"; thence N19°01'41.5"E, 99.00 feet along said westerly right-of-way line of U.S.H. "12"; thence N23°16'54.0"E, 307.51 feet along the westerly right-of-way line of U.S.H. "12"; thence N06°44'25.0"E, 201.58 feet along the westerly right-of-way line of U.S.H. "12"; thence N33°09'19.0"E, 211.93 feet along the westerly

right-of-way line of U.S.H. "12"; thence N14°26'12.0"E, 500.08 feet along the westerly right-of-way line of U.S.H. "12" to the intersection of the south right-of-way line of Springton Dr; thence N26°00'00.5"E, 96.18 feet; thence N02°01'30.5"E, 123.43 feet to the intersection of the northerly right-of-way line of Springton Dr and westerly right-of-way line of U.S.H. "12"; thence N12°39'46.0"E, 238.29 feet along the westerly right-of-way line of U.S.H. "12"; thence N03°07'25.0"E, 424.54 feet along the westerly R.O.W of U.S.H. "12" to the intersection with the southerly R.O.W. line of Schneider Rd; thence N29°41'09.0"E, 160.07 feet to the intersection of the northerly R.O.W. line of Schneider Rd and the westerly R.O.W. line of U.S.H. "12"; thence N00°34'20.5"W, 294.80 feet along the westerly right-of-way line of U.S.H. "12"; thence N16°06'49.5"W, 406.34 feet along the westerly right-of-way line of U.S.H. "12"; thence N19°15'14.5"W, 211.53 feet along the westerly right-of-way line of U.S.H. "12"; thence N05°05'06.0"E, 230.51 feet along the westerly right-of-way line of U.S.H. "12"; thence N13°32'53.5"W, 396.00 feet along the westerly right-of-way line of U.S.H. "12"; thence N09°16'52.0"E, 162.94 feet along the westerly right-of-way line of U.S.H. "12"; thence N02°44'08.0"E, 99.72 feet along the westerly right-of-way line of U.S.H. "12" to the north line of the NE 1/4 of the SW 1/4 of said Section 35; thence N89°03'28.0"E, 575.77 feet along said north line of the NE 1/4 of the SW 1/4 of said Section 35 to the easterly right-of-way line of U.S.H. "12"; thence N89°03'28.0"E, 116.42 feet continuing along said north line of the NE 1/4 of the SW 1/4 of said Section 35 and the easterly right-of-way line of U.S.H. "12" which is also the easterly right-of-way line of Parmenter St; thence S39°12'04.5"E, 112.61 feet along the easterly right-of-way line of Parmenter St; thence S73°48'35.0"E, 255.44 feet along the easterly right-of-way line of Parmenter St; thence S50°46'37.5"E, 102.58 feet along the easterly right-of-way line of Parmenter St; thence S40°11'47.5"E, 145.10 feet along the easterly right-of-way line of Parmenter St to intersection with the northerly right-of-way line of Greenbriar Rd; thence S33°33'32.0"E, 145.38 feet to the intersection of the southerly right-of-way line of Greenbriar Rd and the easterly right-of-way line of Parmenter St; thence S41°36'15.0"W, 61.56 feet along the easterly right-of-way line of Parmenter St; thence S42°47'34.0"W, 142.73 feet along the easterly right-of-way line of Parmenter St; thence S09°44'07.0"E, 143.96 feet along the easterly right-of-way line of Parmenter St; thence S14°56'29.0"W, 153.95 feet along the easterly right-of-way line of Parmenter St; thence S16°28'19.0"W, 255.12 feet along the easterly right-of-way line of Parmenter St; thence S11°59'36.0"W, 242.35 feet along the easterly right-of-way line of Parmenter St; thence S10°58'22.0"W, 491.71 feet along the easterly right-of-way line of Parmenter St; thence S01°49'00.0"E, 420.70 feet along the easterly right-of-way line of Parmenter St; thence S09°16'12.0"E, 343.40 feet along the easterly right-of-way line of Parmenter St; thence S88°39'02.0"W, 85.04 feet to the centerline of Parmenter St; thence S06°54'14.0"E, 33.01 feet along the centerline of Parmenter St to the Point of Beginning. Said parcel contains 65,3183 acres of land.

FINANCES

A general District property tax was not placed on the tax rolls in 2008.

All financial transactions of the District were audited by Clifton Gunderson, LLP. The audit report for the year ended December 31, 2008 is appended as part of this report.

SALARIES AND WAGES

On February 7, 2006, a three-year contract was executed between Madison Employees Local 60, American Federation of State, County and Municipal Employees, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) and the District. The contract expired on December 31, 2008. The District management staff and represented employees began the consensus-based bargaining process for the next contract in August and completed negotiations in De-

ember on another three-year agreement. Contract ratification was pending at the end of the year. The Commission established the 2008 wages for non-represented employees on December 10, 2007.

RETIREMENT OF DISTRICT EMPLOYEES

Larry Streeter

Larry started with the District in June 1968 as a Building and Grounds Maintenance worker and retired in February 2008 as a Senior Building and Grounds Lead. Thank you Larry for 39 years of service.

MADISON METROPOLITAN SEWRAGE DISTRICT

AUDIT REPORT

YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
 BASIC FINANCIAL STATEMENTS	
Statements of Net Assets	11
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows	14
Notes to Financial Statements	16

Independent Auditor's Report

Board of Commissioners
Madison Metropolitan Sewerage District
Madison, Wisconsin

We have audited the accompanying statements of net assets of the Madison Metropolitan Sewerage District as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the Madison Metropolitan Sewerage District as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clifton Gunderson LLP

Middleton, Wisconsin
March 11, 2009

Management's Discussion and Analysis for 2008 and 2007

The management of the Madison Metropolitan Sewerage District (the District) offers this narrative overview and analysis of the District's financial performance for calendar years 2008 and 2007. It should be read in conjunction with the District's financial statements which follow this section. The 2008 and 2007 financial statements have been prepared in accordance with generally accepted accounting principles.

In 2008, the District adopted the following:

- GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*
- GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*

Financial Highlights

- Net assets increased by \$1.0 million (1.0 percent) from \$101.5 million to \$102.5 million in 2008. This compares to a \$1.2 million (1.2 percent) increase in 2007.
- Operating revenues increased by \$1.6 million (8.2 percent) from \$19.8 million to \$21.4 million in 2007. This compares to a \$1.2 million (6.2 percent) increase in 2007.
- Operating expenses, excluding depreciation, increased by \$0.5 million (3.4 percent) from \$14.2 million to \$14.7 million in 2008. This compares to an increase of \$2.0 million (16 percent) in 2007.

Overview of Basic Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the District's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Net Assets

A summary of the District's Statement of Net Assets is presented in Table A-1.

Table A-1
Condensed Statement of Net Assets
(000's)

	2008	2007	2006
Current Assets	\$ 22,847	\$ 26,003	\$ 24,214
Noncurrent Assets			
Capital assets, net of accumulated depreciation	138,549	137,158	137,072
Other assets	10,164	9,528	11,026
Total assets	171,560	172,689	172,312
Current Liabilities	7,792	7,548	7,893
Noncurrent Liabilities	61,242	63,668	64,155
Total liabilities	69,034	71,216	72,048
Net Assets			
Invested in capital assets, net of related debt	75,440	72,030	71,213
Restricted	14,384	13,764	12,948
Unrestricted	12,703	15,679	16,103
Total net assets	\$ 102,527	\$ 101,473	\$ 100,264

As of December 31, 2008, the District had total assets, less accumulated depreciation, of \$171.6 million and total liabilities of \$69.0 million, resulting in \$102.5 million of net assets. Net assets increased by \$1.0 million (1.0 percent) in 2008. This compares to a net asset increase of \$1.2 million (1.2 percent) in 2007. The 2008 increase was due to connection charge revenues of \$0.5 million and income of \$0.5 million. Funds represented by the 2008 increase will be used to finance future interceptor construction and to offset a portion of future operating costs. Capital assets (land, structures, equipment, vehicles, etc) comprise \$138.5 million, or 80.8 percent of total assets at the end of 2008. At the end of 2007, capital assets had a value of \$137.1 million and represented 79.4 percent of total assets. Capital assets increased \$1.4 million in 2008 compared to a \$0.1 million increase in 2007.

Future principal payments on bonds total \$63 million at the end of 2008 and represent 91 percent of the District's liabilities. At the end of 2007, future principal payments on bonds totaled \$65 million and represented 91 percent of the District's liabilities. Future principal payments were \$2.0 million less than at the end of 2007 due to less borrowing for capital projects in 2008. Future principal payments at the end of 2007 were \$0.7 million less at the end of 2006. There was a decrease in construction activity funded with bond funds in 2008 compared to 2007. The Lower Badger Mill Creek Interceptor – Phase 2 construction and the Gaston Road Extension of the Far East Interceptor were both funded from reserves.

Net Assets (Continued)

The District's restricted net assets consist of reserves for the payment of debt service and for unexpected expenses for the repair and replacement of equipment. Restricted net assets increased by \$0.6 million in 2008 to satisfy bond ordinance requirements related to the use of service charge revenues for payment of debt service expenses. This compares to a \$0.9 million increase in 2007. Unrestricted assets at the end of 2008 were \$3.0 million less than at the end of 2007. Unrestricted assets had decreased by \$0.4 million in 2007. The 2008 reduction was due primarily to the use of reserve funds to finance two interceptor projects.

