Madison Water Utility

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MEMORANDUM

Date: July 21, 2026

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

From: January Vang, Interim General Manager
Pete Holmgren, Chief Engineer
Adam Wiederhoeft, Project Manager

Subject: Sale and Issuance of 2026 SDWLP Revenue Bonds and Amendment to the 2026 Water Utility Capital Budget for Funding Rehabilitate and Construction of Unit Well #12

RECOMMENDATION

Staff recommend authorizing the sale and issuance of subordinate revenue bonds related to the Unit Well #12 project as described in the related resolution and also amend the Utility's adopted 2026 Capital Budget by an additional $369,862 of budget authority to increase the total budget from $10.0 million to $10.370 million.

BACKGROUND

On April 24, 2026 Common Council awarded the construction contract for rehabilitating Unit Well #12, construction zone 7/8 PRV/PSV interconnection, & construct reservoir for a total bid cost of $8,354,409 to Joe Daniels Construction Co., Inc. of Madison. The estimated total project cost for the rehabilitation and construction is $10,369,862 million with $10,369,862 million being eligible for financing from the State's Safe Drinking Water Loan Program (SDWLP) that is administered by the State of Wisconsin Department of Natural Resources (DNR). The rehabilitation and construction of the project is expected to be completed by the end of 2027.

FUNDING FOR THE PROJECT

Madison Water Utility (Utility) has been approved to receive $10,369,862 million as a low-interest loan from the SDWLP for completing the rehabilitation of the facility. The SDWLP has an attractive annual interest rate of 2.365% and is repayable over a 20-year period.

The attached resolution authorizes the issue of $10,369,862 million in revenue bonds to the SDWLP, which provides security on the repayments related to the loan award. DNR plans to close the Utility's loan on August 26, 2026. In addition, the Utility is proposing to also

amend the Utility's adopted 2026 Capital Budget by authorizing an additional $369,862 of budget authority for the rehabilitation and construction of unit well 12 reconstruction project (Project Account No.10452-86-140/220). The additional $369,862 in Capital Budget authority would increase the project budget from approximately $10.0 million to $10.370 million.

The legislative path for this item is shown below.

7/21/26 – Common Council (introduction)
7/27/26 – Finance Committee
7/28/26 – Water Utility Board
8/04/26 – Common Council (final action)

ATTACHMENTS:
Resolution authorizing the sale and issuance of up to $10,369,862 subordinate water utility revenue bonds, series 2026; and providing for other details and covenants with respect thereto and authorizing an amendment to the 2026 Water Utility Capital Budget.