



# 2024 Service Charge and Septage Rates

October 26, 2023

# Outline

1. Basics
2. Proposed rates
- 3. Approval**
4. Review Update



# What are service charges?

- Allocate District costs in fair manner
- Main revenue source
- 25 billed communities
- Charges based on seven rate parameters



# What are service charges?

Madison Metropolitan Sewerage District



Wholesale Rates

District Owners in Service Area



(and many more!)

End Users – private homes, businesses, etc.



Retail Rates

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# What are service charges?

PARAMETER	QUARTERLY QUANTITY	RATE	QUARTERLY BILL
VOLUME (MG)	178.1556	919.3000	163,778.47
CBOD5 (lbs)	296,820	0.19579	58,114.45
SS (lbs)	244,058	0.31950	77,976.62
TKN (lbs)	62,641	0.50093	31,378.59
TOTAL P (lbs)	7,099	5.55236	39,416.07
Equivalent Meters	8,758.83	10.2575	89,843.73
Actual Customers	5,810.00	9.25	53,742.50
Total Quarterly Bill			514,250.43



# How are rates calculated and billed?

**2023**

1. Allocate Budgeted Charges to Each Parameter



2. Estimate Next Year's Flow, Loadings, & Population



3. Calculate Rates for Each Parameter

$$\text{Service Charge Rates} = \frac{\text{Required Service Charge Revenues Authorized in Budget}}{\text{Estimated Loads/Flows to be Treated District-Wide}}$$

**2024**

4. Apply Rates to Measured Flow/Loads for Service Charge Bills

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# Next section: 2024 rates

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# 2024 Service Charge Rate Changes

<u>Parameter</u>	<u>Rate Change</u>
Volume	8%
Carbonaceous Biochemical Oxygen Demand (CBOD)	26%
Suspended Solids	11%
Nitrogen	12%
Phosphorus	8%
Equivalent Meters	8%
Actual Customers	4%





# Community Impacts

<u>Community</u>	<u>Change, Est. Service Charges</u>
City of Madison	8%
City of Middleton	10%
Village of Windsor	21%
Town of Vienna #1	-1%



# Summary

- Method intended to fairly allocate charges
- Budget and flows/loadings impact rates
- Community impacts will vary
- 2024 rates follow historic process



# Next section: septage rates

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# Septage rate inputs

- Service charge rates
- Measured strength
- Estimated volume

$$\text{Septage Rates} = \frac{\text{Cost Derived from Service Charge Rates}}{\text{Estimated Volume}}$$



# Septage Rate Changes

<u>Type of Waste</u>	<u>Change</u>
Septic Tank	23.8%
Holding Tank	16.3%
Grease Trap	43.0%
Settling Basin	26.6%
Portable Toilet	10.7%
Administrative Fee	7.8%





# Request for resolution approval

Approve resolution #2023-10-26-R8, to approve the 2024 service charge and septage rates



# Next section: review update

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# Service charge review update

- Fiscal workgroup met 2022 & 2023
- Staff made three recommendations in April
  1. Provide charges earlier
  2. Provide additional info
  3. Calculate bills in advance



# Provide charges earlier

- Draft estimates provided mid-September
- Positive feedback
  - “Thanks for the early estimate of 2024 Sewer Utility expenses. We’ve put together our budget books, but haven’t yet begun deliberations – so this will be helpful as we get into discussions.”



# Provide additional info

New webpage:  
[www.madsewer.org/service-charges](http://www.madsewer.org/service-charges)

## Service Charges

Home / Budget & Finance / Service Charges

### Calculating rates for wastewater services

Service charges are the primary source of revenue for the District. Charges are paid to our wastewater utility by our municipal owner communities, as the District does not bill households or businesses directly for wastewater services. Residential and commercial customers with questions regarding their water bill should contact their municipality directly using the contact information on their bill.

#### WHAT ARE SERVICE CHARGES?

A service charge is a fee collected to pay for services related to the product/service being purchased. At the District, service charges are a primary source of revenue.

Instead of billing residential and commercial customers directly, the District charges the 25 municipal owner communities in our [service area](#) (e.g. Middleton, Fitchburg, Monona, etc.) directly. The District's owner communities then set their own sewer charges, which are billed to individual residences and businesses. These charges cover each community's share of District service charges, as well as the community's own sewer maintenance and infrastructure costs.

Service charges are the primary source of revenue for the District. These charges fund the District's expenses, such as building new sewer infrastructure across the service area to address population growth, aging infrastructure, and maintaining wastewater treatment equipment at the plant.

Service charges fairly allocate District costs to the communities we serve. Fairness is achieved by setting charges based on the impact of each community on the system. Communities that send more waste and higher strength waste pay a proportionately larger share of District costs.

#### HOW IS THE SERVICE CHARGE REVENUE REQUIREMENT DETERMINED?

Each year, our Commission approves a [budget](#) to cover necessary expenditures of the District. The budget includes costs of capital projects, debt service and operating expenses such as



# Calculate bills in advance

- Proposed change
  - Use historic data to calculate bills in advance
- Challenge
  - Changes in industrial activity put some Communities at risk
- Next step
  - Research industrial billing program

# Questions?

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# Thank you!

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