



2025 Capital Projects Update

October 17, 2024

Madison Metropolitan Sewerage District



Capital Projects Update

- No action requested today
- Follow-up to previously described project updates
- Details on projected budgetary impacts
- Staff will seek approval of amendment on 10/31



Capital Projects Update

- Nine Springs Valley Interceptor Phase 2 project moved up due to issues identified with Goose Lake-area sinkhole
 - Two collection system lining projects pushed back to address need for staff to focus on NSVI Phase 2 project
- Two projects have updated construction cost information
 - Lower Badger Mill Creek Interceptor Phase 6
 - East Plant Primary Tank Rehabilitation



Capital Projects Update

- Capital expenditures increase 4% (\$10.6m) over 2024-2030 period
- 2025 service charge revenue increase still at 7.5% (\$15.89 more per year for average household)
- Project changes impact:
 - Capital fund excess reserves spend down
 - Percent of projects debt vs cash funded
 - Future year service charge path



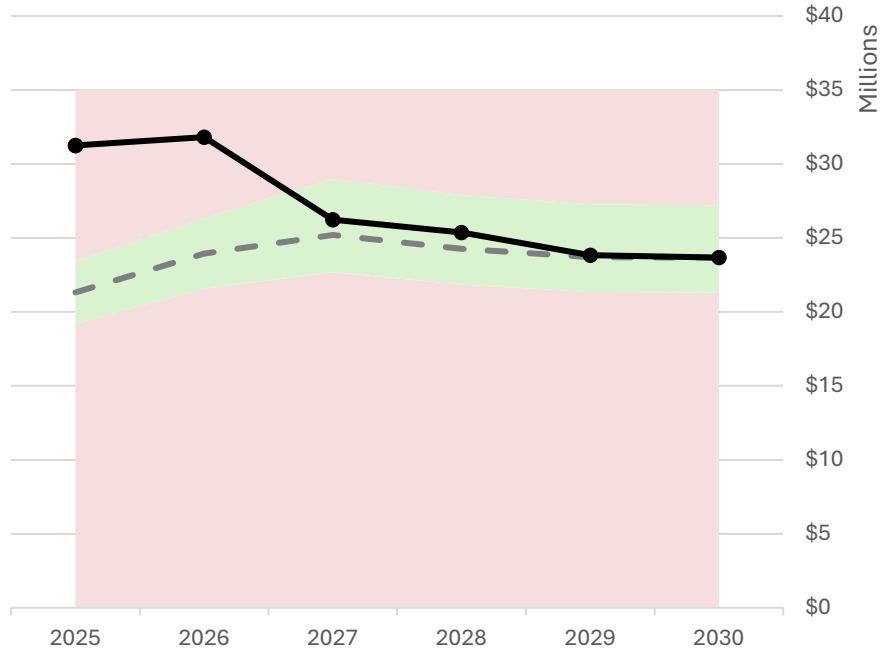
Capital fund excess reserve spend down

- Under the original proposed budget, the capital fund closing balance was spent down to the newly calculated, lower reserve amount in 2027.
- Under this amendment, the closing balance is at the lower reserve amount in 2026, a year earlier. This is due to higher levels of capital expenditures planned for 2026 under the amendment.



