

# 2023 Capital Financing Plan

Commission Meeting  
July 14, 2022



# Capital financing plan

- Goal: Determine how to finance expenditures in CIP
  - Cash vs. debt
- Implications for:
  - Service charges
  - Fund reserves



# Commission Guidance

Commission priorities (Jan. 16, 2020 study session):

1. Smooth year-over-year rate increases
2. Maintain capacity to handle unexpected costs without excessive short-term revenue increases
3. Limit debt to extent possible



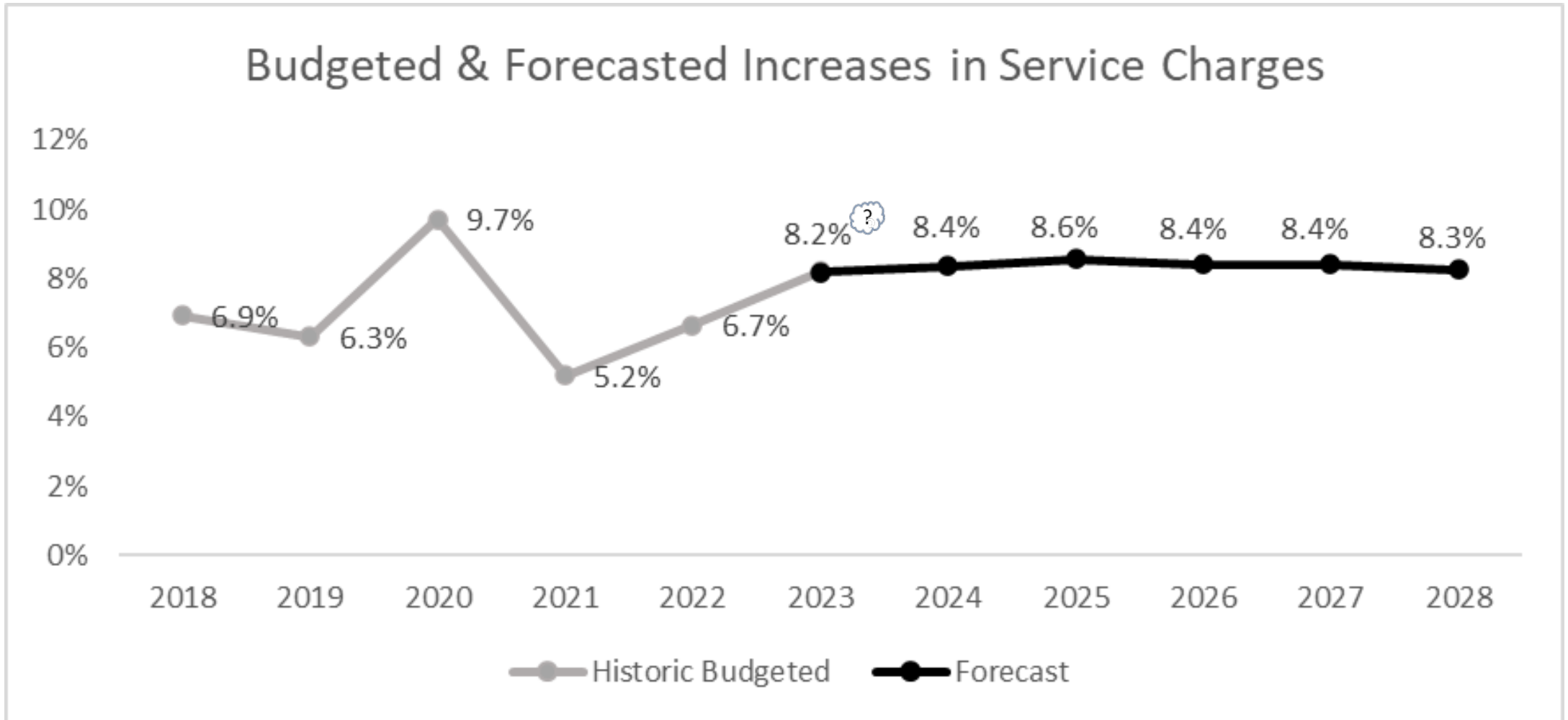
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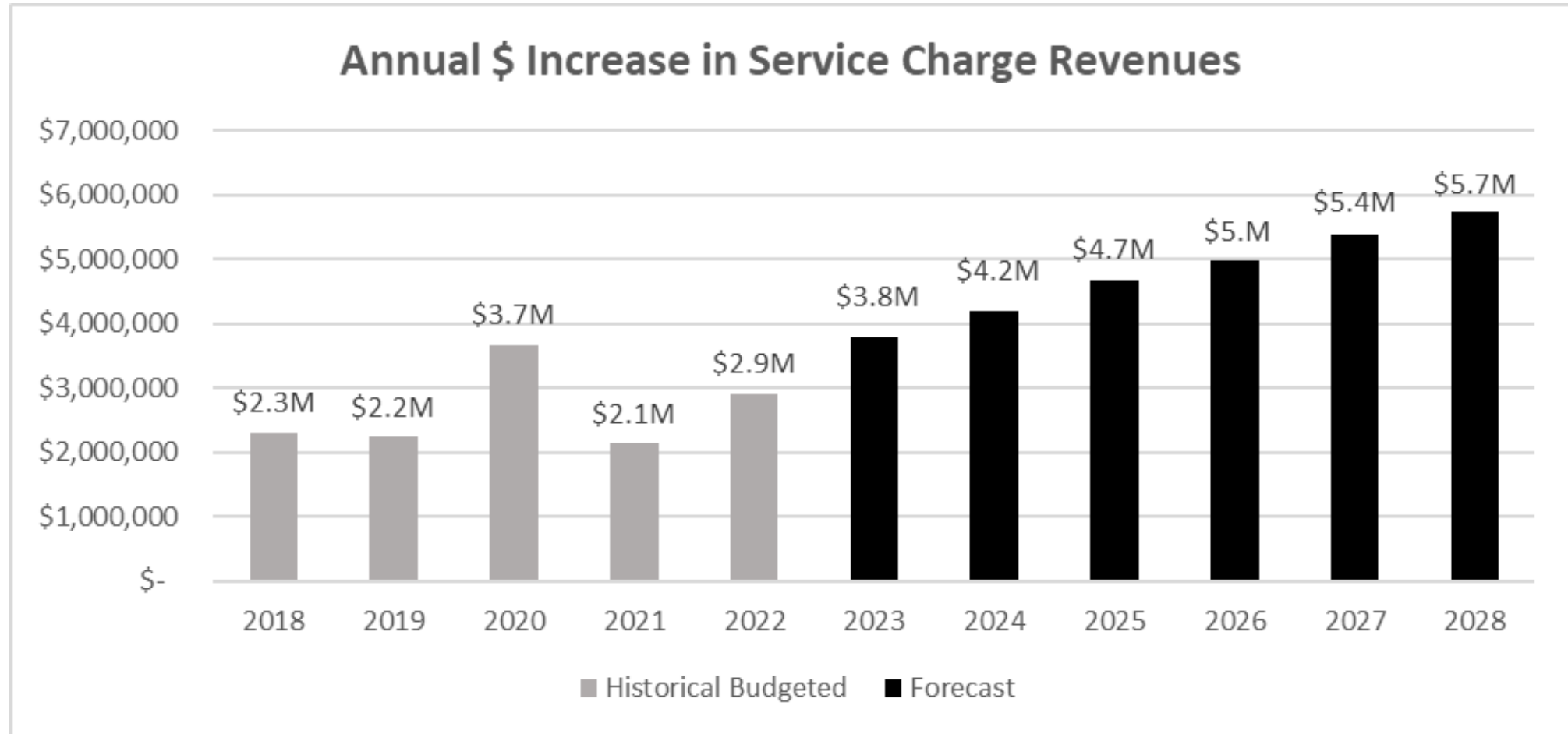
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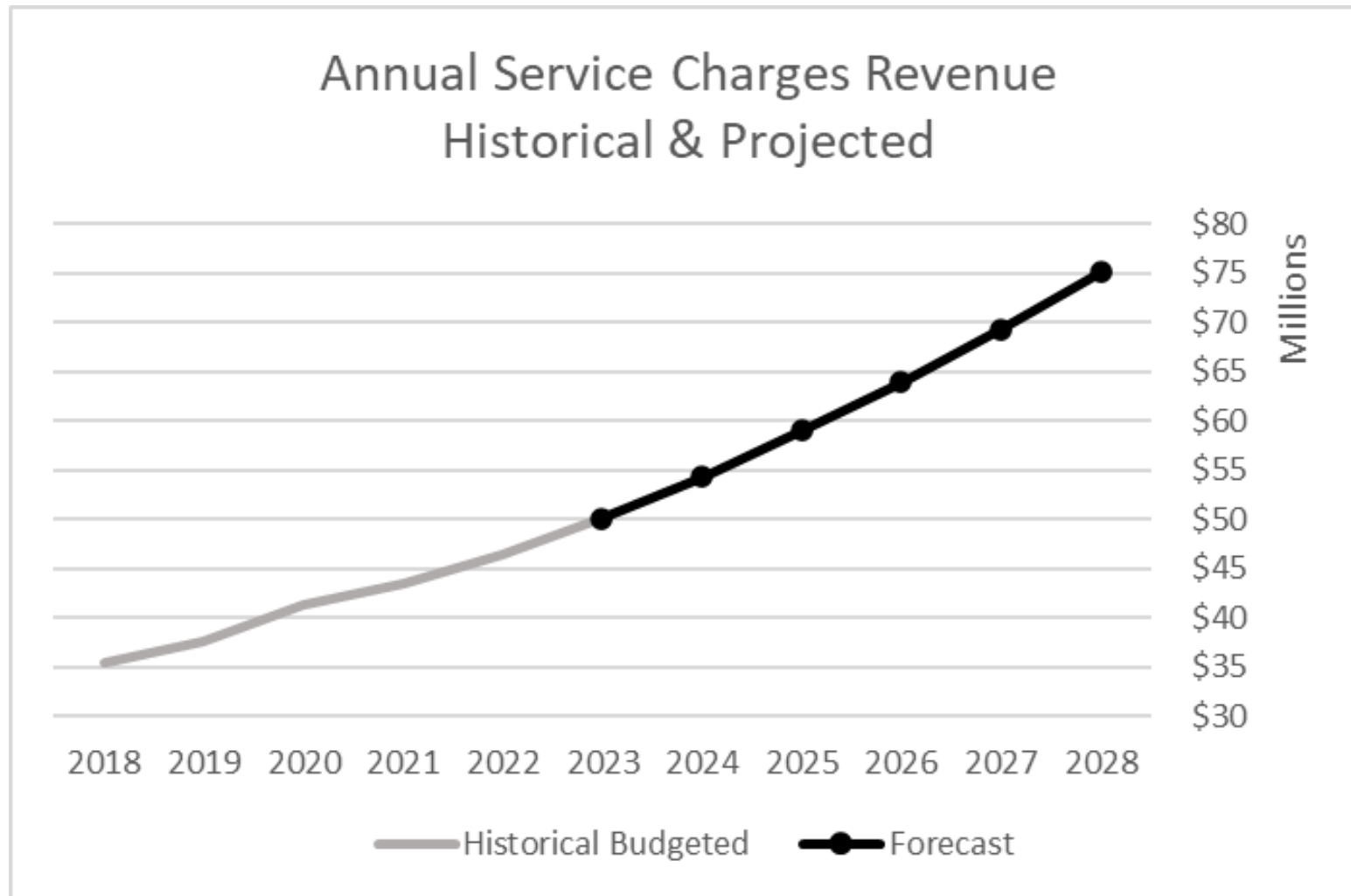
# Priority 1: smooth service charge increases



