

The background of the slide is a photograph of a meeting. Several people are seated around a table, looking at documents. A hand in the foreground is holding a dark mug with the words "Metropolitan District" printed on it. The entire image is covered with a semi-transparent blue filter.

Welcome

**Commission Meeting
September 24, 2026**

Madison Metropolitan
Sewerage District





Consent Calendar

Madison Metropolitan
Sewerage District



Public Hearing: Proposed 2027 Budget

Presented by Eric Dundee



Key actions and developments

In support of the 2027 budget

- **April 2026:** Commission Acceptance for Strategic Plan & Commission Reporting Schedule
- **May 2026:** Commission Acceptance of Three-Year Plan and overview of budget process/priorities
- **July 2026:** Commission presentations
 - 2027 Operating Budget update
 - 2027-2032 Capital Improvements Plan preview
- **Aug. 20, 2026:** Budget Preview for Customer Communities
- **Sept. 10, 2026:** 2027 Commission Budget Introduction
- **Sept. 14, 2026:** Budget Presentation to Dane County Cities & Villages Association Executive Council

Grounding our work: Values



Service



Reliability

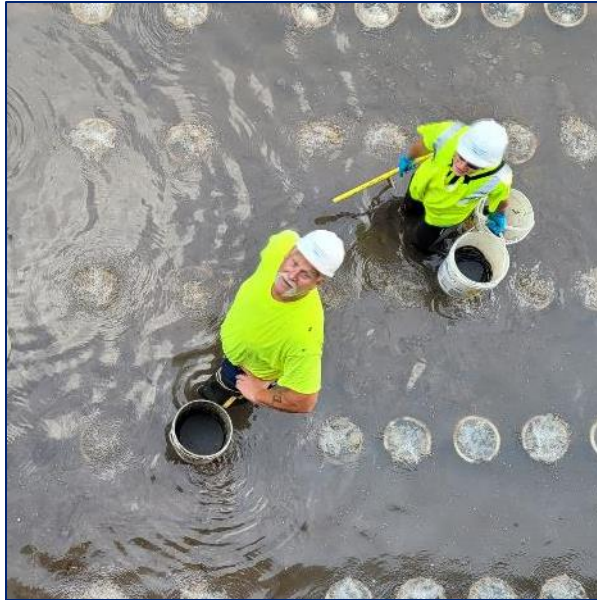


Sustainability

Grounding our work: Performance Areas



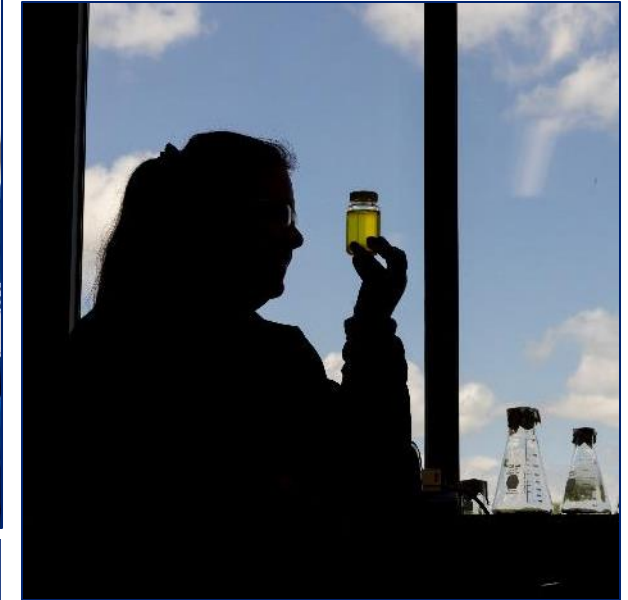
Financial Capacity &
Resilience



Infrastructure
Reliability



Public Trust



Regulatory
Compliance

...plus Key Performance Indicators (KPIs) and Three-Year Plan

Breaking Down the 2027 Budget Drivers



Big Bucket: CIP investments & support



Our largest projects are here: Liquid Processing Improvements – Phase 2 and Biosolids and Heat & Power Improvements

- Requires investment of more than \$300 million
- Top projects in District's Three-Year Plan
- Necessary to accommodate community growth, regulatory compliance, and infrastructure reliability
- For Biosolids and Heat & Power, using planning estimates to start building reserves to soften increases



Liquid Processing Improvements (LPI) Phase 2

In Construction phase

Why this project is important

Regulatory Compliance

The District's liquid treatment systems — the equipment that supplies oxygen, moves wastewater, and monitors biological treatment — are aging and increasingly vulnerable to failure. At the same time, our fast-growing region and tightening environmental requirements mean current systems cannot reliably meet future demand.

Modernizing these core treatment assets now is essential to maintaining safe, uninterrupted wastewater service, protecting our waterways, and ensuring the plant and the District are not a barrier to our customer communities' continued growth.

Why invest now: Liquid Processing – Phase 2

- **Critical equipment is at end-of-life**
 - The blowers, pumps, valves, and sensors that keep the activated sludge process alive are decades old, difficult to procure replacements for, and increasingly unreliable.
- **Regulations are tightening – and failure is not an option**
 - Declining Compliance Maintenance Annual Report (CMAR) scores show current systems are struggling to meet permit requirements without upgrades.
- **This accommodates regional growth**
 - Dane County is projected to grow 12% by 2050, adding +110,000 people to the District's service area.
- **Energy use is a major operational cost driver**
 - Replacing outdated blowers with high-efficiency equipment and adopting a hybrid nutrient-removal system will reduce electricity use up to 18%.
- **This is a proactive investment in reliability**
 - This project ensures stable operations, protects public health and waterways, and reduces long-term operating costs through energy savings and modernized systems.



