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Fiscal Note

Carryforward Encumbrances

The 2026 adopted operating budget includes $400,000 for encumbrances associated with contracts that span multiple years, which is centrally budgeted in Direct Appropriations. The total amount carried forward from 2025 for the General Fund is $356,419. The resolution transfers centrally budgeted funds to agency budgets for carry forward encumbrances.

The total amount carried forward from 2025 for Library totals $29,450. The resolution transfers budget from the Library fund balance for carry forward encumbrances.

The total amount carried forward from 2025 for Public Health totals $430,794. The resolution transfers budget from Public Health's fund balance for carry forward encumbrances.

Intra-Agency Transfers

The resolution authorizes $83,000 in transfers across major expenditure categories within General Fund agency budgets and $161,000 in transfers across major expenditure categories within the Fleet Fund to cover projected deficits. These transfers are net neutral across the 2026 adopted budget.

Appropriations from General Fund Contingent Reserve

The General Fund budget includes a $2.15 million contingent reserve, which is set aside in a central account in the Direct Appropriations budget. This amount can be transferred to agencies to cover unplanned costs or projected deficits.

Legistar file 92053 transferred $70,000 from contingent reserve to the water, sewer, and stormwater utilities to fund MadCAP, a comprehensive customer assistance program for the City's municipal services bill, for the remainder of 2026. The remaining amount available in contingent reserve is ~~$1.95~~ $2.08 million.

This resolution transfers $500,000 from contingent reserve to agencies that are projecting overspending in non-personnel majors, where an intra-departmental transfer is not sufficient to cover the projected expenses.

- The Clerk's office is projecting a deficit of $290,000 in supplies, primarily driven by the cost of election supplies. The 2026 adopted budget did not fully account for the supply costs of four elections. Additionally, the Clerk's office is projecting a deficit of $110,000 in purchased services, driven by the cost of an additional leased facility. This facility will be used to temporarily store election equipment while construction is ongoing for the Dane County Elections Center. This lease was approved by Legistar File 93126 (RES-26-00329). Funding was not included in the 2026 budget because costs were not known at the time the budget was developed.
- Engineering is projecting a deficit of $100,000 in supplies for facility maintenance (e.g. plumbing, HVAC, tools). Costs for supplies have been increasing over the last several years due to inflation. In prior years, Engineering was able to cover these costs through intra-departmental transfers from underspending in personnel costs. In 2026, Engineering is more fully staffed than prior years and does not have sufficient salary savings for an intra-departmental transfer.

This transfer would reduce the available contingent reserve to ~~$1.45~~ $1.58 million. Transferring from the

contingent reserve to agencies would be net neutral within the general fund.

Metro Transit Fund
Mid-Year Projection
The mid-year projection estimates Metro will be in a deficit of $4.2 million due to lower than budgeted agency revenues and higher than budgeted expenses.

Metro projects agency revenues will be $1.5 million below budget, primarily due to being $1.2 million lower in charges for services (e.g. farebox and unlimited ride passes) and $375,000 lower in intergovernmental revenues related to eligible grant activities.

Supplies are projected to be $1.3 million over budget. This is primarily due to electric buses coming out of warranty in 2026. Parts and components are being charged to the operating budget, and this full cost was not known when the 2026 budget was being developed.

Purchased services are projected to be $1.7 million over budget. This is primarily due to paratransit contracts, which is an ADA-mandated service ($1.34 million). The demand for services and costs have increased over the last several years. Metro is currently negotiating new contracts with paratransit providers for 2027. The other factors in the projection include the State electric vehicle charging excise tax ($180,000) and variances in other contracts.

Personnel costs (salary + benefits) are projected to be $443,000 (1%) under budget. The 2026 budget right-sized the personnel budget based on actual spending trends, so the projection is more closely aligned to budget.

Proposed Actions in the Mid-Year Resolution for Metro Transit
This resolution increases the expense authority for supplies ($1.32 million) and purchased services ($1.73 million). It also applies $3.05 million in Metro fund balance to offset expenses. This increase will allow Metro to provide planned level of service without hitting budget stops. At this time, there is no proposed increase to the general fund subsidy to Metro.

Metro is analyzing its available federal funding from FTA formula grants to identify available funds that have not yet been appropriated. Metro will collaborate with the Finance Department to develop a plan to strategically allocate these federal resources across 2026 and 2027. Metro will continue monitoring actual expenses and revenues for the remainder of the year, and the year-end resolution will make final adjustments to fill the remaining budget gap in 2026.

Other Appropriations and Transfers
The resolution increases the budget authority in multiple agency budgets due to projected increases in non-levy sources, including agency revenues, grants, and state sources. Proposed increases include:

- Golf: increasing revenues and expenses based on higher than budgeted activities
- Grant Fund, Fire Department: Appropriate state funding from a grant
- Parking: Appropriate state funding and parking reserves from a grant

Additionally, the resolution makes a technical change in the administration of the MadCAP customer assistance program. Legistar File 92053 funded the continuation of MadCAP by transferring $70,000 from the General Fund contingent reserve to the Water Utility, Stormwater Utility, and Sewer Utility and Landfill. After the resolution was adopted, staff determined it would be more efficient to administer the MadCAP program fully through the Water Utility rather than allocating costs across multiple utilities. The resolution amends the budget by transferring general fund revenues originally allocated to Stormwater and Sewer/ Landfill to Water. This amendment does not change the total cost of the program or amount of the General Fund contribution in 2026.

