



COMMISSION FILE NO: 26-052-4 **DATE INTRODUCED:** April 13, 2026

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 the Transfer of Funds in the 2025 Operations and Maintenance Budget and the Transfer of Funds in the 2025 Capital Budget

SUMMARY:

The Commission is requested to approve the transfer of funds in the 2025 Operations and Maintenance (O&M) Budget. Commission Policy 1-15.01, Operations and Maintenance Budget, requires Commission approval to offset overruns in one division with a surplus from another division or the unallocated reserve, as appropriate.

Further, the Commission is asked to approve the transfer of funds between capital accounts in the 2025 Capital Budget. Commission Policy 1-15.02, Capital Budget, requires Commission approval to offset overruns in one capital account with a surplus from another capital account.

The amount of requested transfers is based on preliminary financial reports for 2025. A preliminary analysis of the 2025 O&M surplus, subject to final audit, indicates a yearend surplus of \$14,076,163 before carryovers. The surplus is to be used in the 2027 O&M Budget as surplus applied and a reduction to user charge billings. A preliminary analysis of the Capital surplus, subject to final audit, indicates a yearend surplus in available funds of \$24.6 million.

A two-thirds affirmative vote of the Commission is required for adoption.

ATTACHMENTS: BACKGROUND KEY ISSUES RESOLUTION
FISCAL NOTE SBE OTHER _____

*PFPP_Budget_Transfer_2025_legislative_file.docx
03-26-26*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

Authorizing the Transfer of Funds in the 2025 Operations and Maintenance Budget and the Transfer of Funds in the 2025 Capital Budget

Division: Legal Services
Transfer Amount: \$467,041

The transfer is needed to offset the unfavorable variance of \$467,041 within the Legal Services division. The unfavorable variance is due to additional unbudgeted third party attorney fees associated with ongoing District legal actions. These higher costs were identified early in the year and were expected. The unfavorable variance is recommended to be offset by the favorable variance in Fringe Benefits.

Division: Community Outreach and Business Engagement
Transfer Amount: \$468,535

The transfer is needed to offset the unfavorable variance of \$468,535 within the Community Outreach and Business Engagement division. The unfavorable variance is primarily due to higher than budgeted spending on the Milorganite® packaging contract based on a negotiated contract extension. This higher contract amount is assumed in the 2026 Budget. The unfavorable variance is recommended to be offset by the favorable variance in Fringe Benefits.

O&M Transfers

	2025 Amended Budget	2025 Preliminary Actual	2025 Preliminary Variance	Transfer From	Transfer To	2025 Amended Budget
Commission	\$260,182	\$235,676	\$24,506			\$260,182
Office of Executive Director	\$4,549,500	\$3,933,411	\$616,089			\$4,549,500
Information Technology Services	\$6,292,799	\$5,602,081	\$690,718			\$6,292,799
Legal Services	\$1,150,735	\$1,617,776	(\$467,041)		\$467,041	\$1,617,776
Finance	\$4,702,677	\$4,351,167	\$351,510			\$4,702,677
Technical Services	\$93,273,717	\$90,106,172	\$3,167,545			\$93,273,717
Integrated Watershed Management	\$2,693,622	\$2,148,566	\$545,056			\$2,693,622
Water Quality Protection	\$7,520,645	\$7,100,229	\$420,416			\$7,520,645
Community Outreach & Business Engagement	\$8,682,142	\$9,150,677	(\$468,535)		\$468,535	\$9,150,677
Fringe Benefits	\$19,473,041	\$15,731,071	\$3,741,970	(\$935,576)		\$18,537,465
Unallocated Reserve	\$3,834,685	\$0	\$3,834,685			\$3,834,685
Total	\$152,433,745	\$139,976,826	\$12,456,919	(\$935,576)	\$935,576	\$152,433,745

BACKGROUND (Cont'd)

Authorizing the Transfer of Funds in the 2025 Operations and Maintenance Budget and the Transfer of Funds in the 2025 Capital Budget

The District's annual Capital Budget is subject to variations in spending associated with progress of multiyear projects, which is the reason the District focuses its capital budget around the concept of a 10-year financing plan and total project cost authorization. In 2025, the spending on these multiyear projects exceeded the annual budget for capital projects. Due to the dynamic nature of financing related to these projects, staff recommends amending the budget as follows.