Biosolids Improvements Project

Moving to Design

Why this project is important

Regulatory Compliance

The District's biosolids system is reaching a breaking point: aging infrastructure and rising biosolids volumes are pushing us below required storage capacity and increasing the risk of regulatory non-compliance.

At the same time, key assets across our solids handling process are nearing end-of-life, making failures more likely and emergency measures more expensive.

Investing now ensures we can reliably, safely, and sustainably manage biosolids for decades to come — without relying on costly stop-gap solutions.

Why invest now: Biosolids Improvements

- **Storage capacity is falling fast**
 - Currently have 175 days of biosolids storage; legal minimum is 180. By 2050, that drops to 136 days of storage if no change. The new process provides 350–400 days of storage, reduces hauling trips, and creates a higher-quality product for farmers.
- **Solids processing improvements to meet future demands**
 - Improvements to the solids processing treatment process are needed to meet the flows and loadings of the future.
- **Aging infrastructure is a major liability**
 - The project's facilities plan evaluated 1,390 assets – many require replacement or upgrades to maintain safe, reliable operations.
- **Cost-effective investment**
 - The District is required to invest in biosolids improvements and can improve its biosolids program's long-term health, provide greater benefit to growers, and reduce operational costs.



Why this project is important

Streamlined Operations, Energy Capture & Revenue

The District's heat and power systems — which convert biogas into electricity and provide essential heating across the treatment plant — are aging, inefficient, and increasingly prone to failure. Additionally, the District is producing more biogas than it can use, forcing us to flare the excess, which wastes a valuable renewable resource and creates unnecessary environmental impacts.

Modernizing these systems now allows us to capture and sell this biogas as pipeline-ready renewable natural gas, which improves reliability, reduces waste, and strengthens the District's long-term financial and environmental performance.

Heat & Power Improvements

Moving to Design

Why invest now: Heat & Power Improvements

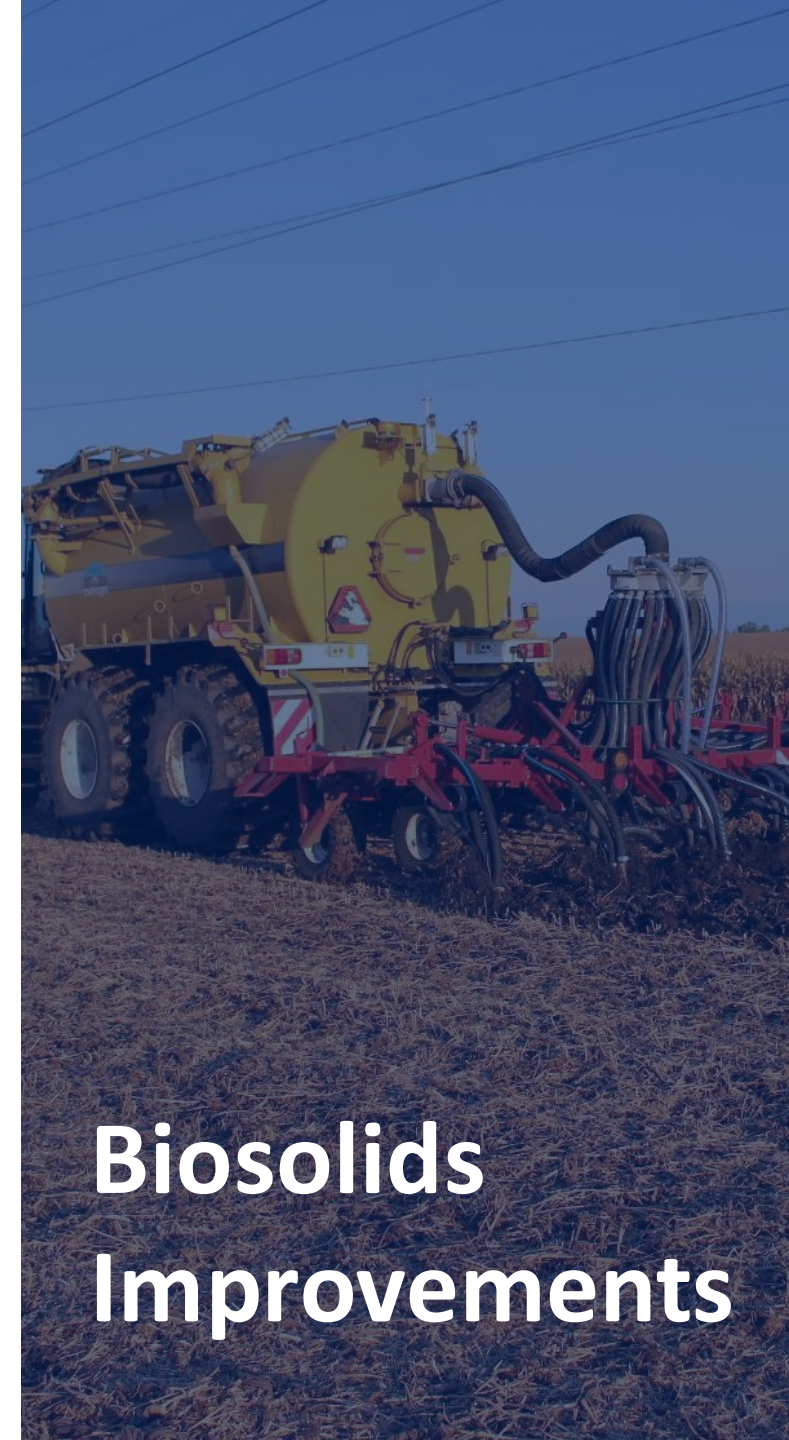
- **Aging equipment is at a growing risk of failure**
 - The District's heat- and power-generating assets show significant corrosion, leaks, and performance decline. Failure of the cogeneration engines alone costs the District *~\$1,000 per day* in higher electricity charges and repairs.
- **Biogas is a major renewable resource — and we're not fully using it**
 - The plant produces ~295 million cubic feet of biogas per year, but outdated equipment limits how effectively it can be used.
- **RNG creates a new, stable revenue stream**
 - Annual revenue by moving to RNG is estimated at \$5 million to \$7 million. Delaying the project risks creating a reliable income stream and losing access to environmental credit markets.
- **Delaying the project increases cost and risk**
 - Every year of delay prolongs exposure to equipment failure, increases maintenance costs, and postpones millions in annual revenue. It also jeopardizes the District's ability to meet future energy, heating, and operational needs.