Revenues, Expenses, and Changes in Net Assets

The District's revenues, expenses, and changes in net assets are summarized in Table A-2.

Table A-2
Condensed Statement of Revenues,
Expenses, and Changes in Net Assets
(000's)

	2008	2007	2006
Operating Revenues	\$ 21,453	\$ 19,828	\$ 18,664
Nonoperating Revenues	782	1,506	1,361
Total revenues	22,235	21,334	20,025
Depreciation Expense	5,174	5,559	4,178
Other Operating Expense	14,692	14,211	12,241
Nonoperating Expense	1,813	2,015	1,376
Total expense	21,679	21,785	17,795
Income (Loss) Before Capital Contributions	556	(451)	2,230
Capital Contributions	497	1,660	1,596
Increase in net assets	1,053	1,209	3,826
Beginning Net Assets	101,473	100,264	96,438
Ending Net Assets	\$ 102,526	\$ 101,473	\$ 100,264

Operating revenue for 2008 increased by \$1.6 million, or 8.2 percent, from \$19.8 million to \$21.4 million. This compares to the 2007 operating revenue increase of \$1.2 million, or 6.2 percent. The 2008 increase was due to higher service charge rates and higher wastewater volumes associated with the extremely wet weather during 2008.

Non-operating revenues for 2008 were \$0.78 million (48 percent) lower than in 2007, reflecting decreases in interest earned on investments compared to 2007. Non-operating revenues for 2007 were 11 percent higher than in 2006, which was the result of higher interest earnings.

Revenues, Expenses, and Changes in Net Assets (Continued)

Depreciation expenses in 2008 of \$5.2 million were 6.9 percent less than the 2007 depreciation expenses. The 2007 depreciation expenses of \$5.6 million were 33 percent more than the 2006 depreciation expenses. The 2008 decrease was due primarily to a restatement of prior years' depreciation in 2007 which added \$0.3 million to the 2007 total, and Fifth Addition heavy mechanical assets that were fully depreciated in 2007, and although still in service, did not contribute to the 2008 depreciation total.

Other operating expenses for 2008 of \$14.7 million were \$0.5 million (3.4 percent) higher than 2007 expenses of \$14.2 million. Other operating expenses for 2007 were 16 percent higher than 2006 expenses of \$12.2 million. The higher level of other operating expenses in 2008 were due to increases in facilities operation and maintenance expenses, including labor, replacement parts, electric power, and chemicals.

Non-operating expenses for 2008 of \$1.8 million, which are comprised of interest on the District's outstanding debt and disposal of equipment, were \$0.2 million less (10 percent) than the 2007 non-operating expenses. Non-operating expenses in 2007 were \$0.6 million higher than in 2006. The increase in 2007 was associated with interest on money borrowed to construct the Tenth Addition facilities. The 2006 interest on this money was capitalized, rather than expensed, since the project was still under construction at the end of 2006.

Capital contributions include contributed capital assets and interceptor and treatment plant connection charge revenues. The one-time connection charges are assessed against each property in the District at the time sewerage service is made available. The charges are made on an area basis.

An interceptor connection charge rate has been established for each major District interceptor sewer. The interceptor connection charge rates are adjusted annually to account for changes in construction costs. The Engineering News Record's Construction Cost Index is used for this purpose. Interceptor connection charge rates for 2008 were increased by 3.1 percent. This compares to the 2007 increase of 4.0 percent.

The treatment plant connection charge rate is adjusted annually to account for the change in "excess capacity" debt service paid by current users for facilities at the treatment plant that will be utilized by new users. The treatment plant connection charge rate is further adjusted by the typical bank passbook savings rate, or 4 percent, whichever is higher. The treatment plant connection charge rate for 2008 increased by 7.8 percent. The 2007 increase was 7.4 percent. Increases in 2008 and 2007 reflect the additions to accumulated excess capacity debt service costs associated with the Eighth, Ninth, and Tenth Addition projects.

Capital contributions in 2008 of \$0.5 million were due entirely to connection charge revenue. This was a decrease of \$1.2 million (70 percent) from the \$1.7 million contributed in 2007. There were no contributed capital assets in 2008, and connection charge revenue decreased by \$0.4 million. The 2008 activity is a reflection of the continued downturn in the housing market. Capital contributions in 2007 had increased 4.0 percent over the 2006 amount, from \$1.6 million to \$1.7 million.

Comparison of Actual Financial Results to Budget

Each year the District adopts an annual operating budget and a 10-year capital improvement budget following a public hearing. A comparison of the 2008 budgeted and actual amounts of operating revenues and expenses is shown in Table A-3.

Table A-3
Comparison of Operating Budget to Actual Results for 2008
(000's)

	Budget	Actual	Variance
Revenues			
From operations	\$ 20,566	\$ 21,453	\$ 887
Nonoperating	1,338	782	(556)
Total revenues	21,904	22,235	331
Operating Expenses			
Depreciation expense		5,174	5,174
Other operating expenses:			
Salaries with benefits	6,964	6,790	(174)
Administrative	386	417	31
Legal and accounting	78	80	2
Insurance	101	92	(9)
Power	2,573	3,122	549
Natural gas	174	313	139
Chemicals	363	522	159
Motor and LP fuel	113	157	44
Water and sewer	71	76	5
Contracted services	1,331	1,300	(31)
Engineer consultant			-
Communication services	33	26	(7)
Replacement parts and services	878	827	(51)
Supplies	234	265	31
Miscellaneous	128	168	40
Facilities Planning	640	537	(103)
Total other operating expenses	14,067	14,692	625
Total operating expenses	14,067	19,866	5,799
Nonoperating Expenses			
Disposal of Equipment		16	16
Interest expense	1,863	1,797	(66)
Total expenses	15,930	21,679	5,749
Income before capital contributions	\$ 5,974	\$ 556	\$ (5,418)

Comparison of Actual Financial Results to Budget (Continued)

The District does not include depreciation as an operating expense in its annual budget, rather, it budgets sufficient income to cover the subsequent year's debt principal payments.

For calendar year 2008, operating revenues of \$21.4 million were \$0.9 million more than budgeted due to higher volumes of wastewater associated with the extremely wet weather. Non-operating revenues of \$0.8 million for interest income, rent, and other miscellaneous items were \$0.6 million (42 percent) less than budgeted, due primarily to lower than budgeted interest earned on investments.

Operating expenses for 2008, excluding depreciation, were \$0.6 million more than budgeted. Salaries and benefits were \$0.2 million less than budgeted, and facilities planning costs were \$0.1 million less than budgeted. However, electric power and natural gas costs and costs of chemicals were higher than budgeted; \$0.7 million and \$0.2 million, respectively.

Non-operating expenses, which include the net value of retired equipment and the interest costs on the District's outstanding debt, were \$0.1 million less than budgeted. This difference was due primarily to lower than budgeted interest costs. Expenses associated with retiring equipment were not included in the budget.

Budgeted income for 2008 of \$6.0 million includes \$5.6 million for future principal and interest payments on the District's outstanding debt and \$0.4 million to fund a portion of the current year's capital improvements. It is the District's policy to finance capital improvements for new users through borrowing. Sewerage system improvements typically have useful lives of more than twenty years, and the District typically issues twenty-year bonds. The system's users pay for the costs of the facilities they require for the conveyance and treatment of their wastewater over the life of the bonds. For this reason, the District does not budget to recover depreciation costs in addition to the debt service expenses, since this would in effect result in double-billing current users for these facilities. Charges to recover debt service expenses reflect the cost of the facilities currently in use. Charges to recover depreciation expenses would reflect the cost of replacing these same facilities at the end of their useful lives.

Capital Assets

At the end of 2008, the District had \$138 million invested in capital assets comprised of the Nine Springs Wastewater Treatment Plant, seventeen major pumping stations, over one hundred miles of interceptor sewers and force mains, and associated facilities. Table A-4 summarizes these assets.

Table A-4
Capital Assets
(000's)

	2008	2007	2006
Assets			
Land	\$ 7,401	\$ 7,310	\$ 7,290
Structures and improvements	132,995	127,250	106,099
Mechanical equipment	77,723	77,978	58,827
Office furniture and equipment	4,085	4,079	3,970
Vehicles	2,249	2,224	2,429
Construction In progress	5,430	4,911	39,848
Total	229,883	223,752	218,463
Less accumulated depreciation	91,335	86,594	81,391
Net property and equipment	\$ 138,548	\$ 137,158	\$ 137,072

The District's 10-year capital improvement plan includes \$10 million of treatment plant upgrades and expansions and \$100 million of collection system improvements. Treatment plant projects and larger collection system projects are expected to be financed with Clean Water Fund loans administered by the State of Wisconsin. Smaller collection system projects will be financed with reserve funds. Reserve fund balances vary depending on construction scheduling, collection of connection charges, and interest earned on investments. A minimum reserve balance of \$3 million is maintained to finance any unplanned capital improvement that might be necessary on an emergency basis.

