



## Connection Charges Program Guidance

### Overview of Connection Charges

Created January 12, 2019 — Revised March 13, 2019

#### Summary

“Connection Charges Program Guidance” is a collection of documents giving detailed and practical information on connection charges, sewer extensions, annexations, and related topics. The documents are available on the web at <http://www.madsewer.org/ConnectionCharges>.

This document is a general overview. Details are given in other guidance documents.

#### Overview

The district maintains a wastewater conveyance system in its service area. Customer communities connect to the district’s system, typically when residential or commercial development occurs. An extension of the public sanitary sewer system requires commission approval. Before an extension can be approved, the area must be annexed to the district’s service area.

#### Legal Authority

Annexation and extension of sewer service are controlled by state statute, district ordinance, district regulations, and district guidance. For customer communities, developers and others, district guidance provides the information needed to follow program requirements on a day-to-day basis. Guidance is approved by the district’s chief engineer and director.

#### Purposes of Fees and Charges

The district collects various fees and charges for the program. Administrative fees offset some of the costs of staff time required for review. Late fees provide incentives for timely compliance.

Connection charges have a different purpose: to recover the capital costs of system expansion. The district builds conveyance facilities and expands the treatment plant before new capacity is needed by customers. For example, the district will extend an interceptor before development occurs, then connections will be made over many decades as homes and businesses are built.

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*The district maintains an interceptor system in its service area. When customer communities connect to the system, various fees are due, including late fees where applicable. The connection charges program is governed by the district’s sewer use ordinance and connection charges regulations, which are approved by the commission. Program guidance is approved by the chief engineer and director. Visit <http://www.madsewer.org/ConnectionCharges>.*

The costs of system expansion must therefore be covered by the district at the time of construction, before connection charges revenue is received. The district covers costs initially with a mix of service charge revenue from current ratepayers and cash on hand. Over time, those costs are recovered through connection charges. In other words, as customer communities connect areas to the district, they “repay” the costs of system expansion to the district.

### Setting Connection Charges

Connection charges are typically updated annually. They are set based on the actual costs of system expansion. For the treatment plant, rates are based on the total value of the plant at the time rates are updated. For conveyance facilities, rates are based on the cost of constructing the particular interceptors and pumping stations serving a given area. Conveyance facility connection charges rates vary by sewerage basin, because some areas are more costly to serve than others.

### Area Basis

Connection charges are based on the size of the geographic area served, excluding public right-of-way, agricultural protection areas and environmental corridors. Rates are given as a dollar amount per 1,000 square feet. Charges are *not* based on the number of connections, building size, or other factors.

### Payment at Development

Generally, connection charges are applied and must be paid before an area develops. Payment may be deferred in some situations in which a property could be served by sewer but is not ready for development. In addition, a redevelopment charge may be imposed for already-developed areas where redevelopment significantly increases flow to the plant. (See separate guidance on each of those topics.)

### **Authority**

- State law: chapter 200, subchapter I | <https://docs.legis.wisconsin.gov/statutes/statutes/200/I>
- District sewer use ordinance: <http://www.madsewer.org//Planning/Permits-Ordinances>
- Connection charges regulations: <http://www.madsewer.org/ConnectionCharges>.

### **Document History**

2019 January: Created.