Heat & Power Improvements

Why combine the two?

- **Shared infrastructure = lower construction costs and fewer disruptions**
 - Both projects affect some of the same core systems. Combining these projects avoids duplicative work and project costs by 10%-15% (approx. \$20 million) and minimizes operational downtime.
- **Coordinated upgrades improve reliability across the entire plant**
 - Proceeding as one integrated project ensures new systems are compatible, reduces the risk of failure in adjacent aging assets, and strengthens long-term operational stability.



Biosolids Improvements

Medium Bucket: Non-discretionary increases



- **Increased Yahara WINS contribution**
 - Necessary with consolidation of outfalls
 - District increase of \$260,000 per intergovernmental agreement
 - Supports regulatory compliance
- **Inflationary increases**
 - O&M costs up 7%-10% alone
 - *Extreme example:* Replacement of headworks screen press, went from \$12,000 to over \$30,000 in last 12 months
 - Market wage adjustment: 2.5%

Little Bucket: Long-term vision



- **PFAS sampling compliance and program**
- **Strategic Plan KPI development**
 - Infrastructure Reliability: Nessie curve, condition assessments
 - Public Trust: Public Sentiment Analysis & Stakeholder Satisfaction
- **Artificial Intelligence (AI) policy**
- **Strategic funding services**
 - Support to identify and pursue grants, earmarks, and supplemental funding
- **Research**

Changes from 2026 Budget

	millions \$	%
Transfer to Capital & Debt Funds	\$6.6	10.76
Operating Programs - Cost to Operate & Strategic Initiatives	1.4	2.27
Personnel – Wages & Positions	1.0	1.61
Other Needs	0.6	0.93
Offsets & Reserve Adjustments	-2.2	-3.54
	\$ 7.38	12.02%

See budget document p. 25 for additional detail.

The budget is available at madsewer.org/2027-budget

Figures may not sum to totals due to rounding.