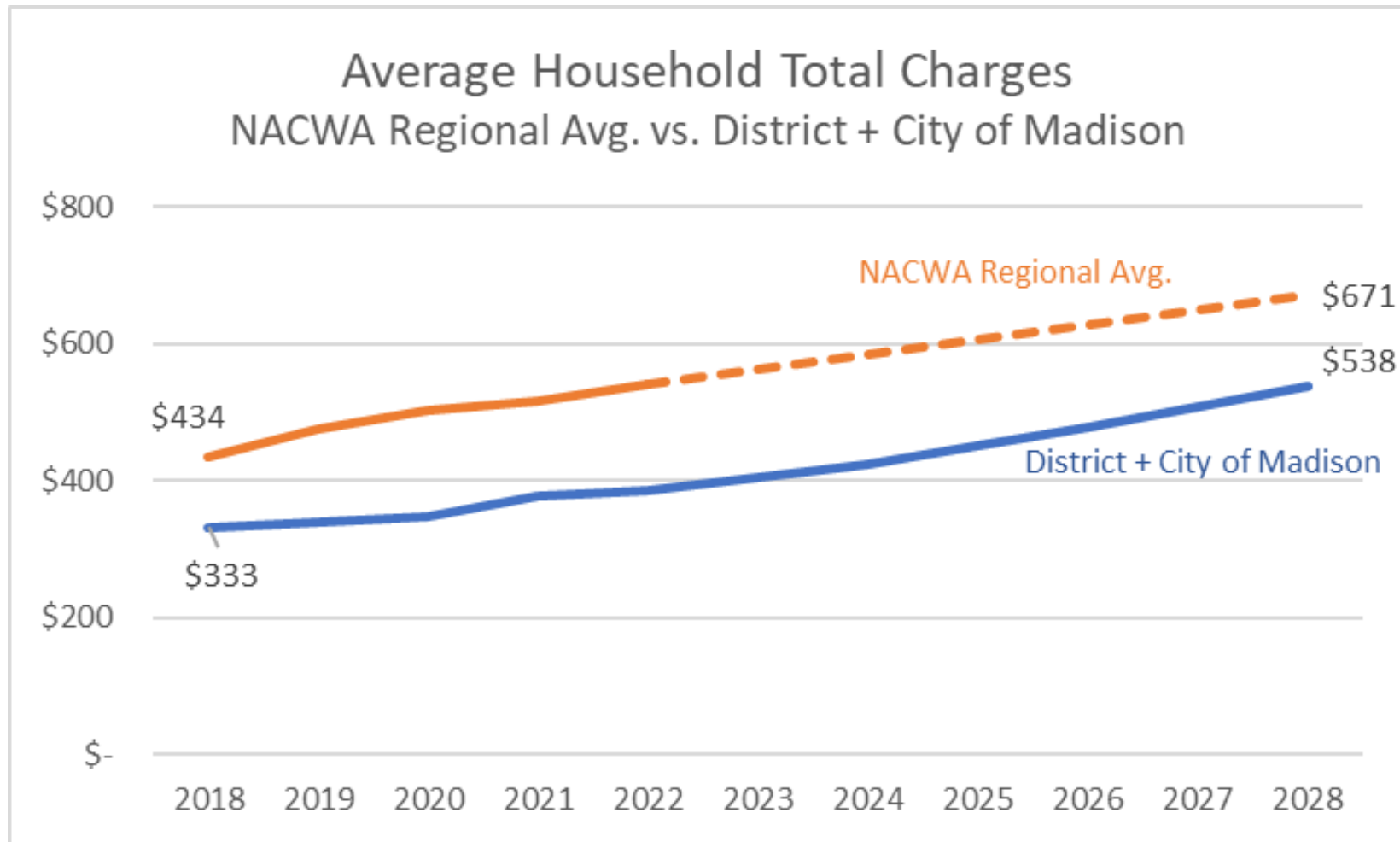
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Note: NACWA regional average for 2022-2028 is a projection based on historic data; City of Madison charges for the entire time period reflect 2021 average charges, which may change over time