Five collection system projects were completed in 2008. The total cost of these projects increased the value of the District's assets by \$5.7 million. The projects were the West Interceptor Extension Replacement (\$2.0 million), the Far East Interceptor – Gaston Road Extension (\$0.7 million), Phase 2 of the Lower Badger Mill Creek Interceptor (\$1.1 million), the Truax Extension Liner (\$1.8 million), and the Northeast Interceptor – DeForest Monitoring Facility (\$0.1 million).

The \$6.1 million increase in total assets to \$230 million reflects the cost of improvements at the Nine Springs Wastewater Treatment Plant (\$1.2 million) and in the conveyance system (\$4.9 million).

Debt Administration

The District maintains cash and investments in a sinking fund in an amount no less than what is required to meet the balance of the current year's debt service requirements plus the subsequent year's first principal and interest payments in order to abate levying an ad valorem tax for the general obligation debt service. Since the services of the District are not directly related to the value of property, and since a substantial amount of property within the District is exempt from paying property taxes, a tax levy would result in an inequitable cost recovery system.

District debt service costs are allocated to used capacity and excess capacity in the facilities constructed with proceeds from the debt being retired. Excess capacity is defined as the difference between the design capacity and the used capacity of each project and is determined annually. Used capacity debt service is recovered based on the volume and pollutant loadings of the users. Excess capacity debt service is allocated in equal amounts to all users through an "actual customer" rate. This rate in turn is used as one component of the connection charge rate that is applied to newly served areas at the time they are served by extensions to the sewer system.

General obligation debt outstanding as of the end of 2008 was \$63.1 million which represents the remaining balance on the Clean Water Fund loans from the State of Wisconsin. This compares to a 2007 year-end balance of \$65.1 million and a 2006 year-end balance of \$65.8 million. Interest on these loans is payable semi-annually at rates of 2.4 to 3.9 percent. Detailed information on the District's Clean Water Fund loans is included in the notes to the financial statements.

The District's outstanding debt is expected to increase by \$10 million over the next eight years due to on-going replacement projects in the collection system. After 2016 this figure could increase by as much as \$100 million due to future borrowing for the next major treatment plant addition that would address advanced treatment for additional phosphorus removal. The District's long-range financial plan has taken this future borrowing into consideration. The annual amount of revenue collected to pay future debt service obligations will increase 3.4 percent per year over the next eight years. This will produce adequate revenue while maintaining stable annual service charge increases over this time. A future \$100 million treatment plant expansion would require a 25 percent rate increase. Once the requirements for such an expansion are better defined, the District's financial plan will be modified to spread this increase over a number of years to lessen the impact on the ratepayers.

By statute, the District can borrow up to 5 percent of the equalized value of the taxable property within the District. At the end of 2008 that borrowing limit was \$1.83 billion. At the end of 2007 the limit was \$1.74 billion. The total amount of debt is expected to be no more than 4 percent of this limit over the next ten years. At the end of 2008 the District's debt of \$63.1 million was at 3.4 percent of this limit. At the end of 2007 the District's debt of \$65.1 million was at 3.7 percent of this limit. During the last two years the District did not experience any negative changes in debt credit rating or debt limitation.

Economic Factors

Growth in the District's service area had been relatively constant over the past decade at a rate of 1.5 to 2 percent per year. Growth has slowed in the last three years. The future growth trend is projected to return to the 1.5 to 2 percent level during the next decade. Due to economies of scale in most of the District's operations, the District's charges to a typical residential user are expected to increase at about the rate of inflation over the next ten years, continuing a trend that has been evident for the past thirty years.

The District's customer base consists of residential users and similar types of commercial and industrial users that, for the most part, do not utilize large quantities of water. This customer base characteristic results in a very stable revenue base since the loss of any one user will not significantly impact the District's service charge revenues. The University of Wisconsin is the largest user of District services and provided 5.3 percent of service charge revenues in 2008 and 5.9 percent in 2007. Oscar Mayer Foods Corporation is the largest industrial user and provided 2.5 percent of the service charge revenues in 2008 and 2.7 percent in 2007.

Contacting the District

This discussion and analysis is intended to provide information for our customers and creditors concerning the District's financial performance and to demonstrate the District's accountability for the money it receives. If you have questions about this information, or need additional information, contact the Madison Metropolitan Sewerage District, 1610 Moorland Road, Madison, Wisconsin 53713-3398.

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2008 and 2007**

ASSETS	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 8,729,357	\$ 13,002,682
Receivables, net of allowance for uncollectible amounts:		
Transmission and treatment of sewage and septage disposal	4,967,370	4,752,799
Servicing pumping stations	137,665	105,450
Interceptor connection charges, current portion	460,767	139,218
Other	19,962	44,292
Prepaid insurance	333	333
Inventories	1,106,282	1,056,528
Restricted assets:		
Cash and cash equivalents	<u>7,425,304</u>	<u>6,901,451</u>
Total current assets	<u>22,847,040</u>	<u>26,002,753</u>
Noncurrent assets:		
Investments	<u>2,130,378</u>	<u>1,474,101</u>
Interceptor connection charges, less current portion	<u>766,150</u>	<u>874,969</u>
Restricted assets:		
Investments	<u>7,267,881</u>	<u>7,179,416</u>
Capital assets:		
Capital assets not being depreciated	12,830,791	12,221,038
Capital assets being depreciated	<u>217,053,596</u>	<u>211,530,858</u>
	229,884,387	223,751,896
Less: accumulated depreciation	<u>91,335,535</u>	<u>86,593,858</u>
	<u>138,548,852</u>	<u>137,158,038</u>
Total noncurrent assets	<u>148,713,261</u>	<u>146,686,524</u>
Total assets	<u>\$ 171,560,301</u>	<u>\$ 172,689,277</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2008 and 2007**

LIABILITIES		
	<u>2008</u>	<u>2007</u>
Current liabilities:		
Vouchers payable	\$ 1,176,731	\$ 1,362,410
Accrued salaries	114,693	233,609
Payroll withholdings payable	67,540	111,199
Deferred interceptor connection charges, current portion	460,767	139,218
Deferred rent	1,560	1,500
Compensated absences, current portion	509,408	495,337
Total current liabilities	<u>2,330,699</u>	<u>2,343,273</u>
Current liabilities payable from restricted assets:		
Bonds payable, current portion	5,151,720	4,888,534
Accrued interest payable	309,202	316,507
Total current liabilities payable from restricted assets	<u>5,460,922</u>	<u>5,205,041</u>
Noncurrent liabilities, less current portion:		
Deferred interceptor connection charges	766,150	874,969
Compensated absences	2,518,531	2,552,969
Bonds payable	57,957,489	60,239,856
Total noncurrent liabilities	<u>61,242,170</u>	<u>63,667,794</u>
Total liabilities	<u>69,033,791</u>	<u>71,216,108</u>
NET ASSETS		
Invested in capital assets, net of related debt	75,439,643	72,029,648
Restricted for:		
Debt service	11,383,983	10,764,360
Equipment replacement	3,000,000	3,000,000
Unrestricted	12,702,884	15,679,161
Total net assets	<u>102,526,510</u>	<u>101,473,169</u>
Total liabilities and net assets	<u>\$ 171,560,301</u>	<u>\$ 172,689,277</u>

The accompanying notes are an integral part of the financial statements.

MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for services:		
Transmission and treatment of sewage	\$ 20,776,193	\$ 19,231,139
Servicing pumping stations	393,313	333,504
Septage disposal	262,903	235,491
Pretreatment monitoring	<u>20,378</u>	<u>28,289</u>
Total operating revenues	<u>21,452,787</u>	<u>19,828,423</u>
 OPERATING EXPENSES		
Administration	2,322,430	2,890,419
Treatment	9,401,294	8,807,253
Collection	2,431,166	1,836,094
Depreciation	5,174,448	5,558,937
Facilities planning	<u>536,511</u>	<u>676,942</u>
Total operating expenses	<u>19,865,849</u>	<u>19,769,645</u>
 Operating income	<u>1,586,938</u>	<u>58,778</u>
 NONOPERATING REVENUES (EXPENSES)		
Investment income	663,046	1,374,259
Rent	59,336	51,030
Other	60,007	80,208
Disposal of property and equipment	(15,551)	(98,915)
Interest expense	<u>(1,796,950)</u>	<u>(1,915,911)</u>
Total nonoperating revenues (expenses)	<u>(1,030,112)</u>	<u>(509,329)</u>
 Income (loss) before capital contributions	556,826	(450,551)
 CAPITAL CONTRIBUTIONS	<u>496,515</u>	<u>1,659,949</u>
 CHANGE IN NET ASSETS	1,053,341	1,209,398
 NET ASSETS		
BEGINNING OF YEAR	<u>101,473,169</u>	<u>100,263,771</u>
END OF YEAR	<u>\$ 102,526,510</u>	<u>\$ 101,473,169</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 21,230,329	\$ 19,671,104
Payments to suppliers	(8,186,845)	(7,496,000)
Payments to employees	<u>(7,125,113)</u>	<u>(6,398,660)</u>
Net cash provided by operating activities	<u>5,918,371</u>	<u>5,776,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent receipts	59,396	51,030
Other receipts	<u>60,007</u>	<u>80,208</u>
Net cash provided by noncapital financing activities	<u>119,403</u>	<u>131,238</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on long-term debt	(1,804,255)	(1,932,055)
Principal paid on long-term debt	(4,888,534)	(4,645,938)
Proceeds from issuance of long-term debt	2,869,354	3,915,157
Proceeds from sale of capital assets	-	1,802
Acquisition of capital assets	(6,378,631)	(6,017,204)
Capital contributions received	<u>496,515</u>	<u>1,659,949</u>
Net cash used in capital and related financing activities	<u>(9,705,551)</u>	<u>(7,018,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	441,658	1,012,445
Purchase of investments	(523,353)	-
Proceeds from sales and maturities of investments	<u>-</u>	<u>2,100,756</u>
Net cash provided by (used in) investing activities	<u>(81,695)</u>	<u>3,113,201</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,749,472)	2,002,594
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>19,904,133</u>	<u>17,901,539</u>
END OF YEAR	<u>\$ 16,154,661</u>	<u>\$ 19,904,133</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,586,938	\$ 58,778
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,174,448	5,558,937
Increase (decrease) from changes in:		
Receivables:		
Transmission and treatment of sewage and septage disposal	(214,571)	(109,550)
Servicing pumping stations	(32,215)	(38,217)
Other	24,330	(11,052)
Inventories	(49,754)	(40,829)
Vouchers payable	(387,863)	60,664
Other liabilities	(182,942)	297,713
	<u>\$ 5,918,371</u>	<u>\$ 5,776,444</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Unrestricted	\$ 8,729,357	\$ 13,002,682
Restricted	<u>7,425,304</u>	<u>6,901,451</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 16,154,661</u>	<u>\$ 19,904,133</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Interceptor connection charges billed	<u>\$ 709,245</u>	<u>\$ 1,487,779</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

**NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT
ACCOUNTING POLICIES**

Nature of Activities and Reporting Entity: The District is a corporate body with the powers of a municipal corporation for the purpose of carrying out the collection, transmission and treatment of wastewater. It was created by judgment of the County Court for Dane County entered on February 8, 1930. The District, which serves the City of Madison and surrounding cities, villages and towns in the Greater Madison Metropolitan Area, covering approximately 170 square miles, is a special-purpose government that is governed by a five-member Board of Commissioners. The District is accountable to the County of Dane, Wisconsin. However, accountability extends only to the appointment of the District's Commissioners, who are appointed by the County Executive of the County of Dane, Wisconsin. Because the County Executive appoints the commissioners, the District and the County of Dane are considered related organizations. The District is legally separate and fiscally independent of the County of Dane as well as any other state or local governments. It has unlimited taxing powers and has the right to set rates or charges for services provided without the approval of another government. Also, there are no other agencies or entities which are financially accountable to the Commissioners of the District, or whose relationship with the District would require their financial statements to be included within the financial statements of the District.

A summary of significant accounting policies follows:

Basis of Accounting: The accounting policies of the District conform to generally accepted accounting principles as applicable to local government enterprise funds. The accounts of the District are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, expenses are recognized when incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the District are included in the Statements of Net Assets.

The principal operating revenues of the District are charges for service. Operating expenses for the District include costs directly related to administration, collection and treatment of wastewater, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's policy is to follow all pronouncements issued by the Governmental Accounting Standards Board (GASB). Prior to November 30, 1989, the District applied all pronouncements of the GASB and all business type accounting and financial reporting for state and local governmental entities defined by pronouncements of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures. Subsequent to November 30, 1989, as provided in GASB Statement No. 20, the District has elected to follow only the GASB pronouncements.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Benefit Allocation: Effective in 2008 and for future years, the District changed its method of allocating leave benefits for vacation, sick leave and holidays. In prior years, the District recorded all expenses for leave benefits in the administration function. As of January 1, 2008, the District began allocating these leave costs as part of its fringe benefit allocation to the functions where the employees actual time is recorded. This allocates the appropriate portion of overhead to the cost center where each employee works.

Cash Equivalents: For purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when acquired are considered to be cash equivalents.

Deposits and Investments: Investments are reported at fair value based on quoted market prices. No amounts are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the statements of revenues, expenses and changes in net assets as increases or decreases in investment income. Investments in the Local Government Investment Pool and the Wisconsin Investment Trust are reported at fair value based on the unit prices quoted by the funds, representing the fair value of the underlying investments.

The District has adopted a formal investment policy and invests in accordance with Wisconsin State Statutes. Under state statute, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than 3 years;
- Bonds or securities of any county, city, village, town, drainage district, technical college district, or school district of the state;
- Bonds or securities issued or guaranteed by the Federal government;
- Any security which matures within not more than 7 years, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or similar rating agency;
- Securities of an open-end management investment company or investment trust, if the company or trust does not charge a sales load, is registered under the investment company act of 1940, and if the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed as to principal and interest by the federal government,
- Repurchase agreements that are fully collateralized by bonds or securities of the federal government,
- The state local government investment pool.

Inventories: Inventories of supplies are valued at cost under the specific identification method. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenses at the time they are consumed.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

**NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT
ACCOUNTING POLICIES (continued)**

Receivables: Receivables are reported at their gross values and are considered to be fully collectible as they are primarily due from other municipalities, except for pretreatment. Receivables related to pretreatment have been reduced by an allowance for the estimated uncollectible amounts of \$10,329 as of December 31, 2008 and \$7,329 as of December 31, 2007, and is included in other receivables.

Interceptor Connection Charges: Receivables from interceptor connection charges are recognized when assessed and the revenue is deferred until the property owner connects with the intercepting sewer. No value has been placed on the future assessments against lands which are not currently served by intercepting sewers that were built with capacity to serve those lands.

Restricted Cash and Investments: Cash and investments are restricted for the purpose of unexpected repair and replacement and repayment of debt obligations.

Capital Assets: Capital assets are defined as assets with an initial cost of \$5,000 or greater with an estimated useful life greater than one year. Capital assets are stated at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Depreciation of structures, improvements, mechanical equipment, office furniture and equipment, and vehicles is computed using the straight-line method over the following estimated useful lives of the assets:

Structures and improvements	50-75 years
Heavy mechanical equipment	21-30 years
Light mechanical equipment	10-20 years
Office furniture and equipment	5-20 years
Vehicles	7 years

When capital assets are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded in operations.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences: District employees earn sick leave of fourteen days per year which may be accumulated up to a maximum of 200 days. Employees may elect to receive cash payments annually at 60 percent for sick leave accumulated in excess of 100 days and 80 percent for sick leave accumulated in excess of 150 days. Employees are paid annually for all sick leave accumulated in excess of 200 days. Upon an employee's retirement or disability, 90 percent (100 percent for employees who have accrued at least 150 days of sick leave at any time during their employment) of previously earned but unpaid sick pay is placed in escrow by the District and used to pay health insurance premiums until exhausted. Any amounts remaining in the escrow at the time of death of the retired or disabled employee are used for surviving spouse or eligible dependent coverage or are paid to the estate. No amounts are paid to employees at termination. The liability associated with accumulated sick pay for current and retired employees is reported as compensated absences liabilities on the Statement of Net Assets.

Employees earn vacation in varying amounts based on length of service. Vacation earned is taken in the following year. Employees may purchase additional vacation. Vacation may be accumulated to a maximum of 27 days. At termination, earned vacation resulting from a carryover is entirely paid out, while vacation earned in the year of termination is paid at varying percentages, depending upon the time of the year termination is effective. The liability associated with accumulated vacation is reported as compensated absences liabilities on the Statement of Net Assets.

Employees may also accumulate compensatory time for overtime worked. Compensatory time may be carried over at year end, but must be used by March 31. The liability associated with accumulated compensatory time is reported as accrued salaries liability on the Statement of Net Assets.

Long-Term Debt: The District reports long-term debt at face value in the basic financial statements. Any bond premiums or discounts, as well as issuance costs, are capitalized and amortized over the term of the bond using the straight-line method.

Net Assets: Net assets are classified in three separate categories. The categories, and their general descriptions, are as follows:

Invested in capital assets, net of related debt - indicates the District's total investment in capital assets, net of accumulated depreciation and the outstanding debt used to purchase capital assets.

Restricted net assets - indicates the portion of the net assets which have been placed under external constraints imposed by creditors (such as through debt covenants) or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets: (continued)

Unrestricted net assets - indicates the portion of the net assets which is available for appropriation and expenditure in future periods.

When both restricted and unrestricted resources are available for debt service, it is the District's policy to use restricted resources first, then unrestricted resources. For unexpected repairs, it is the District's policy to use unrestricted resources first and restricted resources only when needed.

Capital Contributions: Capital contributions consist of interceptor connection charges and contributed capital assets.

Risk Management: The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and employee injury. The District retains the risk of loss for damage or destruction of its buildings (except for rental units), sewerage system and other infrastructure. For all other risks, the District carries commercial insurance. Claims have not exceeded coverage in any of the prior three fiscal years. There has been no reduction in coverage from the prior year.