	2025 Adopted		Year-end Variance from		2025		Year-End	
	Budget	2025 Actual	Adopted Budget	Transfer From	Transfer To	Amended Budget	Amended Budget	Variance from Amended Budget
Expenditures								
Water Reclamation Facilities	\$ 55,518	\$ 60,906	\$ (5,389)		\$ 5,389	\$ 60,907		\$ 0
Conveyance Facilities	\$ 38,721	\$ 25,131	\$ 13,590	\$ (13,590)		\$ 25,131		\$ 0
Watercourse & Flood Management Project	\$ 33,933	\$ 41,926	\$ (7,992)		\$ 7,992	\$ 41,925		\$ (0)
Other Projects/Programs	\$ 80,043	\$ 90,325	\$ (10,282)		\$ 10,282	\$ 90,325		\$ (0)
Total Project Expenses	\$ 208,215	\$ 218,288	\$ (10,073)	\$ (13,590)	\$ 23,663	\$ 218,288		\$ 0
Debt Service Expenditures	\$ 100,615	\$ 212,987	\$ (112,372)		\$ 112,372	\$ 212,987		\$ -
Total Expenditures	\$ 308,830	\$ 431,275	\$ (122,445)	\$ (13,590)	\$ 136,035	\$ 431,275		\$ 0
Revenues and Available Funds								
Tax Levy	\$ 115,772	\$ 115,074	\$ (698)			\$ 115,772		\$ (698)
Non-Member Billings	\$ 27,975	\$ 27,906	\$ (69)			\$ 27,975		\$ (69)
Interest and Other Income	\$ 1,710	\$ 12,656	\$ 10,946			\$ 1,710		\$ 10,946
Federal & State Aid	\$ 7,483	\$ 3,565	\$ (3,918)			\$ 7,483		\$ (3,918)
State Loans	\$ 55,000	\$ 103,284	\$ 48,284	\$ (10,217)		\$ 65,217		\$ 38,067
WIFIA Loans	\$ 28,645	\$ 8,624	\$ (20,021)			\$ 28,645		\$ (20,021)
Bonds	\$ 96,000	\$ 208,513	\$ 112,513	\$ (112,228)		\$ 208,228		\$ 285
Total Revenues	\$ 332,585	\$ 479,621	\$ 147,036	\$ (122,445)	\$ -	\$ 455,030		\$ 24,591
Additions to Available Funds	\$ (23,755)	\$ (48,346)	\$ (24,591)	\$ -		\$ (23,755)		\$ (24,591)
Total Revenue and Available Funds	\$ 308,830	\$ 431,275	\$ 122,445	\$ (122,445)	\$ -	\$ 431,275		\$ 0
Total Revenues less Total Expenditures	\$ -	\$ -	\$ -	\$ (136,035)	\$ 136,035	\$ -		\$ -

In the 2025 Capital Budget, project expenditures exceeded budget by \$10.1 million. The Watercourse and Flood Management capital account exceeded the budgeted level by \$8.0 million. The unfavorable variance is due to spending more on construction than budgeted in Projects W24010, State Fair Culvert Preliminary Engineering, and W20028, Western Milwaukee Phase 2B.

The Water Reclamation Facilities capital account exceeded budget by \$5.4 million. The unfavorable variance is due to construction progressing faster than anticipated and budgeted in Project J04075, Dewatering and Drying Belt Filter Press Overhaul, and Project S02015, Aeration System Upgrade. This is offset by favorable variance in Project J04072, Milorganite® Transport and Silo Storage Equipment Replacement, due to design changes leading to delay in spending.

BACKGROUND (Cont'd)

Authorizing the Transfer of Funds in the 2025 Operations and Maintenance Budget and the Transfer of Funds in the 2025 Capital Budget

The Conveyance Facilities capital account was favorable to budget by \$13.6 million. The favorable variance is due to Project I06001, North Shore 12 Collector System Improvements, where spending was more heavily focused in 2024 than anticipated, resulting in less in 2025.

The Other Projects capital account exceeded budget by \$10.3 million. The unfavorable variance is due to construction focused more heavily in 2025 than budgeted on Project M98001, Milwaukee Estuary Area of Concern Dredged Material Management Facility. Other unfavorable variance for Project G98029, Planning, Design, and Implementation of Community Green Infrastructure (GI), as Project Valhalla has been much quicker than anticipated. This is offset by favorable variance in Project G98011, Alternative Project Delivery/Community-based GI, where projects have been moving more slowly than anticipated.

Debt service expenditures were unfavorable by \$112.4 million due to the refinancing of 2025 bond issuance at a lower interest rate in 2025. This higher debt service expenditure is offset by higher bond proceeds from the refinancing.

The unfavorable variances within the capital project accounts are recommended to be partially offset by the favorable variances within the Conveyance expenditure account of \$13.6 million. Additionally the unfavorable variances will also be offset by revenues from the Bonds account and the State Loans account in the amounts of \$112.2 million and \$10.2 million respectively.

RESOLUTION

Authorizing the Transfer of Funds in the 2025 Operations and Maintenance Budget and the Transfer of Funds in the 2025 Capital Budget

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that funds from the 2025 Operations and Maintenance Budget be transferred as follows: a total of \$935,577 from Fringe Benefits with \$467,041 going to Legal Services and \$468,536 going to Community Outreach and Business Engagement.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that funds from the 2025 Capital Budget be transferred as follows: \$13.6 million from the Conveyance account, \$10.2 million from the State Loans account, and \$112.4 million from the Bonds account to cover the unfavorable variance in Water Reclamation Facilities, Watercourse and Flood Management Projects, Other Projects, and Debt Service capital accounts.