2027 Service Charges

\$68.76 million

12% above 2026

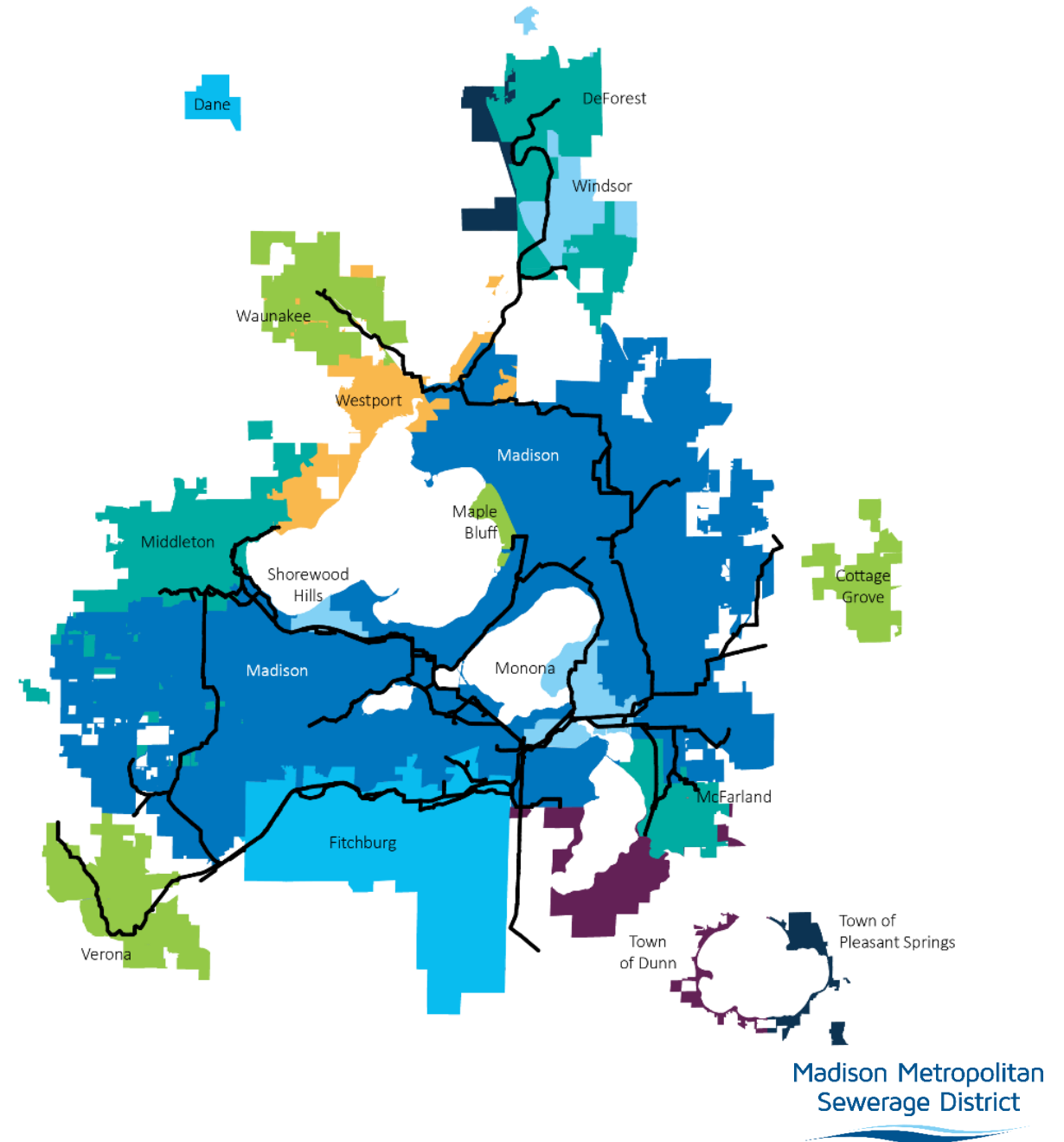
For the average household

\$345 per year,

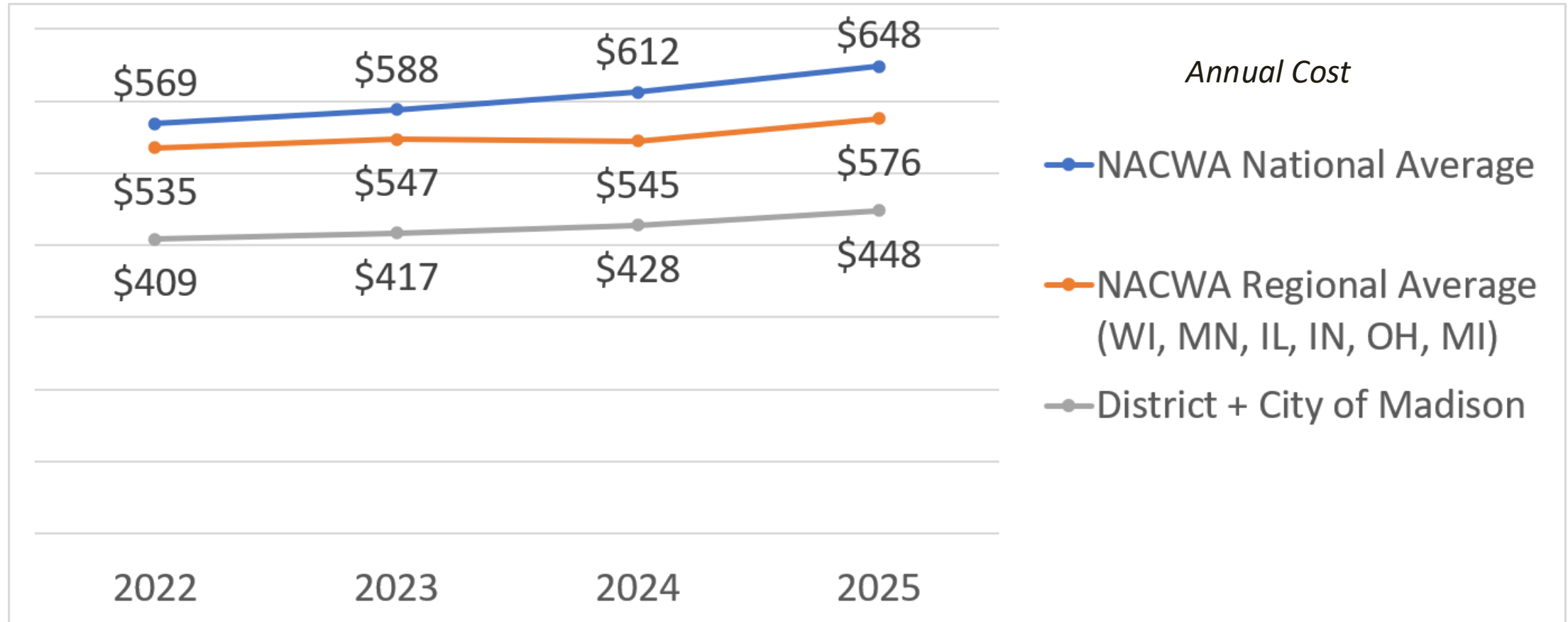
which equals
\$28.75 per month

Compared to 2026

\$41 more per year or
\$3.42 more per month

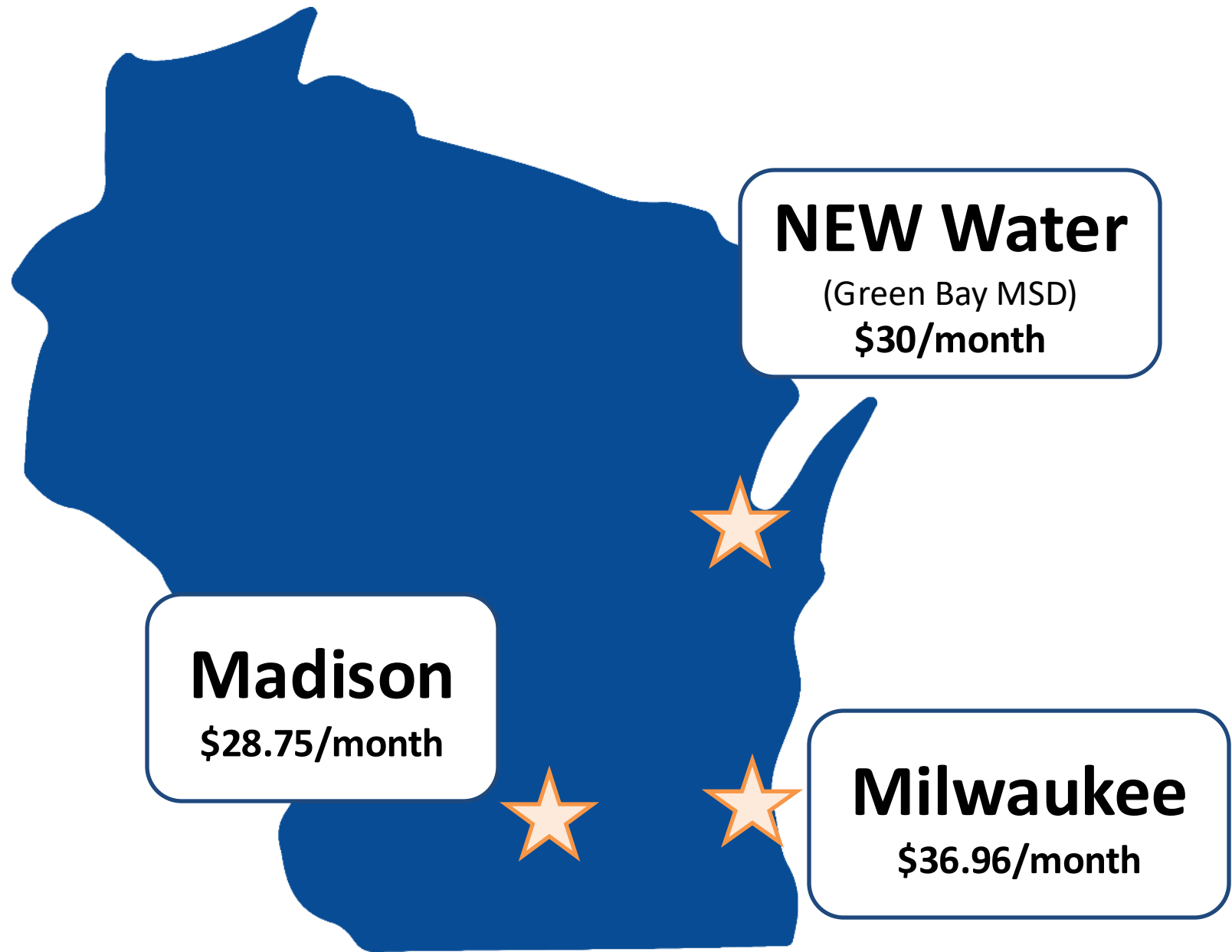


Cost of Wastewater Services for the Ave. Household