Pollution Remediation Obligations: The District owns land that has been remediated under a Super Fund clean-up project. On-going monitoring and maintenance of the lands is reported as an operating expense. These expenses totaled \$55,127 and \$23,402 in 2008 and 2007, respectively. Future expenses are expected to range from \$20,000 to \$60,000 annually.

Reclassifications: Certain reclassifications have been made to the 2007 data to conform to the 2008 presentation. These reclassifications had no effect on previously reported change in net assets.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing deposits and \$250,000 for non-interest bearing deposits per financial institution. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per financial institution above the amount provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The carrying amount of the District's deposits, consisting of cash and certificates of deposit, totaled \$3,042,395 and \$2,570,130, with bank balances of \$3,142,840 and \$2,766,312 for the years ended December 31, 2008 and 2007, respectively. Of the bank balances, \$3,142,840 and \$2,564,283 was covered by FDIC insurance and \$0 and \$202,029 was covered by the State Guarantee Fund, leaving no amount as uninsured and uncollateralized for the years ended December 31, 2008 and 2007, respectively.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2008 and 2007, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The investments in the Local Government Investment Pool (the Pool) are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts. Commercial paper and negotiable certificates of deposit are also covered by a surety bond with Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults, reduced by any FDIC and State Guarantee Fund insurance. As of February 15, 2009, this the Pool no longer has this bond.

The investments in the Wisconsin Investment Trust (the Trust) are not insured or collateralized. The Trust is managed by LWM Services, Inc., a wholly owned subsidiary of the League of Wisconsin Municipalities. The Trust contracts with a registered investment advisor for investment advisory services. The Trust is a no-load, diversified investment fund organized as a Wisconsin business trust. It is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes 66 and 226. Investments are restricted to investments permitted under Wisconsin Statutes 66.0603. Fair value is determined daily and is equal to the value of the trust shares. Funds may be withdrawn in whole or in part at any time. At December 31, 2008 and 2007, the District's share of the Trust assets was substantially equal to the amounts reported in these financial statements.

The District also has investments in U.S. government agency obligations purchased through a private sector securities dealer and held by a third-party custodian. These investments are readily marketable, specifically identifiable and include discount notes and adjustable and fixed rate mortgages of U.S. government agencies.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

As of December 31, 2008 and 2007 cash, cash equivalents, and investments included the following:

	<u>2008</u>	<u>2007</u>
Petty cash	\$ 250	\$ 250
Deposits		
Demand deposits	14,820	46,806
Certificates of deposit	3,027,325	2,523,324
Investments		
U.S. Government obligations	6,429,099	6,236,512
Local Government Investment Pool	13,126,234	9,633,568
Wisconsin Investment Trust	<u>2,955,192</u>	<u>10,117,190</u>
	<u>\$25,552,920</u>	<u>\$28,557,650</u>

The cash and investments are reported in the statements of net assets as follows:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents		
Unrestricted	\$ 8,729,357	\$ 13,002,682
Restricted	7,425,304	6,901,451
Investments		
Unrestricted	2,130,378	1,474,101
Restricted	<u>7,267,881</u>	<u>7,179,416</u>
	<u>\$25,552,920</u>	<u>\$28,557,650</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2008, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Local Government Investment Pool **	\$13,126,234	\$ 13,126,234	\$ -	\$ -	\$ -
Wisconsin Investment Trust **	2,955,192	2,955,192	-	-	-
Money fund cash	58,166	58,166	-	-	-
SBA pools	99,969	-	-	-	99,969
Government National Mortgage Association	154,799	-	-	22,482	132,317
Federal National Mortgage Association	3,401,989	-	-	27,244	3,374,745
Federal Home Loan Mortgage Corporation	<u>2,714,176</u>	<u>-</u>	<u>-</u>	<u>68,264</u>	<u>2,645,912</u>
	<u>\$22,510,525</u>	<u>\$ 16,139,592</u>	<u>\$ -</u>	<u>\$ 117,990</u>	<u>\$ 6,252,943</u>

As of December 31, 2007, the District had the following investments and Maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>			
		<u>< 1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Local Government Investment Pool **	\$ 9,633,568	\$ 9,633,568	\$ -	\$ -	\$ -
Wisconsin Investment Trust **	10,117,190	10,117,190	-	-	-
Money market	106,319	106,319	-	-	-
SBA pools	115,835	-	-	-	115,835
Government National Mortgage Association	202,366	-	-	28,851	173,515
Federal National Mortgage Association	2,959,596	-	-	30,345	2,929,251
Federal Home Loan Mortgage Corporation	<u>2,852,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,852,396</u>
	<u>\$25,987,270</u>	<u>\$ 19,857,077</u>	<u>\$ -</u>	<u>\$ 59,196</u>	<u>\$ 6,070,997</u>

** Because the Pool and the Trust had a weighted average maturity of less than one year as of December 31, 2008, it has been presented as an investment with a maturity of less than one year.

The District has not developed policies governing the exposure of its investments to interest rate risk.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Pool and the Trust are unrated with regard to the credit quality rating. The remaining investments of the District are explicitly guaranteed by the federal government and therefore credit rating is not applicable. The District has not developed policies governing the exposure of its cash deposits and investments to credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. It is the policy of the District that funds deposited in any one bank or savings and loan association shall not exceed \$1,500,000 at any given time. Investments in the Pool, the Trust, and U.S. government agency obligations are not limited as to amount.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

All of the District's U.S. government obligations are uninsured and unregistered investments for which the investments are held by the counterparty's trust department or agent in the District's name. The Local Government Investment Pool and Wisconsin Investment Trust are not subject to the custodial credit risk. The District has not developed policies governing the exposure of its cash deposits and investments to custodial credit risk.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 3 - RESTRICTED NET ASSETS

Restricted net assets of the District consisted of the following at December 31, 2008 and 2007:

	2008	2007
Restricted assets		
Cash and cash equivalents		
Debt service	\$ 7,425,304	\$ 6,901,451
Investments		
Debt service	4,267,881	4,179,416
Equipment replacement	3,000,000	3,000,000
Total restricted assets	14,693,185	14,080,867
Current liabilities payable from restricted assets	(309,202)	(316,507)
	\$ 14,383,983	\$ 13,764,360

Debt Service: In accordance with state statutes and provisions of applicable loan covenants, the District maintains cash and investments in sinking funds in amounts no less than what is required to meet the balance of the current year debt service requirements.

Amounts available in the sinking funds at October 1, 2008 and 2007 were sufficient to finance the subsequent year's debt service requirements, and accordingly, the District was not required to place an amount on the tax roll for debt service.

Equipment Replacement: As a condition of receiving State of Wisconsin Clean Water Fund (CWF) loans, the District is required to establish an equipment replacement fund for mechanical equipment. To satisfy this requirement, the District has restricted \$3 million of its investments and net assets for unexpected equipment replacement. In addition, the District annually budgets for replacement of equipment.

According to the CWF equipment replacement percentage schedule option the District must maintain a minimum replacement fund balance of five percent of the original cost of "mechanical equipment". For this purpose the District uses the sum of its light mechanical equipment, office furniture and equipment, and vehicles capital assets. The sum of these capital assets for the year ending December 31, 2008 is \$36,427,693. The required five percent of this value is \$1,821,385. The \$3 million of restricted assets exceed the minimum equipment replacement fund value. For the year ending December 31, 2007, the corresponding "mechanical equipment" total was \$36,669,634 and 5% of this amount was \$1,833,482.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 4 - CAPITAL ASSETS

During the year ended December 31, 2008, the changes in capital assets were as follows:

	Balance January 1 2008	Additions / Reclassifications	Retirements / Reclassifications	Balance December 31 2008
Capital assets not being depreciated				
Construction in progress	\$ 4,910,601	\$ 2,918,504	\$ 2,399,224	\$ 5,429,881
Land and easements	<u>7,310,437</u>	<u>90,473</u>	<u>-</u>	<u>7,400,910</u>
	<u>12,221,038</u>	<u>3,008,977</u>	<u>2,399,224</u>	<u>12,830,791</u>
Capital assets being depreciated				
Structures and improvements	127,250,440	5,744,831	-	132,995,271
Heavy mechanical equipment	47,610,784	39,095	19,247	47,630,632
Light mechanical equipment	30,366,865	32,020	306,111	30,092,774
Office furniture and equipment	4,079,016	34,265	27,801	4,085,480
Vehicles	<u>2,223,753</u>	<u>126,124</u>	<u>100,438</u>	<u>2,249,439</u>
	<u>211,530,858</u>	<u>5,976,335</u>	<u>453,597</u>	<u>217,053,596</u>
Accumulated depreciation				
Structures and improvements	41,732,029	2,354,500	-	44,086,529
Heavy mechanical equipment	20,900,383	1,434,862	5,752	22,329,493
Light mechanical equipment	18,920,142	1,081,884	304,829	19,697,197
Office furniture and equipment	3,629,393	86,702	27,801	3,688,294
Vehicles	<u>1,411,911</u>	<u>216,500</u>	<u>94,389</u>	<u>1,534,022</u>
	<u>86,593,858</u>	<u>5,174,448</u>	<u>432,771</u>	<u>91,335,535</u>
Capital assets being depreciated, net	<u>124,937,000</u>	<u>801,887</u>	<u>20,826</u>	<u>125,718,061</u>
Total capital assets, net	<u>\$ 137,158,038</u>	<u>\$ 3,810,864</u>	<u>\$ 2,420,050</u>	<u>\$ 138,548,852</u>