Budget as Initially Proposed

Capital Fund Balance vs. Reserve Targets

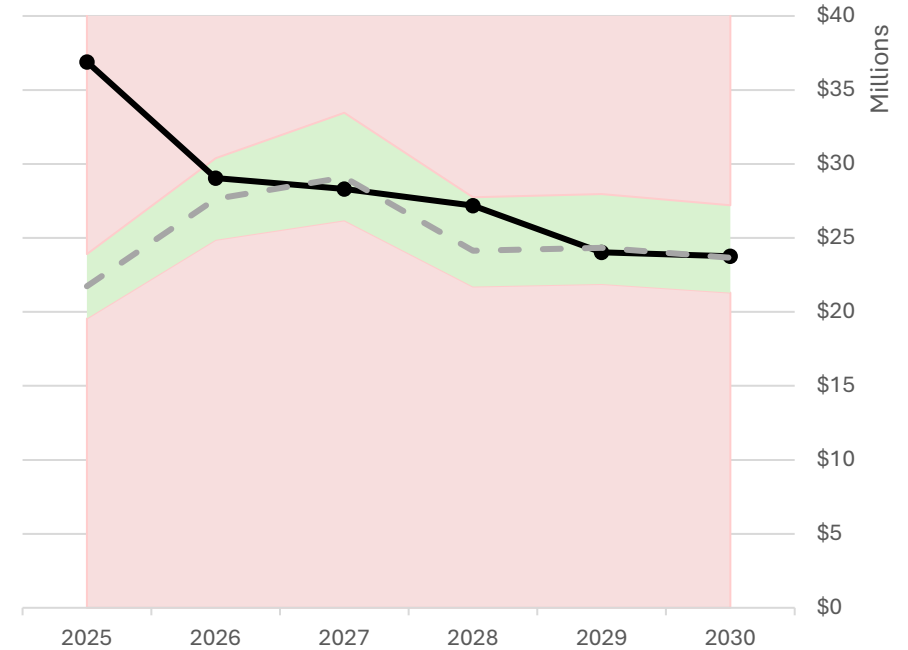


- Balance reaches new, lower reserve amount in 2027



Budget w/ Project Update Amendment

Capital Fund Balance vs. Reserve Targets



- Balance reaches new, lower reserve amount in 2026 – one year earlier

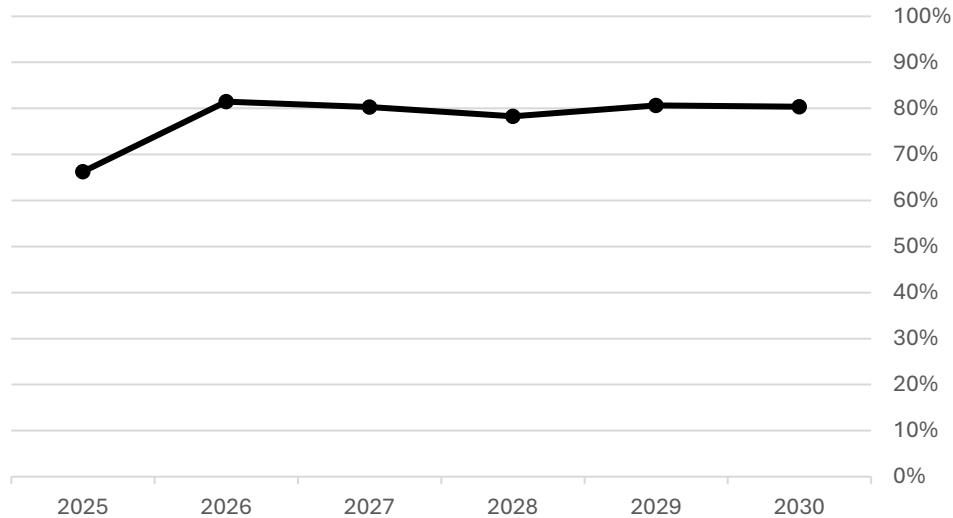
Percent of projects debt vs cash funded

- Under the original proposed budget, the District estimated that 65% of project spending in 2025 would be debt funded, with approximately 80% being debt funded over the 2026 – 2030 period.
- Under this amendment, approximately 75% of project spending in 2025 would be debt funded. The 2026-2030 period averages 81.5%.
 - This is largely due to debt financing a project that staff previous planned to cash finance.



Budget as Initially Proposed

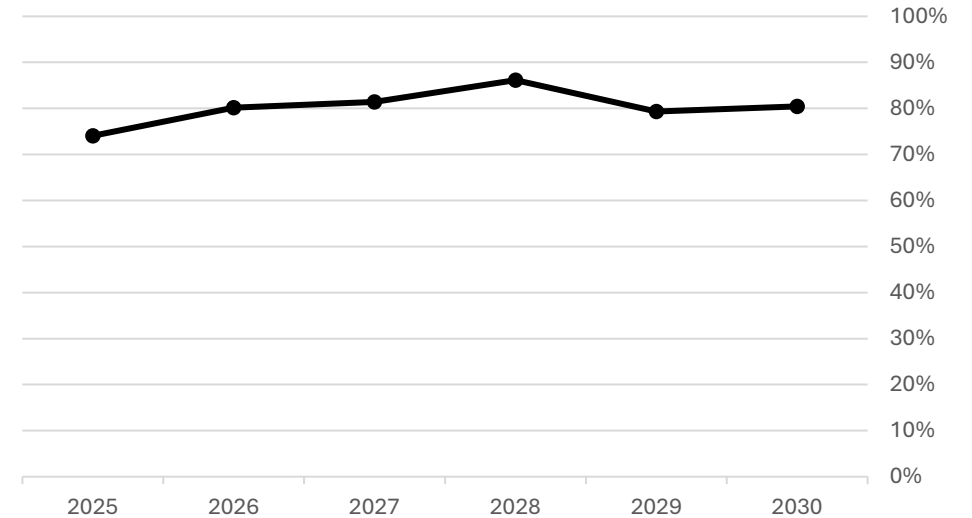
Percent of Capital Expenses Borrowed For
(2 year moving average)