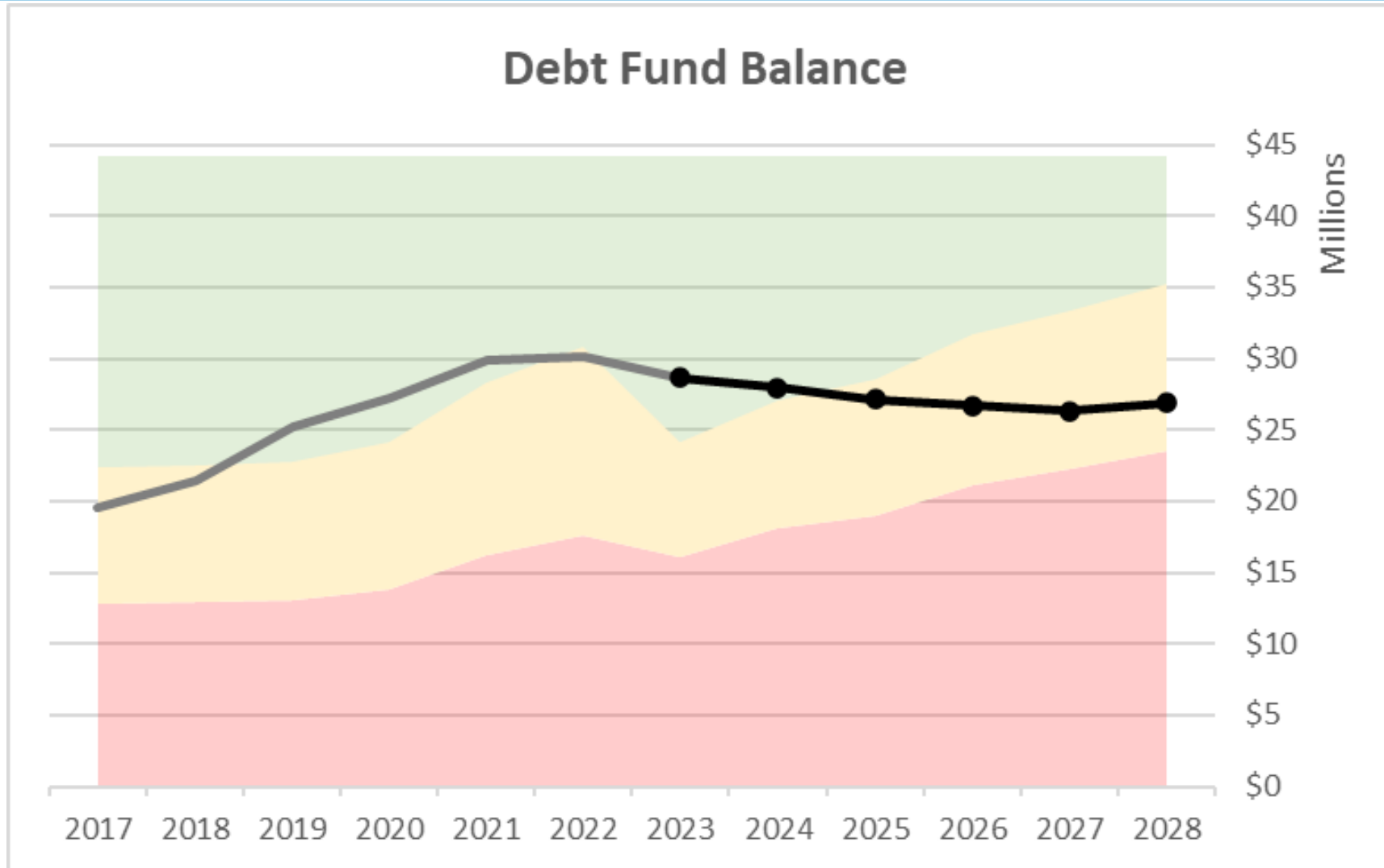
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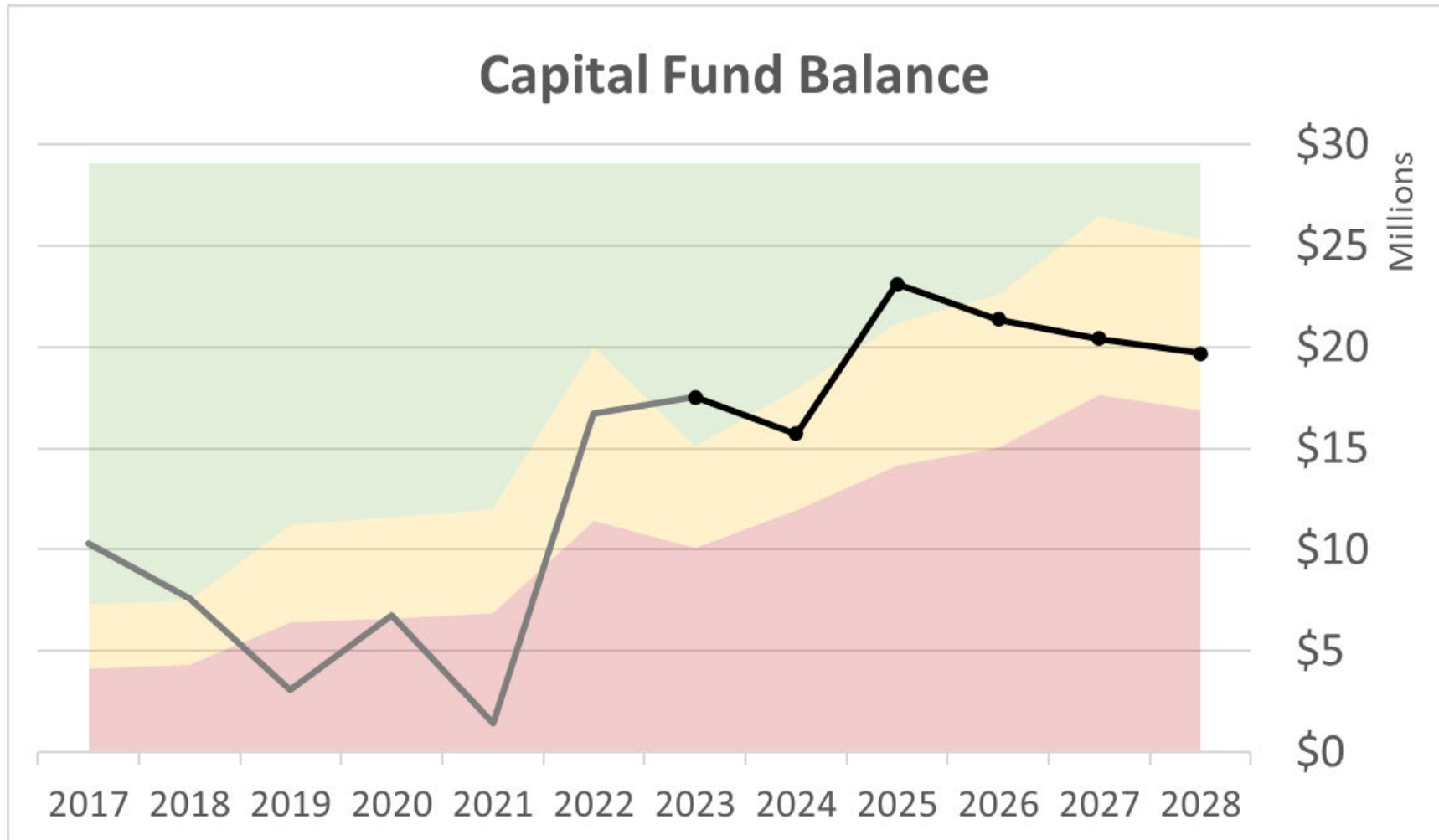
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2. **Maintain capacity to handle unexpected costs without