Metropolitan Sewerage District Monthly Comparison

*Based on 2027
proposed budgets*



Key Question for Commission - Capital Reserves

Excerpt from Commission Policy ATT-2D: Commission Policy Statement on Fund Reserves:

For any given year included in the capital improvements plan, the District will target a year-end closing balance in the capital projects fund of 180/365 times the average of annual total capital expenditures budgeted for the year under consideration ("forecast year") and forecasted years for as many succeeding years for which expenditure forecasts are available, up to three additional years.

2027 Budget as proposed

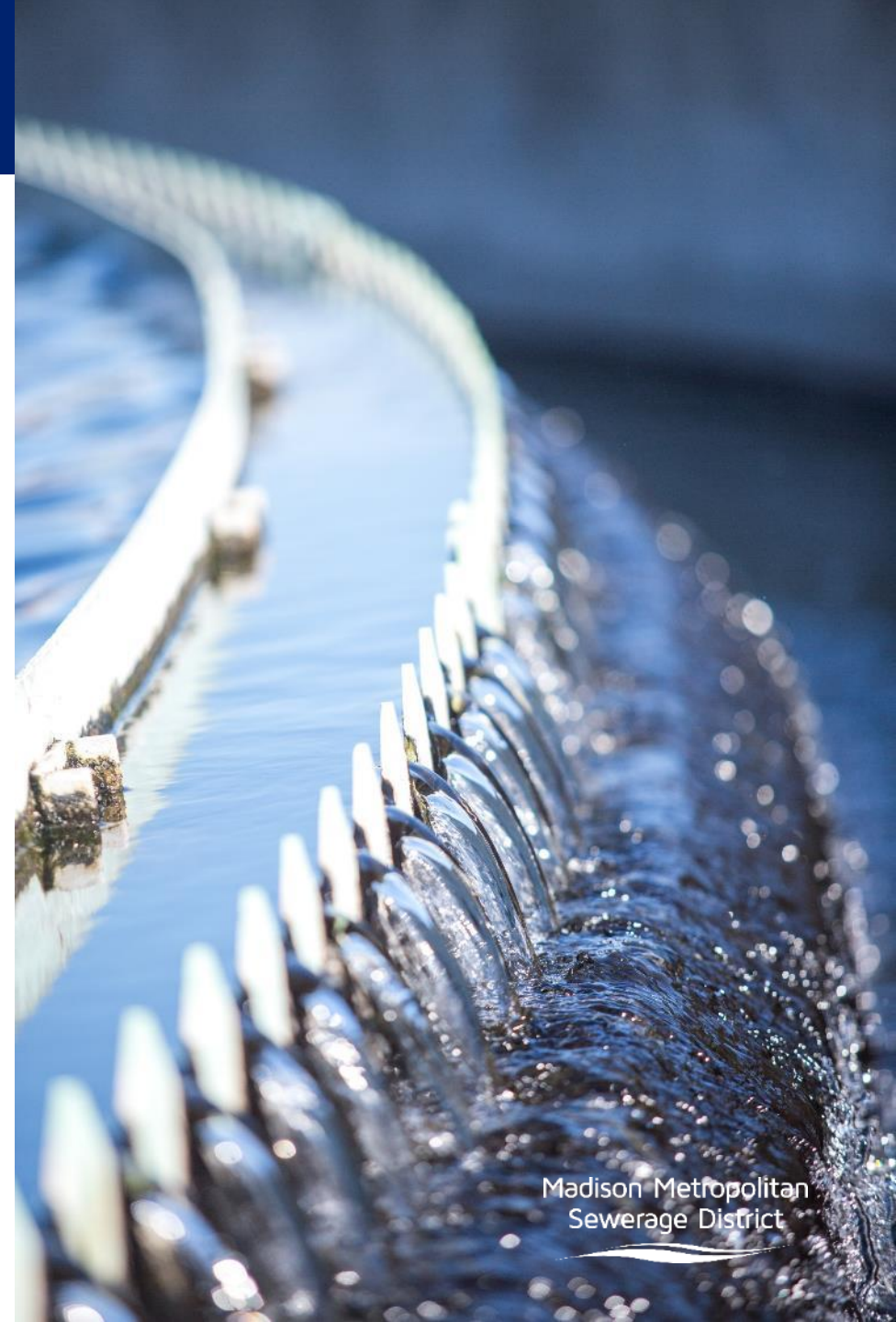
- 12% service charge increase
- 2027 Capital fund closing balance is \$4.4M (12%) under 180-day reserve amount