- 65% of project spending in 2025 would be debt funded
- 80% debt funded over the 2026 – 2030 period

Budget w/ Project Update Amendment

Percent of Capital Expenses Borrowed For
(2 year moving average)



- 75% of project spending in 2025 would be debt funded.
- 81.5% debt funded over the 2026-2030 period

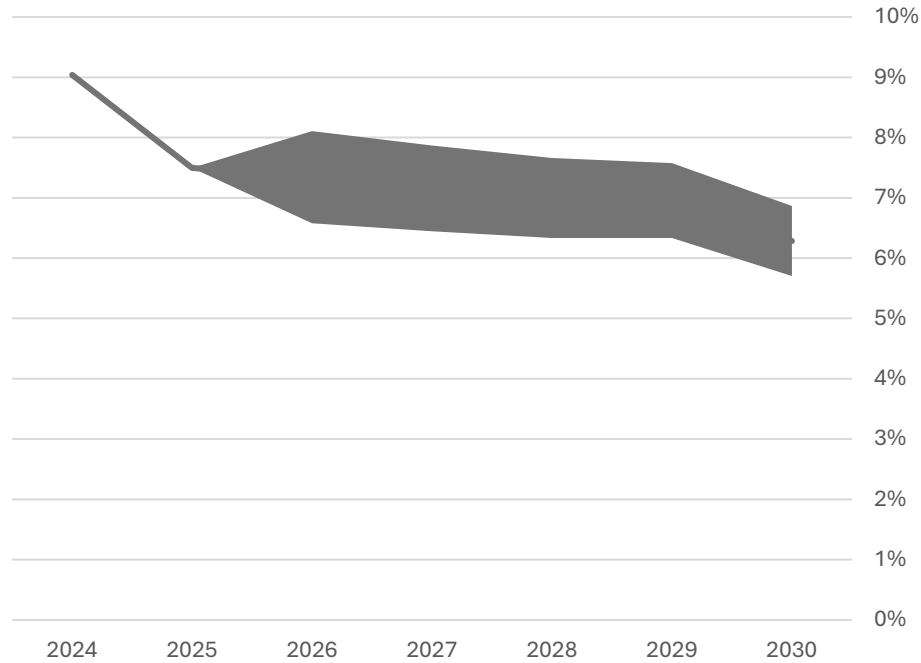
Future year service charge path

- Under the original proposed budget, staff projected a service charge increase path decreasing from 7.5% in 2025 down to 6.5% in 2030.
- Under this amendment, the *projected* service charge increase path stays at ~7.5% for the 2025-2029 period, with the final CIP year (2030) ending at a ~4.5% year-over-year increase.
- This is due to the combined effects of:
 - Higher levels of capital spending over the 2025-2030 period.
 - Cost reductions for a cash-funded project in 2030.
 - Projected use of debt (instead of cash) spending on interceptor project.