Capital Budget Adjustments
The proposed resolution amends the adopted 2026 capital budget by appropriating non-general obligation funding sources and increasing related expenditures for multiple projects. In addition, it amends TIF funding on multiple capital projects based on available funding and adopted TID project plans. The proposed changes reflect current 2026 scope and schedule adjustments.

Title
Mid-Year Appropriation Resolution amending the 2026 Adopted Operating Budget by taking the following actions: transferring $500,000 from the general fund contingent reserve to agencies, making transfers within agency budgets based on projected spending through the second quarter of 2026, and appropriating revenues and making other adjustments in non-general fund agencies; and amending the 2026 Adopted Capital Budget by taking the following actions: appropriating funding from non-borrowing sources, updating TID proceeds and borrowing based on TID project plans, and authorizing transfers of borrowing across projects.

Body
WHEREAS, multiple general fund agencies have incurred $356,419 in expenses from carryforward encumbrances for contracts and services that span multiple years; and

WHEREAS, the 2026 Adopted Operating Budget includes $400,000 within Direct Appropriations, a centrally budgeted location, that is intended to be transferred to agency budgets to cover carryforward agency encumbrances once the total costs are known; and

WHEREAS, Library has a carryforward encumbrance of $29,450 ($3,910 Library Fund, $25,540 sub-fund for private donations), and has sufficient fund balance to cover these expenses; and

WHEREAS, Public Health has a carryforward encumbrance of $430,794 and has sufficient fund balance to cover this expense; and

WHEREAS, various city agencies require intra-agency transfers to their budget to cover projected deficits in major expenditure categories based on the mid-year budget projection; and

WHEREAS, the 2026 adopted budget includes $2,150,408 in contingent reserve that may be reallocated to various agencies throughout the year to fund unanticipated expenses or revenue shortfalls; and

WHEREAS, Legistar file 92053 transferred $70,000 from contingent reserve, which leaves an available balance of $1,950,408; and

WHEREAS, the Clerk’s office is projecting a deficit of $400,000 in supplies and purchased services and Engineering is projecting a deficit of $100,000 in supplies, and a transfer from contingent reserve would allow the agencies to continue planned activities for the remainder of the year; and

WHEREAS, Metro Transit is projecting a deficit of $4.2 million due to lower than budgeted agency revenues ($1.5 million), higher than budgeted expenses ($2.6 million), and a carryforward encumbrance for contracted services that started in 2025 ($107,600); and

WHEREAS, Metro Transit requires an increase in budget authority in supplies and purchased services so that it can continue to provide services without hitting budget stops; and

WHEREAS, Metro fund balance can be applied to offset expenses in the mid-year resolution. As part of the year-end projection process, Metro will identify other funding sources and budget adjustments that are needed to close the year; and

WHEREAS, multiple agencies are requesting an increase in budget authority to pay for expenses that are supported by non-general fund revenue sources; and

WHEREAS, Legistar File 92053 authorized transferring $70,000 from the General Fund contingent reserve to the Water Utility ($31,000), Stormwater Utility ($28,000), and Sewer Utility and Landfill ($11,000) to fund the continuation of the MadCAP affordability program; and

WHEREAS, staff determined it would be more efficient to administer the MadCAP program fully through the Water Utility, which requires an amendment to transfer funds across agencies; and

WHEREAS, multiple capital projects require budget amendments to recognize non-borrowing funding sources.

NOW THEREFORE BE IT RESOLVED, the 2026 Adopted Operating Budget is amended to transfer $356,419 from Direct Appropriations to the following agency budgets for encumbrances that were carried forward from 2025:

- Community Development Division: $131,024
- Direct Appropriations ($22,682 for citywide compensation study and $72,934 for legal services for property tax assessment cases): $95,616
- Economic Development Division: $10,375
- Fire: $4,875
- Human Resources: $6,000
- Mayor: $37,700
- Parks: $22,893
- Planning: $47,360
- Police: $279
- Traffic Engineering: $298

BE IT FURTHER RESOLVED, the 2026 Adopted Operating Budget is amended to transfer $29,450 from Library's fund balance for carry forward encumbrances within that agency; and

BE IT FURTHER RESOLVED, the 2026 Adopted Operating Budget is amended to transfer $430,794 from Public Health fund balance for carry forward encumbrances within that agency; and

BE IT FURTHER RESOLVED, the 2026 adopted operating budget is amended to authorize the following transfers to expenditure categories within agencies:

