



COMMISSION FILE NO: 25-148-11 **DATE INTRODUCED:** November 3, 2025

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Authorizing 2026 Capital Charges to Nonmember Communities

SUMMARY:

The Commission is requested to authorize the Executive Director to transmit bills for 2026 capital charges to customer communities outside the District.

Annually, the District bills customer communities outside the District's boundaries (nonmember communities) for their share of capital budget expenditures. Since September 6, 1984, when the Commission adopted a policy specifying a system of uniform charges, the District's charges have been based on the equalized valuation of property.

On September 11, 1996, the Public Service Commission ruled that capital charges related to watercourse improvement projects can only be collected from those nonmember communities that are partially or wholly within an affected watercourse's drainage basin. In September 2017, the Commission amended Commission Policy 1-11.05, Green Infrastructure, (Resolution 17-086-09) to allow financial billing credits to nonmember communities that opt out of the green infrastructure (GI) program. The nonmember communities that have opted out of the GI program are the City of Brookfield, Village of Butler, Village of Caledonia, Village of Elm Grove, Village of Germantown, Village of Menomonee Falls, City of Mequon, City of Muskego, City of New Berlin, and Village of Thiensville. None of these communities has expressed an interest to return to the District's GI program to date.

Staff recommends that the Executive Director be authorized to bill the nonmember communities for 2026 and to provide the appropriate credits.

ATTACHMENTS: **BACKGROUND** ☒ **KEY ISSUES** ☐ **RESOLUTION** ☒

FISCAL NOTE ☐ **S/W/MBE** ☐ **OTHER** ☒ 2026 Capital Rate Chart

*PFP_2026_Capital_Billings_legislative file
10-16-25*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Authorizing 2026 Capital Charges to Nonmember Communities

The amount of the credits for watercourse, flood management, and GI projects is based on the 2026 budgeted amounts for these projects. The District will issue an additional charge or credit to each nonmember community in the year 2028 for 2026 capital charges after the actual expenditures for 2026 are finalized. The District will use the same equalized value in calculating this charge or credit as was used in calculating the 2026 capital charge.

As shown in Table 1 in the Background section, estimated 2026 capital charges of \$21.1 million to nonmember communities represent a decrease of 24.5% or \$6,835,135 from the 2025 level of \$27.9 million. The estimated billing decrease of \$6,835,135 reflects the following factors:

7.4% Increase in Equalized Value	\$1,798,356
-0.1% Decrease in District Tax Rate (\$1.24 to \$1.24)	(\$49,295)
Change in Watercourse Credit	\$1,678,877
Change in Green Infrastructure Credit	\$1,892,817
Change in Prior Year Adjustment	<u>(\$12,155,890)</u>
Total Increase (Decrease) in Capital Charges	<u>\$(6,835,135)</u>

Nonmember capital charge (after credit adjustment) rates for 2026 capital charges are expected to range from \$0.43 to \$0.68/\$1,000 equalized value, as compared to the \$1.24 tax rate billed to member communities.

In future years, projected watercourse, flood management, and GI credits are expected to keep the capital rates for nonmember communities below the rate charged to District member communities. The attached 2026 Rate Chart shows the weighted average annual capital rate for these communities as a whole from 2022 through 2025 with projections through 2031. The average capital rate of \$0.61/\$1,000 equalized value for nonmember communities in 2026 reflects the 3.0% increase in the 2026 District tax levy. The District tax levy is projected to increase 3.0% for 2026 through 2027, 7% in 2028, and then 5% each year thereafter with property values in member and nonmember communities increasing 3.1% and 7.4% respectively per year for 2026 and 2.0% and 3.5% respectively each year thereafter.

District staff e-mailed and, if requested, met with municipal officials of nonmember communities to brief them on capital rate projections in the District's proposed 2026 Capital Budget and long-range financing plan.

BACKGROUND

Authorizing 2026 Capital Charges to Nonmember Communities

Table 1:

Municipality	2025 Capital Charges	Capital Charges for 2026			
		From 2026 Budgeted Expenditures	From 2024 Watercourse & Green Infrastructure Adjustment**	2026 Capital Charges Total*	Percentage Change
Village of Butler	\$294,457	\$314,824	(\$91,326)	\$223,497	-24.1%
Village of Caledonia	\$45,007	\$48,035	(\$19,437)	\$28,598	-36.5%
Village of Elm Grove	\$1,473,373	\$1,566,353	(\$418,232)	\$1,148,121	-22.1%
Village of Germantown	\$2,875,559	\$2,982,978	(\$848,113)	\$2,134,866	-25.8%
Village of Menomonee Falls	\$5,209,081	\$5,764,792	(\$1,563,929)	\$4,200,862	-19.4%
Village of Thiensville	\$400,315	\$440,353	(\$155,148)	\$285,205	-28.8%
City of Brookfield	\$3,416,365	\$3,666,068	(\$1,019,518)	\$2,646,550	-22.5%
City of Mequon	\$5,154,811	\$5,351,056	(\$1,237,172)	\$4,113,885	-20.2%
City of Muskego	\$3,261,633	\$3,627,315	(\$1,528,127)	\$2,099,187	-35.6%
City of New Berlin	\$5,775,749	\$5,987,976	(\$1,797,533)	\$4,190,443	-27.4%
Total	\$27,906,349	\$29,749,750	(\$8,678,536)	\$21,071,214	-24.5%

*2026 Capital Charges will be finalized by early December, following determination of equalized property values for municipalities partially serviced by the District.

**The 2024 adjustment reflects the difference between credits based on budgeted watercourse and flood management and GI expenditures for 2024 compared to credits based on actual watercourse and flood management and GI expenditures in 2024. The 2024 adjustment was calculated using equalized values in effect for 2023 billings.

Note: The sum of the components may not equal the total due to rounding.

RESOLUTION

Authorizing 2026 Capital Charges to Nonmember Communities

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that

- 1) The Executive Director is authorized to transmit bills for 2026 capital charges to nonmember customer communities, i.e., those outside the District boundary, calculated in accordance with the method adopted by the Commission on September 6, 1984, which shall also reflect appropriate credits for watercourse improvements as ordered by the Wisconsin Public Service Commission on September 11, 1996;
- (2) The 2026 capital charge billings to the nonmember communities shall also reflect appropriate credits for Green Infrastructure Program expenditures for the nonmember customer communities that have formally opted out of the District's Green Infrastructure Program in accord with Commission Policy 1-11.05, Green Infrastructure; these nonmember customer communities are the City of Brookfield, Village of Butler, Village of Caledonia, Village of Elm Grove, Village of Germantown, Village of Menomonee Falls, City of Mequon, City of Muskego, City of New Berlin, and Village of Thiensville; and
- (3) The Executive Director is authorized to issue an additional charge or credit on the capital charges for the year 2028, after the actual 2026 watercourse/flood management and green infrastructure expenditures are finalized, using the same equalized values used in calculating the 2026 capital charges.