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 4 - CAPITAL ASSETS (continued)

During the year ended December 31, 2007, the changes in capital assets were as follows:

	Balance January 1 2007	Additions / Reclassifications	Retirements / Reclassifications	Balance December 31 2007
Capital assets not being depreciated				
Construction in progress	\$ 39,848,215	\$ 5,257,084	\$ 40,194,698	\$ 4,910,601
Land and easements	7,290,194	65,243	45,000	7,310,437
	<u>47,138,409</u>	<u>5,322,327</u>	<u>40,239,698</u>	<u>12,221,038</u>
Capital assets being depreciated				
Structures and improvements	106,099,294	21,249,300	98,154	127,250,440
Heavy mechanical equipment	33,542,026	14,082,310	13,552	47,610,784
Light mechanical equipment	25,284,103	5,113,646	30,884	30,366,865
Office furniture and equipment	3,970,114	108,902	-	4,079,016
Vehicles	2,428,890	63,871	269,008	2,223,753
	<u>171,324,427</u>	<u>40,618,029</u>	<u>411,598</u>	<u>211,530,858</u>
Accumulated depreciation				
Structures and improvements	39,357,827	2,451,923	77,721	41,732,029
Heavy mechanical equipment	19,274,120	1,632,813	6,550	20,900,383
Light mechanical equipment	17,558,242	1,632,653	270,753	18,920,142
Office furniture and equipment	3,563,578	65,815	-	3,629,393
Vehicles	1,637,035	(224,267)	857	1,411,911
	<u>81,390,802</u>	<u>5,558,937</u>	<u>355,881</u>	<u>86,593,858</u>
Capital assets being depreciated, net	<u>89,933,625</u>	<u>35,059,092</u>	<u>55,717</u>	<u>124,937,000</u>
Total capital assets, net	<u>\$ 137,072,034</u>	<u>\$ 40,381,419</u>	<u>\$ 40,295,415</u>	<u>\$ 137,158,038</u>

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 5 - PENSION PLAN

Plan Description: The District contributes to the Wisconsin Retirement System (the Plan), a cost sharing, multiple employer defined benefit pension plan administered by the Wisconsin Department of Employee Trust Funds. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes assign authority to establish and amend benefit provisions to the Employee Trust Fund Board. The Plan issues a publicly available report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Wisconsin Retirement System, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI, 53707-7931, or by calling 1-608-267-9034.

Funding Policy: Employees are required to contribute 6.0 percent of their annual covered salary for 2008 and 2007 and the District is required to contribute at an actuarially determined employer rate, which was 4.6 percent of annual covered payroll at December 31, 2008 and 2007. The contribution requirements of employees and the District are established and may be amended by the Employee Trust Fund Board.

The payroll for the District employees covered by the System for the year ended December 31, 2008 was \$5,402,282; the District's total payroll was \$5,464,708. The total required contribution for the year ended December 31, 2008 was \$572,642. The District makes the employees' contributions on their behalf. The District's contributions to the Plan for both the employee and employer portions for the years ended December 31, 2007, 2006, and 2005 was \$545,288, \$512,386, and \$488,909, respectively equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are: 1) final average earnings, 2) years of creditable service, and 3) a formula factor. Final average earnings are the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 6 - LONG-TERM DEBT

As of December 31, 2008 and 2007, the long-term debt of the District consisted of the following:

	<u>2008</u>	<u>2007</u>
General Obligation Sewerage System Bonds		
Clean Water Fund Program Project Number 4010-02 \$1,891,611 Series 1992A, issued May 1, 1993 for the Pumping Station No. 7 Rehabilitation Project, interest at 3.897% interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2011	\$ 397,343	\$ 519,981
Clean Water Fund Program Project Number 4010-03 \$18,460,200 Series 1992B, issued April 12, 1995 for the Eighth Addition to the Nine Springs Wastewater Treatment Plant, interest at 3.862%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2012	5,466,990	6,709,090
Clean Water Fund Program Project Number 4010-10 \$1,200,000 Series 1994, issued November 22, 1994 for the replacement of Pumping Station No. 5, interest at 3.25%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2014	460,492	529,011
Clean Water Fund Program Project Number 4010-11 \$2,668,755 Series 1995, issued June 26, 1998, for the Verona Force Main and Pumping Station, interest at 3.335%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2015	1,185,800	1,334,048
Clean Water Fund Program Project Number 4010-12 \$13,740,467 Series 1996A, issued February 9, 2000 for the Ninth Addition to the Nine Springs Wastewater Treatment Plant, interest at 3.284%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2015	6,890,134	7,753,294

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 6 - LONG-TERM DEBT (continued)

	<u>2008</u>	<u>2007</u>
General Obligation Sewerage System Bonds (continued)		
Clean Water Fund Program Project Number 4010-13 \$4,490,327 Series 1997A, issued September 7, 1999 for the construction of a force main to Badger Mill Creek, interest at 3.145%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2017	\$ 2,556,007	\$ 2,798,495
Clean Water Fund Program Project Number 4010-14 \$1,788,729 Series 2000, issued April 11, 2002 for the Pump Station No. 2 Force Main Replacement Project, interest at 3.202%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2020	1,250,248	1,334,634
Clean Water Fund Program Project Number 4010-15 \$2,057,994 Series 2001, issued April 11, 2002 for the Pump Station No. 2 Force Main Replacement Project, interest at 3.202%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2021	1,479,561	1,570,209
General Obligation Sewerage System Promissory Notes		
Clean Water Fund Program Project Number 4010-17 \$7,674,449 Series 2003A, issued July 23, 2003, for the Rehabilitation of Pumping Stations No. 1, 2, and 10, interest at 2.824%. interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2023	6,394,569	6,733,278
Clean Water Fund Program Project Number 4010-16 \$35,427,273 Series 2003B, issued August 27, 2003, for the Tenth Addition to Nine Springs, interest at 2.796% interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2023*	30,240,114	31,845,592

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 6 - LONG-TERM DEBT (continued)

	<u>2008</u>	<u>2007</u>
General Obligation Sewerage System Promissory Notes (continued)		
Clean Water Fund Program Project Number 4010-99 \$279,437 Series 2005A, issued October 12, 2005, for the Rehabilitation of Pumping Stations No. 1, 2, and 10, amendment, interest at 2.428%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2025	\$ 249,830	\$ 261,591
Clean Water Fund Program Project Number 4010-20 \$1,730,252 Series 2006A, issued September 13, 2006, for the Effluent Equalization Project, interest at 2.365%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2026	1,593,925	1,664,325
Clean Water Fund Program Project Number 4010-23 \$2,826,309 Series 2007A, issued December 12, 2007, for the West Interceptor Extension Replacement Project, interest at 2.555%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2027*	2,534,344	2,074,842
Clean Water Fund Program Project Number 4010-26 \$9,143,490 Series 2008A, issued November 12, 2008, for the Pumping Stations 6 and 8 Rehabilitation, interest at 2.368% interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2028 *	<u>2,409,852</u>	<u>-</u>
	63,109,209	65,128,390
Less current maturities	<u>5,151,720</u>	<u>4,888,534</u>
	<u>\$ 57,957,489</u>	<u>\$ 60,239,856</u>

* As of December 31, 2008, the District has drawn \$34,718,728 of the total bond issue of \$35,427,273 for the Series 2003B general promissory note, \$2,534,344 of the total bond issue of \$2,826,309 of the Series 2007A general obligation sewerage system promissory note, and \$2,409,852 of the total bond issue of \$9,143,490 of the Series 2008A general obligation sewerage system promissory note.