excessive short-term revenue increases**
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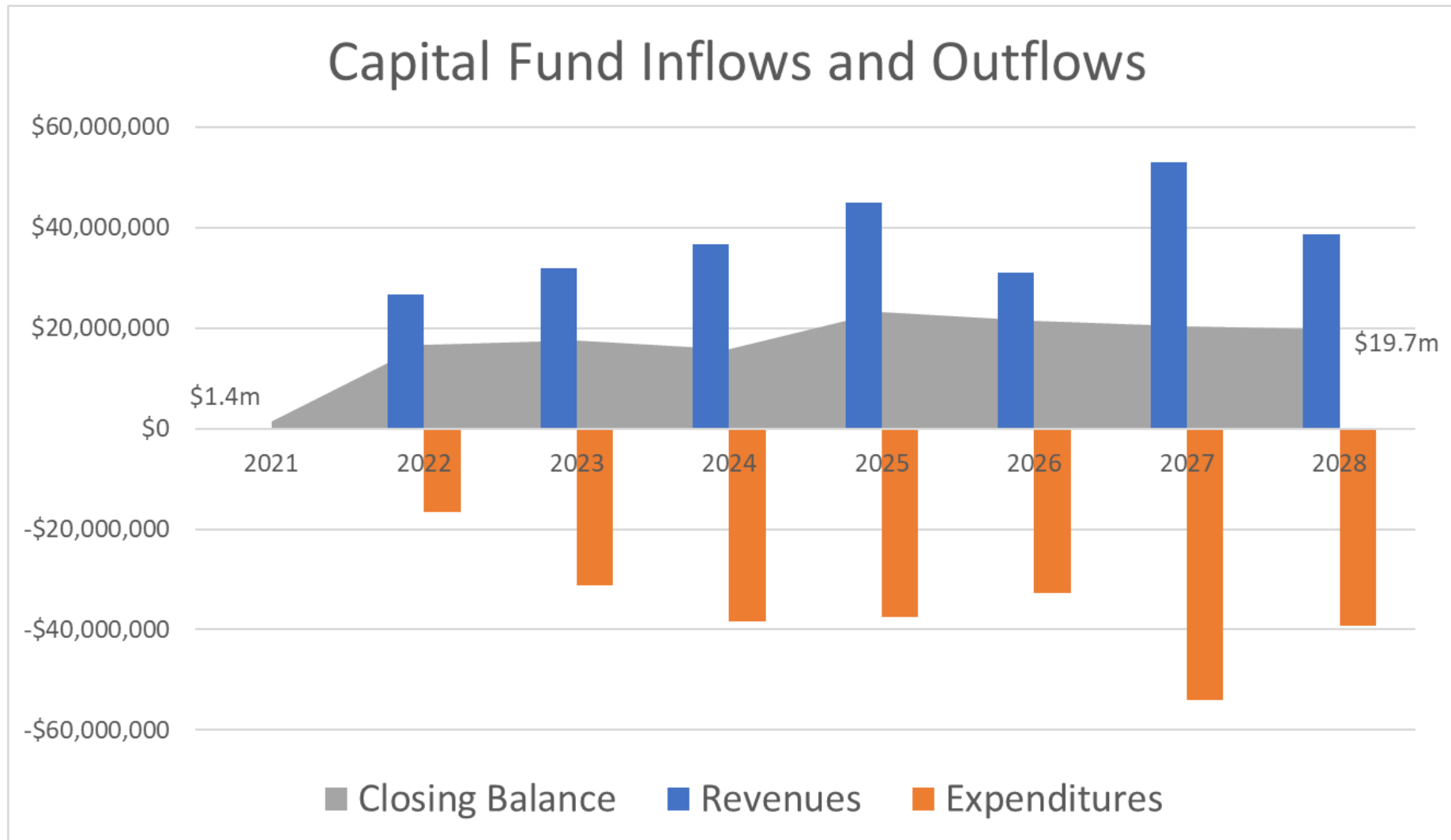
## Priority 2: Maintain capacity to handle unexpected costs without excessive short-term revenue increases