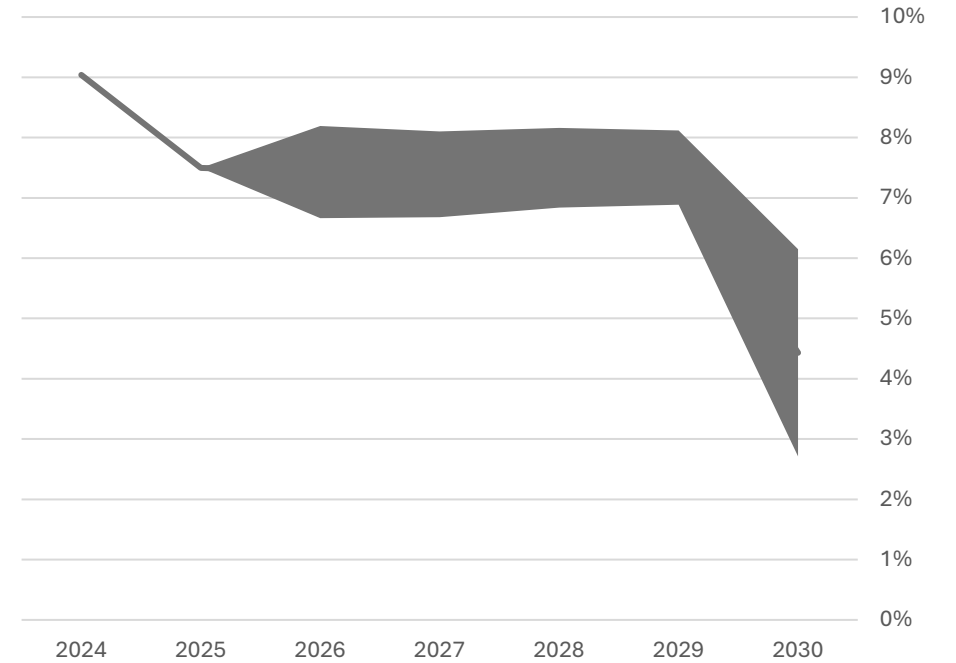
Budget as Initially Proposed

Forecast Annual % Increases in Service Charges



Budget w/ Project Update Amendment

Forecast Annual % Increases in Service Charges



The bottom line

- No 2025 service charge change result from these updates
- Total 2025-2030 capital spending up 4% (\$10.6m)
- Minimal impact to capital fund balance, use of debt, and future service charge increases
- Staff will seek approval for amendment on Oct. 31



A photograph of three workers in safety gear (hard hats, high-visibility jackets, and gloves) examining a large pipe. The pipe is wrapped with several sensors or monitoring devices. The worker on the left is using a handheld device to interact with the sensors. The worker in the center is looking at the pipe, and the worker on the right is also looking at the pipe. The entire image has a blue tint.

Questions?

Madison Metropolitan Sewerage District



Summary Table of Project Changes

No.	Project		Version	2024	2025	2026	2027	2028	2029	2030	TOTAL
	ID	Project									
1	145	Lower Badger Mill Creek Interceptor - Phase 6	Original	\$ 395,000	\$ 2,665,125	\$ 1,847,863					\$ 4,907,988
			Revised	\$ 280,000	\$ 4,652,325	\$ 4,606,268					\$ 9,538,593
			Difference	\$ (115,000)	\$ 1,987,200	\$ 2,758,404					\$ 4,630,604
2	210	East Plant Primary Tank Rehabilitation	Original					\$ 57,099	\$ 1,452,655	\$ 1,496,235	\$ 3,005,988
			Revised					\$ 28,549	\$ 1,452,655		\$ 1,481,204
			Difference					\$ (28,549)	\$ -	\$ (1,496,235)	\$ (1,524,784)
3	67	NEI - Truax Rehab	Original	\$ 20,000	\$ 4,238,325	\$ 4,300,968					\$ 8,559,293
			Revised	\$ 20,000	\$ 5,175	\$ 2,661,994	\$ 6,230,994				\$ 8,918,164
			Difference	\$ -	\$ (4,233,150)	\$ (1,638,974)	\$ 6,230,994				\$ 358,870
4	69	NEI - FEI to SEI	Original			\$ 32,137	\$ 1,114,261	\$ 1,376,085			\$ 2,522,483
			Revised				\$ 33,262	\$ 1,147,689	\$ 1,417,368		\$ 2,598,319
			Difference			\$ (32,137)	\$ (1,081,000)	\$ (228,396)	\$ 1,417,368	\$ -	\$ 75,835
5	71	NSVI Capacity Improvements (Phase 1)	Original	\$ 15,000	\$ 367,425	\$ 567,749	\$ 4,573,461	\$ 7,074,562			\$ 12,598,198
			Revised	\$ 30,000	\$ 217,350	\$ 519,544	\$ 3,669,856	\$ 5,675,638			\$ 10,112,388
			Difference	\$ 15,000	\$ (150,075)	\$ (48,205)	\$ (903,605)	\$ (1,398,925)			\$ (2,485,810)
6	215	NSVI Capacity Improvements (Phase 2)	Original	\$ -	\$ -	\$ -	\$ -				\$ -
			Revised	\$ 365,000	\$ 1,335,150	\$ 2,415,612	\$ 5,504,784				\$ 9,620,547
			Difference	\$ 365,000	\$ 1,335,150	\$ 2,415,612	\$ 5,504,784				\$ 9,620,547
Total Difference with 2024 & 2025 Amendment Revisions				\$ 265,000	\$ (1,060,875)	\$ 3,454,701	\$ 9,751,174	\$ (1,655,870)	\$ 1,417,368	\$ (1,496,235)	\$ 10,675,262