The District incurred \$1,863,033 and \$1,915,911 of total interest costs for December 31, 2008 and 2007, respectively. The District capitalized interest of \$66,083 and \$0 for the years ended December 31, 2008 and 2007, respectively.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 6 - LONG-TERM DEBT (continued)

A summary of the changes in long-term obligations of the District for the year ended December 31, 2008 was as follows:

	Balance January 1 2008	Additions	Reductions	Balance December 31 2008	Amounts Due in One Year
General obligation sewerage system bonds	\$ 22,548,762	\$ -	\$ 2,862,188	\$ 19,686,574	\$ 2,963,685
General obligation sewerage system notes	<u>42,579,628</u>	<u>2,869,354</u>	<u>2,026,346</u>	<u>43,422,636</u>	<u>2,188,035</u>
Subtotal	65,128,390	2,869,354	4,888,534	63,109,210	5,151,720
Compensated absences	<u>3,048,306</u>	<u>680,885</u>	<u>701,252</u>	<u>3,027,939</u>	<u>509,408</u>
	<u>\$ 68,176,696</u>	<u>\$ 3,550,239</u>	<u>\$ 5,589,786</u>	<u>\$ 66,137,149</u>	<u>\$ 5,661,128</u>

A summary of the changes in long-term obligations of the District for the year ended December 31, 2007 was as follows:

	Balance January 1 2007	Additions	Reductions	Balance December 31 2007	Amounts Due in One Year
General obligation sewerage system bonds	\$ 25,312,954	\$ -	\$ 2,764,192	\$ 22,548,762	\$ 2,862,189
General obligation sewerage system notes	<u>40,546,217</u>	<u>3,915,157</u>	<u>1,881,746</u>	<u>42,579,628</u>	<u>2,026,346</u>
Subtotal	65,859,171	3,915,157	4,645,938	65,128,390	4,888,535
Compensated absences	<u>2,803,976</u>	<u>890,404</u>	<u>646,074</u>	<u>3,048,306</u>	<u>495,337</u>
	<u>\$ 68,663,147</u>	<u>\$ 4,805,561</u>	<u>\$ 5,292,012</u>	<u>\$ 68,176,696</u>	<u>\$ 5,383,872</u>

General Obligation Debt: All general obligation debt has been issued under the full faith and credit and unlimited taxing powers of the District. The District has complied with the restrictive covenants of each of the debt issues.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 6 - LONG-TERM DEBT (continued)

Future principal and interest payments due on long-term debt of the District are approximately as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,151,720	\$ 1,782,094	\$ 6,933,814
2010	5,317,510	1,615,470	6,932,980
2011	5,597,665	1,440,138	7,037,803
2012	5,634,196	1,260,554	6,894,750
2013	4,312,726	1,106,880	5,419,606
2014 - 2018	18,802,864	3,738,453	22,541,317
2019 - 2023	16,530,359	1,360,613	17,890,972
2024 - 2028	<u>1,762,169</u>	<u>91,962</u>	<u>1,854,131</u>
Total	<u>\$63,109,209</u>	<u>\$12,396,164</u>	<u>\$75,505,373</u>

The equalized valuation of the District, as certified by the Wisconsin Department of Revenue, was \$36,696,812,589 for 2008 and \$34,797,849,896 for 2007. The legal debt limit and margin of indebtedness as of December 31, 2008 and 2007, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes, follows:

	<u>2008</u>	<u>2007</u>
Debt limit (5 percent of the equalization value)	\$1,834,840,629	\$ 1,739,892,495
Deduct long-term debt applicable to debt margin	<u>63,109,209</u>	<u>65,128,390</u>
Margin of indebtedness	<u>\$ 1,771,731,420</u>	<u>\$ 1,674,764,105</u>

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 7 - COMMITMENTS

As of December 31, 2008, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Commitment</u>
Tenth Addition to Nine Springs	\$ 7,200
West interceptor replacement	47,961
Pumping Station Nos. 6, & 8 rehabilitation	5,234,440
FEI-Gaston Road Extension	14,176
Lower Badger Mill Creek interceptor	47,730
NEI-Deforest Monitoring Manhole	1,382
NEI-PS10 to Lien Rd. Relief	301,819
Solids Handling Facility Plan	38,496
Pumping Station 7 Back up Power	142,000
Pumping Station Nos. 13 & 14 firm capacity	20,951
Collection System Evaluation Update	27,135
Master Planning	147,315
Arc flash hazard evaluation	<u>773</u>
	<u>\$ 6,031,378</u>

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement addresses accounting for and reporting costs and obligations related to postemployment healthcare and other non-pension benefits. The provisions of the Statement are effective in phases using the same criteria applied in the implementation of the Governmental Accounting Standards Board Statement No. 34. The District, as a phase 2 government (those with total annual revenues of \$10 million or more but less than \$100 million) is required to implement this standard for 2008. The only impact of this standard for the District is an implicit rate subsidy, as retirees pay the full premium cost after retirement under a plan that is not age rated. The liability for the District is not material.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE 9 - MAJOR MUNICIPAL CUSTOMERS

During the years ended December 31, 2008 and 2007, the District had charges for transmission and treatment of sewage and interceptor connection charges to one major municipal customer, the City of Madison, (defined as being greater than 10 percent of charges) of approximately \$14,332,000 and \$13,133,000, respectively. Accounts receivable as of December 31 from the City of Madison were as follows:

	<u>2008</u>	<u>2007</u>
Pumping stations	\$ 69,048	\$ 70,420
Sewer service	3,398,136	3,181,762
Interceptor connection charges	<u>533,098</u>	<u>269,628</u>
	<u>\$ 4,000,282</u>	<u>\$ 3,521,810</u>

This information is an integral part of the accompanying financial statements.

MADISON METROPOLITAN SEWRAGE DISTRICT

Supplemental Detailed Information

The following information was prepared by the staff of Madison Metropolitan Sewerage District and is not a part of the Independent Auditor's Financial Report.

MADISON METROPOLITAN SEWERAGE DISTRICT		
Madison, Wisconsin		
DETAIL OF EXPENDITURES - GENERAL FUND		
Year Ended December 31, 2008		
(with comparative amounts for 2007)		
ENGINEERING, COMMISSION AND ADMINISTRATION	2008	2007
Salaries	942,956	1,546,470
Travel & Mileage	3,004	2,448
Supplies & Other Equipment	55,832	38,427
Employee Benefits	562,234	473,751
Misc	3,390	6,240
Contracted Services	112,003	446,275
Annual Report	944	807
Accounting	31,480	35,750
Legal	48,820	47,235
Auto Insurance	24,015	22,750
General Insurance	67,620	65,410
Minutes Publishing	7,011	7,645
Registration Fees & Dues	17,796	15,212
Reference Materials	2,484	3,723
Postage & Delivery Services	9,588	8,631
Internet Service Provider	7,609	9,551
Total	1,896,786	2,730,325
Training Salaries	59,551	66,497
Travel & Mileage	21,915	18,325
Employee Benefits	35,690	21,138
Registration Fees & Dues	28,597	39,414
Supplies	260	426
Misc	90	10
Total	146,103	145,810
Sewer Extension Plans Review Salaries	24,149	37,252
Contracted Services	0	36,901
Employee Benefits	14,473	11,841
Total	38,622	85,994
Collection System Maps Salaries	58,407	57,539
Employee Benefits	35,005	18,290
Contracted Services		0
Total	93,412	75,829
Professional & Public Service		
Salaries	19,245	15,417
Employee Benefits	11,534	4,900
Travel & Mileage	558	57
Misc	0	0
Total	31,337	20,374
Subtotals - forward	\$2,206,260	\$3,058,332

	2008	2007
Subtotals - forward	\$2,206,260	\$3,058,332
Public Education & Tours		
Salaries	14,037	12,110
Employee Benefits	8,413	3,850
Misc	2,981	715
Total	25,431	16,675
Vehicles		
Salaries	3,924	3,200
Employee Benefits	2,352	1,017
Supplies	36	95
Total	6,312	4,312
Dynamic Model		
Salaries	3,424	1,574
Employee Benefits	2,053	500
Travel Expenses	1,499	0
Contracted Services	3,048	2,800
Total	10,024	4,874
Total Administration Expenses:	2,248,027	3,084,193
<u>Treatment & Disposal</u>		
Salaries	2,282,769	2,706,272
Employee Benefits	1,375,382	860,241
Travel & Mileage	2,916	1,839
Natural Gas	305,156	188,431
Motor Fuel	156,971	111,766
Power	2,089,616	1,874,721
Communications	12,834	14,214
Water & Sewer	67,436	61,817
Contracted Services	959,383	1,075,296
Printing & Photo Processing	1,842	3,521
Registration Fees & Dues	218,149	214,899
Supplies	222,928	159,637
Chemicals	521,500	308,222
Misc	31,869	51,693
Farmer Yield Guarantees	143,940	116,967
Total	8,392,691	7,749,536
Treatment & Disposal Training:		
Salaries	181,496	142,849
Employee Benefits	108,776	45,408
Supplies	1,371	388
Travel & Mileage	18,244	12,362
Registration Fees & Dues	33,462	18,862
Contracted Services	12,364	4,906
Misc	0	0
Total	355,713	224,775
Subtotals - forward	8,748,404	7,974,311

	2008	2007
Subtotals - forward	8,748,404	7,974,311
Treatment & Disposal Vehicles:		
Vehicles Salaries	79,054	92,132
Employee Benefits	47,379	29,286
Supplies	16,253	14,598
Total	142,686	136,016
Total Treatment & Disposal	\$8,891,090	\$8,110,327
Collection & Transmission: Base Expenses		
Salaries	142,313	109,690
Employee Benefits	85,292	34,868
Contracted Services	49,453	334,287
Misc. Supplies	5,610	5,570
Collection & Transmission Base:	282,668	484,415
Pumping Station #1 - North First Street		
Salaries	11,845	14,486
Power	91,465	68,093
Employee Benefits	7,099	4,605
Water	456	903
Natural Gas	1,667	2,078
Supplies	50	493
Contracted Services	0	1,406
Total PS# 1	112,582	92,064
Pumping Station #2 - Brittingham Park		
Salaries	17,949	14,413
Power	161,004	137,139
Water	343	284
Employee Benefits	10,757	4,582
Natural Gas	443	241
Contracted Services	8,688	3,467
Supplies	100	0
Total PS# 2	199,284	160,126
Pumping Station #3 - Nine Springs		
Salaries	1,863	1,007
Power	6,765	5,800
Employee Benefits	1,117	320
Contracted Services	0	416
Total PS# 3	9,745	7,543
Pumping Station #4 - Olin Avenue		
Salaries	2,899	1,832
Power/Water	17,106	14,631
Employee Benefits	1,738	582
Total PS# 4	21,743	17,045
Subtotals - forward	626,022	761,193