Option: Reduce Capital Fund reserve

- 4% service charge increase
- 2027 Capital fund closing balance is \$9.4M (25%) under 180-day reserve amount

Next Steps

- **Friday, Oct. 2 by 4p:** Budget comments due
 - Email to info@madsewer.org
- **Thursday, Oct. 8:** Budget deliberation
- **Thursday, Oct. 22:** Budget adoption
- **Sunday, Nov. 1:** Deadline to provide final rate information to communities and haulers



Useful Links

- **Budget document**
madsewer.org/2027-budget
- **Budget Q&A document**
madsewer.org/27-budget-qa



Public Comment Period

Commission Discussion



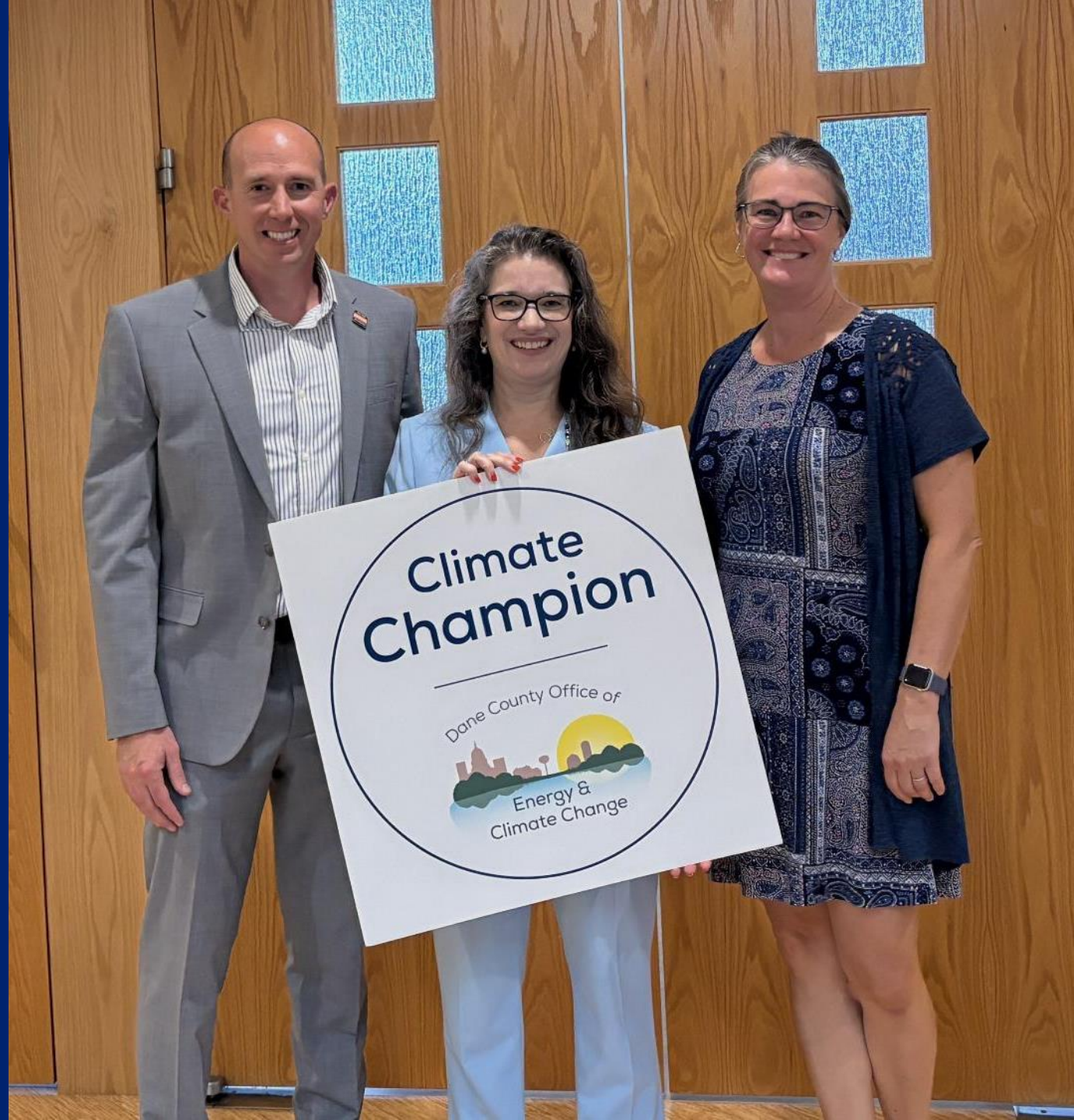
Executive Director Update

Presented by Eric Dundee, Executive Director



4x 2026 Climate Champion

- **Catalyst Category:** Champion
- **Water Use Category:** 3 Star Champion
- **Renewable Use Category:** 4 Star Champion – Maintenance Facility
- **Renewable Use Category:** 3 Star Champion – Nine Springs Treatment Plant



Legislative Visits

- Sen. Melissa Ratcliffe
- Sen. Sarah Keyeski
- Sen. Kelda Roys
- Rep. Alex Joers
- Staff from Sen. Baldwin's and Rep. Pocan's offices





Nine Springs Solar Project

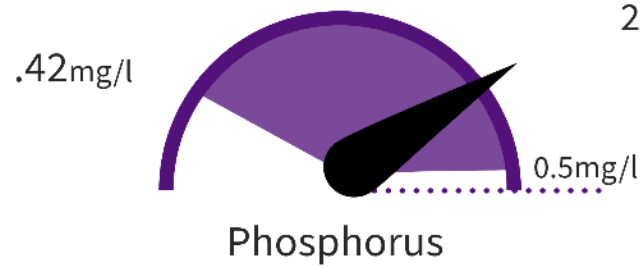
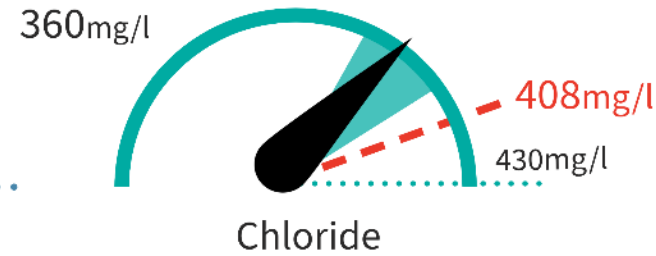
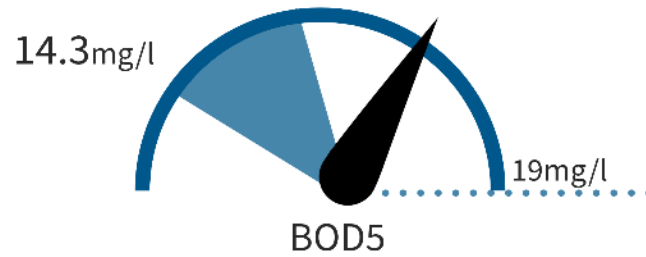
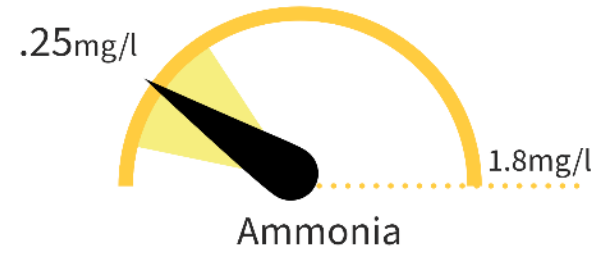