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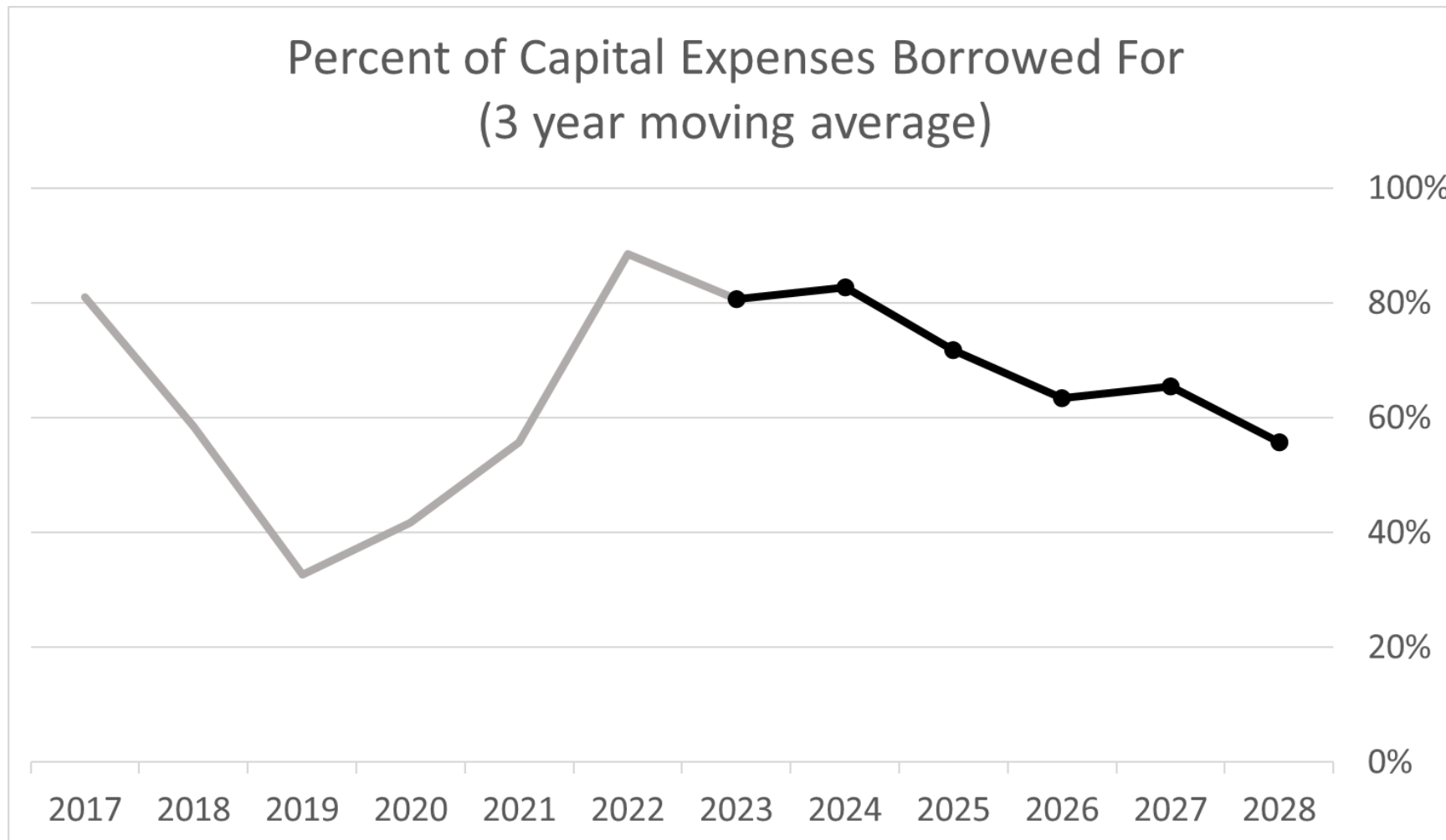
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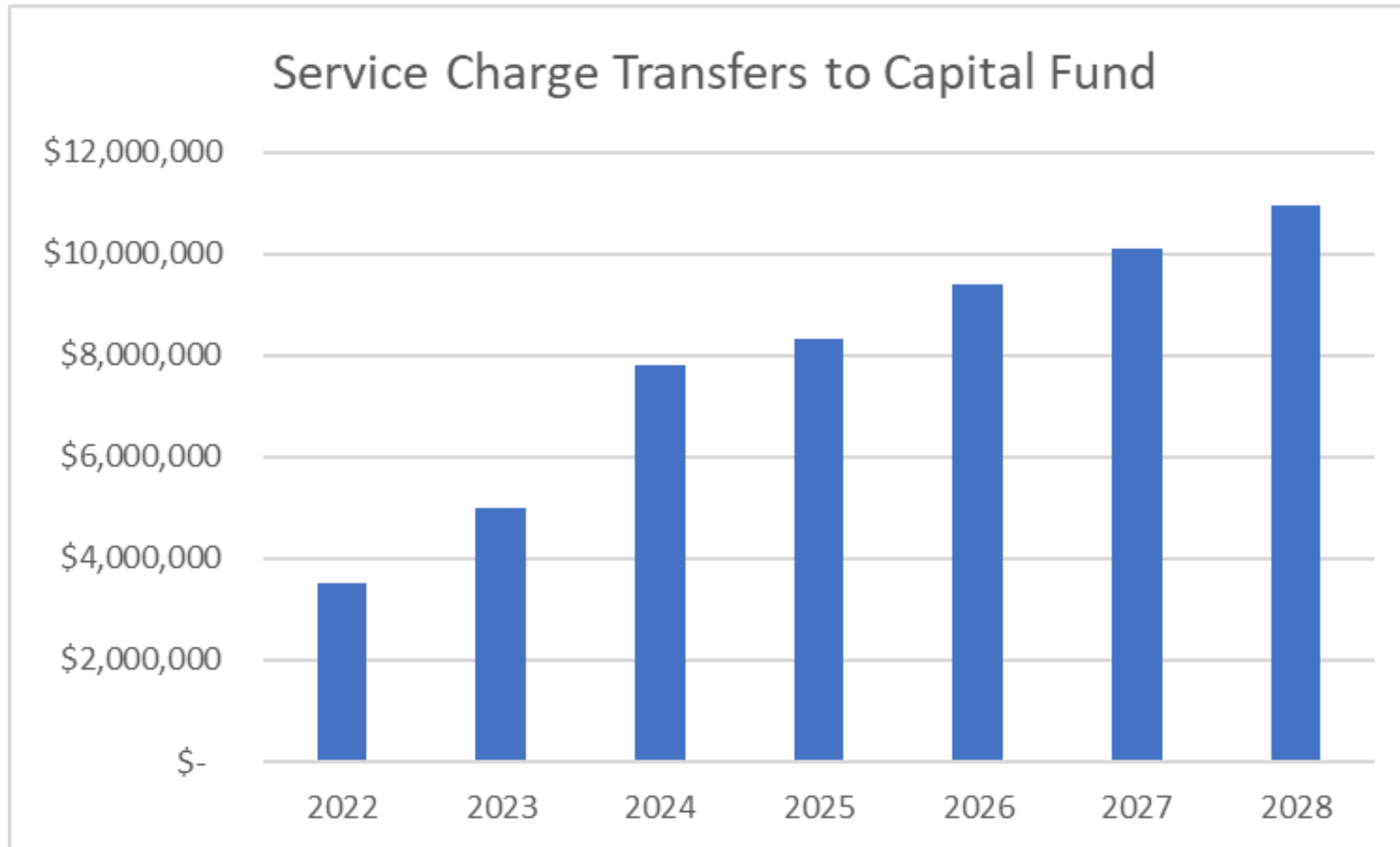
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