	2008	2007
Subtotals - forward	626,022	761,193
Pumping Station #5 - Spring Harbor		
Salaries	13,385	2,676
Power	15,728	11,431
Water	304	309
Natural Gas	1,894	2,214
Employee Benefits	8,022	851
Contracted Services	379	291
Total PS# 5	39,712	17,772
Pumping Station #6 - Walter Street		
Salaries	5,722	7,761
Power	27,037	23,808
Water	601	406
Employee Benefits	3,429	2,467
Total PS# 6	36,789	34,442
Pumping Station #7 - Bridge Road		
Salaries	21,975	13,567
Power	160,310	123,868
Chemicals	353	332
Water	2,416	2,881
Natural Gas	236	232
Employee Benefits	13,170	4,313
Supplies	250	0
Contracted Services	1,115	0
Total PS# 7	199,825	145,193
Pumping Station #8 - West Wingra Drive		
Salaries	4,018	6,154
Power	75,873	63,515
Water	316	290
Employee Benefits	2,408	1,956
Total PS# 8	82,615	71,915
Pumping Station #9 - McFarland		
Salaries	4,265	11,689
Power	8,755	7,919
Water	241	202
Employee Benefits	2,556	3,716
Supplies	124	1,830
Total PS# 9	15,941	25,356
Subtotals - forward	1,000,904	1,055,871

	2008	2007
Subtotals - forward	1,000,904	1,055,871
Pumping Station #10 - Regas Road		
Salaries	16,111	10,268
Power	140,817	114,298
Supplies	100	0
Employee Benefits	9,656	3,264
Natural Gas	226	275
Contracted Services	0	1,947
Water	991	428
Total PS# 10	167,901	130,480
Pumping Station #11 - East Clayton Road		
Salaries	15,472	8,478
Power	96,312	77,022
Supplies	1,785	9,079
Employee Benefits	9,273	2,695
Total PS# 11	122,842	97,274
Pumping Station #12 - Fitchrona Road		
Salaries	7,254	7,113
Power	52,915	45,763
Employee Benefits	4,348	2,261
Supplies	5,017	2,652
Total PS# 12	69,534	57,789
Pumping Station #13 - Stoughton Road		
Salaries	13,000	13,109
Power	27,188	23,287
Water	555	507
Contracted Services	63	2,137
Employee Benefits	7,791	4,167
Total PS# 13	48,597	43,207
Pumping Station #14 - School Road		
Salaries	7,543	5,031
Power	23,749	18,686
Water	788	977
Supplies	608	1,036
Employee Benefits	4,521	1,599
Total PS# 14	37,209	27,329
Pumping Station #15 - Allen Boulevard		
Salaries	8,470	2,660
Power	23,004	18,865
Water	62	93
Supplies	0	211
Employee Benefits	5,076	845
Total PS# 15	36,612	22,674
Subtotals - forward	1,483,599	1,434,624

	2008	2007
Subtotals - forward	1,483,599	1,434,624
Pumping Station #16 - Gammon Road		
Salaries	48,525	6,708
Power	80,509	75,092
Water	61	57
Employee Benefits	29,082	2,132
Contracted Services	0	2,271
Odor Control Chemicals	353	332
Supplies	1,046	0
Total PS# 16	159,576	86,592
Pumping Station #17 - Verona		
Salaries	11,632	8,544
Power	23,844	21,912
Natural Gas	3,581	3,215
Water	817	401
Contracted Services	2,527	3,665
Employee Benefits	6,971	2,716
Total PS# 17	49,372	40,453
East Interceptor:		
Salaries	7,597	9,760
Employee Benefits	4,553	3,102
Contracted Services	5,487	825
Total East Interceptor	17,637	13,687
Far East Interceptor:		
Salaries	2,372	234
Employee Benefits	1,422	74
Total Far East Interceptor	3,794	308
Nine Springs Valley Interceptor:		
Salaries	7,758	5,961
Employee Benefits	4,650	1,895
Total Nine Springs Valley Interceptor	12,408	7,856
Northeast Interceptor:		
Salaries	11,553	12,180
Employee Benefits	6,924	3,872
Contracted Services	3,806	40,798
Total Northeast Interceptor	22,283	56,850
Subtotals - forward	1,748,669	1,640,370

	2008	2007
Subtotals - forward	1,748,669	1,640,370
South Interceptor:		
Salaries	1,281	398
Employee Benefits	768	127
Total South Interceptor	2,049	525
Southeast Interceptor:		
Salaries	4,177	2,348
Employee Benefits	2,503	746
Total Southeast Interceptor	6,680	3,094
Southwest Interceptor:		
Salaries	171	7,173
Employee Benefits	102	2,280
Contracted Services	0	39,247
Total Southwest Interceptor	273	48,700
West Interceptor:		
Salaries	11,955	17,128
Employee Benefits	7,165	5,444
Contracted Services	79,249	62,174
Total West Interceptor	98,369	84,746
City of Madison Pumping Stations		
Salaries	108,033	89,346
Employee Benefits	64,747	28,401
Misc Supplies	614	2,418
Contracted Services	6,383	62
Total City of Madison	179,777	120,227
Maple Bluff Pumping Stations		
Salaries	21,203	5,178
Employee Benefits	12,708	1,646
Supplies	327	349
Total Maple Bluff	34,238	7,173
Town of Dunn SD#1 Pumping Stations		
Salaries	9,779	5,793
Employee Benefits	5,861	1,841
Contracted Services	944	653
Total Town of Dunn SD#1	16,584	8,287
Subtotals - forward	2,086,639	1,913,122

	2008		2007
Subtotals - forward	2,086,639		1,913,122
Town of Madison Pumping Stations			
Salaries	9,272		8,191
Employee Benefits	5,557		2,604
Contracted Services	417		1,296
Total Town of Madison	15,246		12,091
City of Verona Pumping Station			
Salaries	5,375		4,455
Employee Benefits	3,221		1,416
Contracted Services	1,136		0
Total City of Verona	9,732		5,871
Dane County Parks			
Salaries	848		574
Employee Benefits	508		182
Total for Dane County Parks	1,356		756
Town of Dunn SD#3 Pumping Stations			
Salaries	11,120		8,161
Employee Benefits	6,665		2,594
Supplies	210		113
Total Town of Dunn SD#3	17,995		10,868
Collection & Transmission Vehicles			
Salaries	3,429		2,731
Employee Benefit	2,055		868
Supplies	110		0
Collection & Transmission Vehicles	5,594		3,599
Total Collection & Transmission	\$2,136,562		\$1,946,307

Repair and Replacement	2008		2007
Engineering & Administration	74,403		79,557
Nine Springs Treatment Plant	407,000		724,357
Nine Springs Treatment Plant Vehicles	103,204		78,817
Collection System	7,797		25,276
Collection System Vehicles	5,467		1,846
Interceptors			
Pumping Station #1	7,107		4,969
Pumping Station #2	21,837		6,597
Pumping Station #3	1,908		309
Pumping Station #4	396		178
Pumping Station #5	5,393		1,084
Pumping Station #6	3,776		1,579
Pumping Station #7	2,640		9,804
Pumping Station #8	718		1,520
Pumping Station #9	385		3,654
Pumping Station #10	10,655		1,085
Pumping Station #11	19,144		9,359
Pumping Station #12	3,998		1,488
Pumping Station #13	9,375		0
Pumping Station #14	2,184		6,414
Pumping Station #15	20,512		174
Pumping Station #16	11,850		36,349
Pumping Station #17	23,696		2,909
East Interceptor	1,538		1,960
West Interceptor	233		1,745
Far East Interceptor	0		0
Nine Springs Valley Interceptor	255		265
Northeast Interceptor	1,949		441
South Interceptor	0		265
Southeast Interceptor	2,323		824
Southwest Interceptor	0		-2,160
City of Madison Pumping Stations	41,320		43,768
City of Verona Pumping Stations	211		3,146
Village of Maple Bluff Pumping Stations	7,701		6,792
Town of Dunn SD#1 Pumping Stations	2,723		1,200
Town of Dunn SD#3 Pumping Stations	15,244		8,508
Town of Madison Pumping Stations	1,149		5,581
Dane County Parks	1,339		221
Total Repair & Replacement	\$819,431		\$1,069,881

CAPITAL OUTLAY	2008		2007
Construction In Progress			
Electrical Equipment	14,145		
Heavy Mechanical Equipment	39,095		48,382
Light Mechanical Equipment	8,959		2,324
Instrumentation Equipment			
General Equipment	8,916		50,944
Engineering Equipment			
Office Equipment	34,265		24,321
Lab Equipment			26,292
Fixed Improvements			
Force Main			
Vehicles	126,124		63,871
Total capital outlay	\$231,504		\$216,134