Operations Report

Presented by Alan Grooms,
Director of Operations & Maintenance

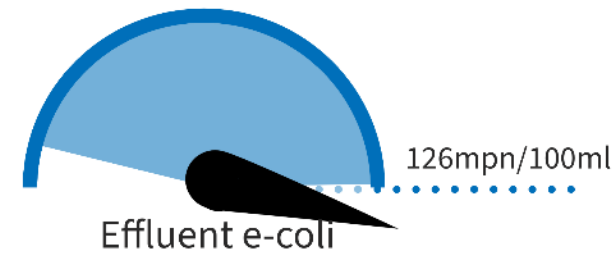


Shaded area represents one standard deviation around the 3-year average



6-month average May 2026 - Present

205mpn/100ml

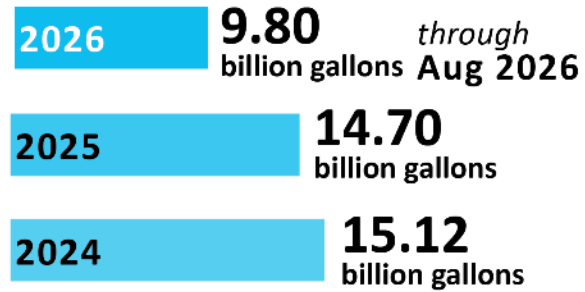


August Plant Performance

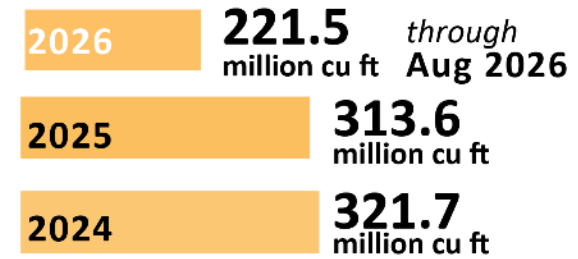
Madison Metropolitan
Sewerage District



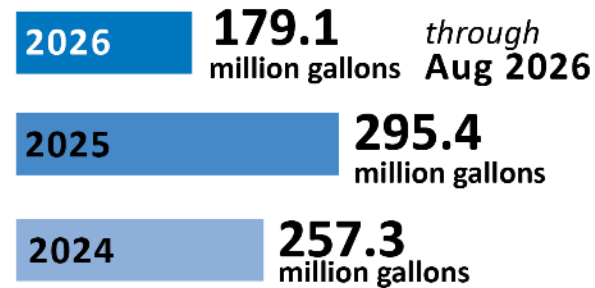
CLEAN WATER



BIOGAS



REUSED EFFLUENT

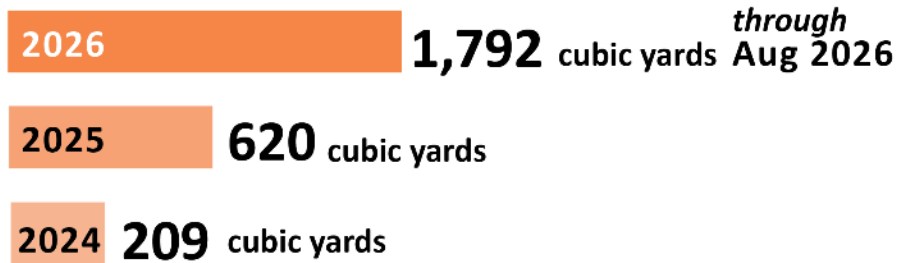


August Plant Performance

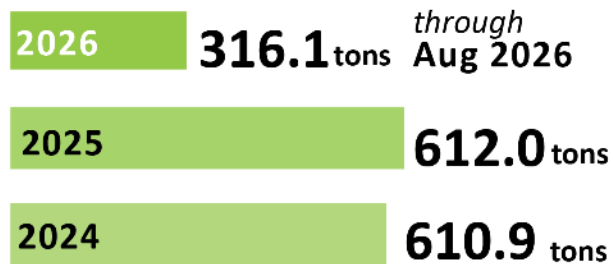




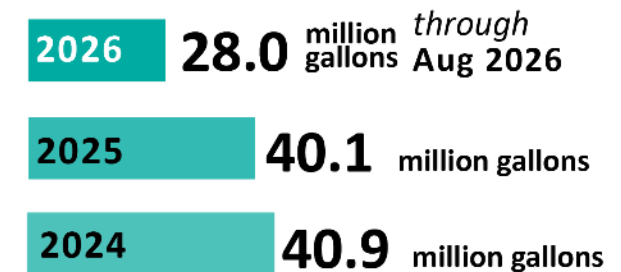
METROGRO CAKE



STRUVITE



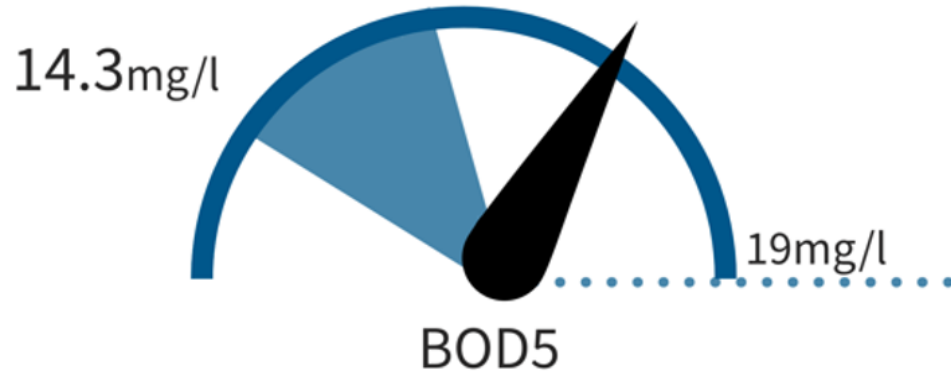
METROGRO



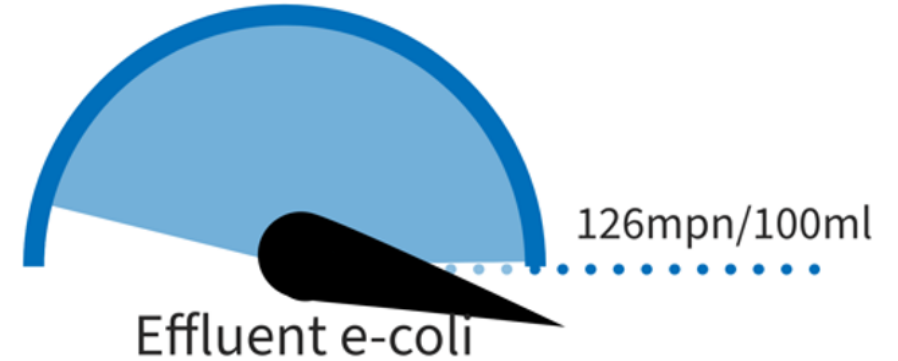
August Plant Performance



August WPDES Permit Exceedances



- **Week 2 BOD₅ exceedance**
 - Sudden rise 12th
 - Remained high through 15th
 - Week 2 avg 20.8 (20 is limit)
 - Usual accompanying indicators were normal
 - Root cause still undetermined



- **Monthly e-coli (disinfection)**
 - Average 204.8 #/100ml
 - Geometric mean 189.2
 - Limit is 126 #/100 ml
 - We also report % > 410 with 10% limit
 - Factors
 - Lamp age
 - Channel availability due to maintenance
 - Plant performance & activities
 - Training



Questions?

Madison Metropolitan
Sewerage District





Committee Reports

Presented by Commissioner Meyer & Commissioner Fries





Regulatory and Legal Review

Presented by Paul Kent