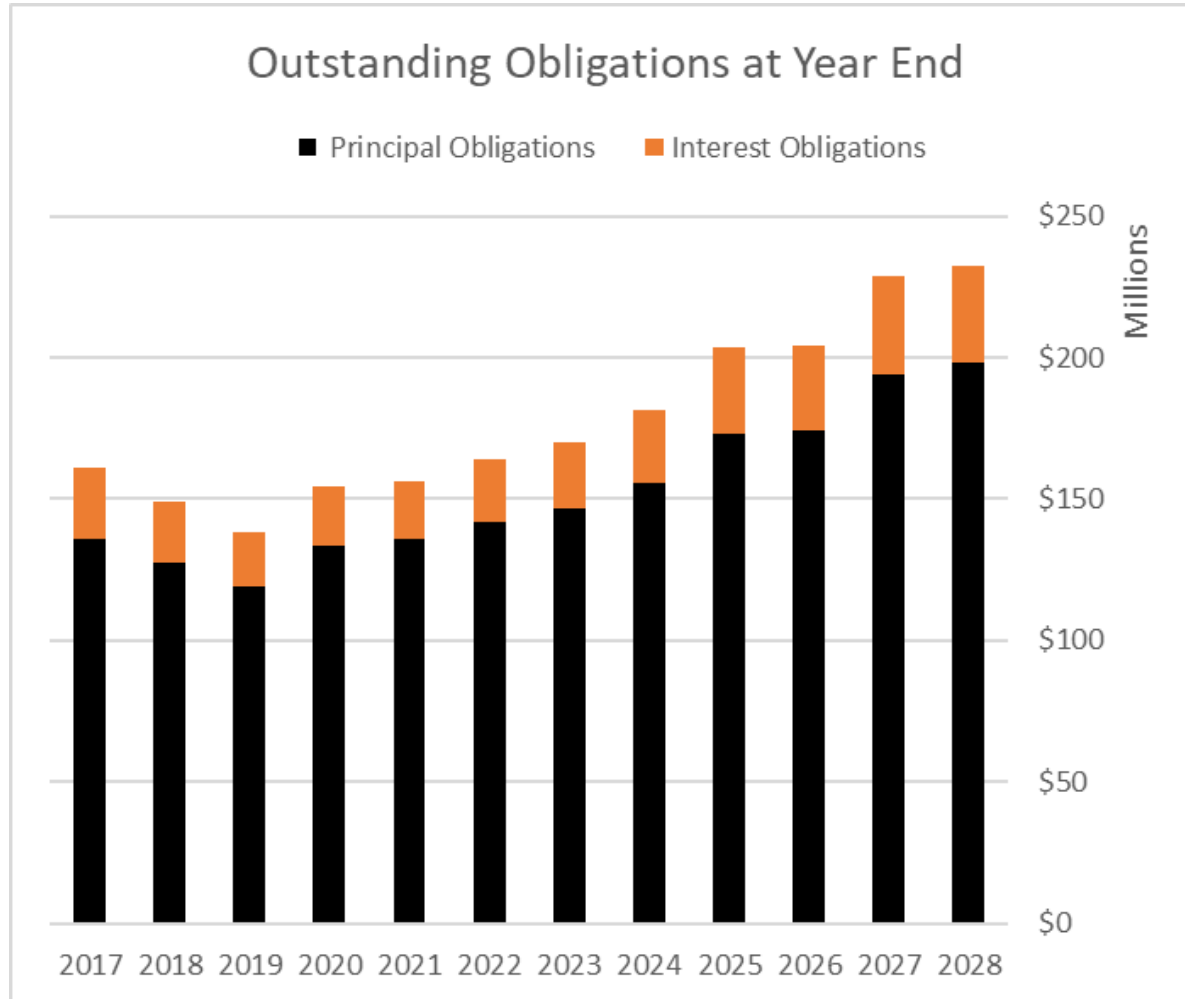
# Priority 3: Limit debt to extent possible



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- Despite more cash financing proportionally, debt levels still rising with larger project portfolio





# Questions?

**No action is required today. Staff will request acceptance of the plan at the July 28 Commission meeting.**

Madison Metropolitan Sewerage District

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