



## MEMORANDUM

**Date:** April 21, 2026

**To:** Mayor Satya Rhodes-Conway  
City of Madison Common Council  
Finance Committee  
Water Utility Board

**From:** Pete Holmgren, Chief Engineer  
Krishna Kumar, General Manager  
January Vang, Finance Manager

**Subject:** Amending the 2026 Water Utility Capital Budget to include \$1,635,000 of additional budget authority for the Unit Well 12 Reconstruction project (Alder District 11).

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## RECOMMENDATION

Staff recommend amending the 2026 Water Utility Capital Budget as described in this memo and the associated resolution.

## BACKGROUND

Madison Water Utility's (MWU) Unit Well 12 Reconstruction project currently has a cumulative budget of approximately \$8.4 million for total project costs. Most of the project budget is dedicated to the project's construction contract, which MWU originally estimated at approximately \$7.4 million. The construction project was bid through the City of Madison's typical Public Works process, with bids received and opened on April 2, 2026.

Three bids were received for the project, with the apparent low bid coming in at approximately \$8.4 million, or approximately 13.5% higher than MWU's construction contract estimate. The number of bids and range of bid prices imply that the apparent low bid can serve as a reasonable baseline for the true project construction costs. On April 8, 2026, MWU recommended to the Board of Public Works (BPW) that the construction contract be awarded, to which the BPW unanimously agreed.

The higher-than-estimated construction costs raise the overall project costs accordingly, and MWU is unable to execute the construction contract without first increasing the project budget in kind.

## FISCAL IMPACTS

This proposed resolution amends the adopted 2026 Water Utility Capital Budget by authorizing an additional \$1,635,000 of budget authority to the Unit Well 12 Reconstruction project (Project



Account No. 10452-86-140). The additional \$1,635,000 in Capital Budget authority would increase the project budget from approximately \$8.4 million to \$10.0 million.

Project expenses up to \$8.0 million have been approved for financing through a low-interest 20-year loan via Wisconsin's Safe Drinking Water Loan Program (SDWLP), administered through the state's Department of Natural Resources. Madison Water Utility is concurrently requesting additional financing capacity from this program to include the increase in project costs. In the event the SDWLP is unable to meet MWU's requested financing increase, then MWU's Utility Construction Fund balance and/or Utility Cash Reserves will cover all project costs above what is covered through the SDWLP.

No increase in MWU debt obligations or borrowing is anticipated because of the proposed budget amendment, nor will there be an increase in water rates to MWU customers from this proposed action.

**LEGISLATIVE PATH:**

- 4/21/2026 Common Council (Introduction)
- 4/27/2026 Finance Committee
- 4/28/2026 Water Utility Board
- 5/5/2026 Common Council (Final Action)

**ATTACHMENTS:**

- A. Memo (this document)