General Fund

- Assessor: Transfer $25,000 from salaries to supplies ($20,000) and purchased services ($5,000) for postage, transcription services, and other non-personnel expenses
- Civil Rights: Transfer $20,000 from benefits to purchased services for translation and interpretation services
- Traffic Engineering: Transfer $38,000 from benefits to supplies ($23,000) and purchased services ($15,000) for projected increases to various non-personnel costs

Other Funds

- Fleet Service: Transfer $100,000 from salaries and $61,000 from benefits to purchased services for vehicle repairs and maintenance

BE IT FURTHER RESOLVED, the 2026 adopted operating budget is amended to transfer $500,000 from contingent reserve to Clerk's Office (supplies: $290,000, purchased services: $110,000), and Engineering

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(supplies: $100,000); and

BE IT FURTHER RESOLVED, Metro Transit's budget is amended by taking the following actions:

- Increase fund balance applied by $3,045,000
- Increase the supplies budget by $1,320,000
- Increase the purchased services budget by $1,725,000

BE IT FURTHER RESOLVED, the 2026 operating budget is amended to increase budget authority to pay for expenses that are supported by non-City revenue sources:

- Golf: Increase agency revenues and expenses by $245,000 based on higher than budgeted activity and increase supplies ($175,000), and purchased services ($70,000)
- Grant Fund, Fire Department: Appropriate $854,806 in state funding for the EMS Funding Assistance Program (FAP) and increase supplies ($471,910) and purchased services ($382,896)
- Parking: Appropriate $400,000 in grant funds from WI DOT and $100,000 in Parking Division reserves, and increase purchased services for consulting by $500,000 for a grant that was approved via Legistar 84175 in 2024 but not appropriated through the budget

BE IT FUTHER RESOLVED, the General Fund contingent reserve funding allocated to Stormwater Utility ($28,000) and Sewer Utility and Landfill ($11,000) for their portion MadCAP costs are transferred to the Water Utility to centralize administration of the program. Additionally, corresponding adjustments to charges for service revenue that needed to balance the transfer are authorized in each utility; and,

BE IT FUTHER RESOLVED, the following capital and private development projects are amended to increase revenues from the following non-borrowing sources and make corresponding increases to expenditures:

- Engineering Bicycle & Pedestrian, Tancho Drive Bike Path (Munis #14761): Increase revenues from the Madison Prairie Landfill special revenue fund ($19,187).
- Engineering Facilities, Hail Damage Repairs 26 (Munis #16368): Increase revenues from projected insurance reimbursement for repairs ($200,000). This amount is an estimate to establish budget on the project and may be amended once total costs are known.
- Engineering Major Streets, Sugar Maple Reconstruction (Munis #15417): Increase revenues from a private development contract ($4,000).
- Engineering Private Development Contract, Hartmeyer Redevelopment (Munis #14534): Increase billings from private developer revenue based on actual project costs ($50,000)
- Fleet, 2026 Fleet Equipment Replacement Munis #15771): Increase reserves applied from an insurance payment that was received in 2025. Funds were not appropriated in 2025 and lapsed to the Fleet fund balance. ($48,857)
- Parks, Beach and Shoreline Improvements (Munis #10605): Increase donation funding from the Madison Parks Foundation ($53,000)
- Parks, Land Acquisition (Munis #17128): Increase revenues from Park Land Impact Fees by $2,900,000 for the purchase of the Madison Crushing & Excavating property authorized via Legistar File 93444
- Parks, Playground Accessibility Improvements (Munis #17436): Increase donation funding from the Madison Parks Foundation ($25,040)
- Parks, Park Equipment (Munis #17202): Increase Transfer from Insurance funding for an insurance claim ($34,750)
- Parks, Park Land Improvements (Munis #17421): Increase sale proceeds for a sale of a portion of Spring Harbor Beach Park authorized via Legistar File 87444 ($17,000)
- Parks, Warner Park Community Center (Munis #17196): Increase Miscellaneous Revenue for a Focus on Energy rebate ($12,819)
- Sewer, Badger Lift Station (Munis #14625): Increase funding from other municipalities to reflect

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Fitchburg's share of costs ($198,000). The final cost share agreement is pending approval of an MOU.

- Water, Olin Roof Drain System Failure (Munis #15873): Increase Transfer from Insurance funding for an insurance claim and reduce reserves applied by an equivalent amount ($4,636)

BE IT FINALLY RESOLVED, the following capital projects are amended to update TID increment and TID borrowing funding sources based on available funding and TID project plans:

- CDA Redevelopment: Transfer $5.0 million in TID 51 increment from CDD Affordable Housing Development capital program (Munis #17110) to CDA Redevelopment South Madison Redevelopment (Munis #14431). Appropriate an additional $5.0 million in TID 51 increment to the South Madison Redevelopment project. These budget amendments are consistent with the TID 51 project plan amendment adopted in July 2026 (Legistar File 93416).
- Parks, Madison LakeWay Improvements (Munis # 17362): Remove $1,040,000 in TIF increment and add $1,040,000 in TIF-supported GO Borrowing from TID 53. The adopted budget reflected the incorrect TIF funding source when published, and the amendment corrects the error.

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