

2026



Legislative Reference Bureau

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CAPITAL IMPROVEMENTS OVERVIEW



2026 Proposed Plan and Executive Budget Review

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Budget Hearing: 9:00 am on Friday, October 3, 2025

\$367 million

Proposed 2026 Capital Budget.
(including enterprise funds)

\$468.9 million

Total 2026 Capital request.

\$14 million

Proposed Capital funding
for vehicles, an increase of
\$1.8 million from 2025.

\$905,000

Amount of tax levy funding
proposed for 2026, a decrease of
\$2.8 million from 2025.

\$646 million

Outstanding general obligation
debt for streets, buildings, police,
fire and economic development at
the end of 2024, an increase of
\$13 million from 2023.

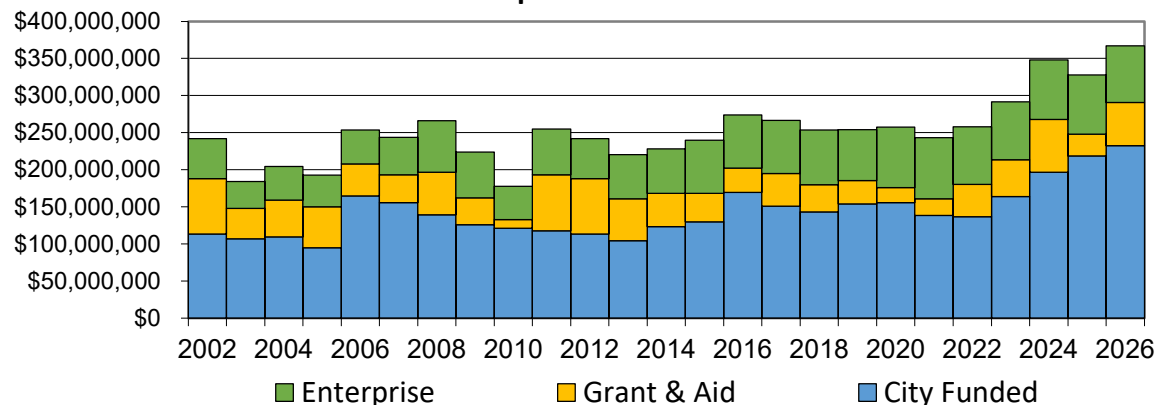
Overview

The Capital Improvements budget funds major improvements to City facilities and infrastructure. It addresses transportation, health and safety needs and promotes economic development. The total Capital plan, including projects and programs in all departments and the City's 3 enterprise funds, is \$366.8 million, an increase of \$39.3 million from last year.

Funds are provided for roadways, bridges, sewers, water mains and other essential public facilities. The Capital budget also provides funds for the maintenance of the vacant, abandoned and foreclosed properties that have become the responsibility of the City, information technology systems that need to be replaced or upgraded, and aging vehicles in the City's fleet.

Estimates of sustainable general obligation borrowing have varied over the years, but have generally been between \$80 million and \$90 million annually. The 2026 Proposed Budget includes \$116 million of general obligation borrowing.

Total Capital Plan



Funding Sources

As proposed, the City-funded Capital program will be financed with \$116 million of **levy-supported general obligation debt**, a decrease of \$4 million from the 2025 Budget. This amount does not include \$25 million of borrowing for tax incremental districts because the property tax levy is not used for TID-related debt service.

Tax levy funding is generally used for smaller projects or projects that have a shorter useful life than traditional infrastructure projects. Average tax levy funding since 2010 has been less than \$1 million. An unusual influx of tax levy funding occurred in 2024, when \$36.8 million was made available due to the use of ARPA funding in the operating budget. Tax levy funding has since returned to more traditional levels. The 2026 Proposed Budget includes \$905,000.

Approximately \$87.5 million of the Capital budget is funded with various **revenues**, an increase of \$19.5 million from the 2025 Budget. These revenues include \$25 million from developer-financed TIDs, \$8 million of Stormwater Fee revenue and \$500,000 of Street Lighting Fee revenue.

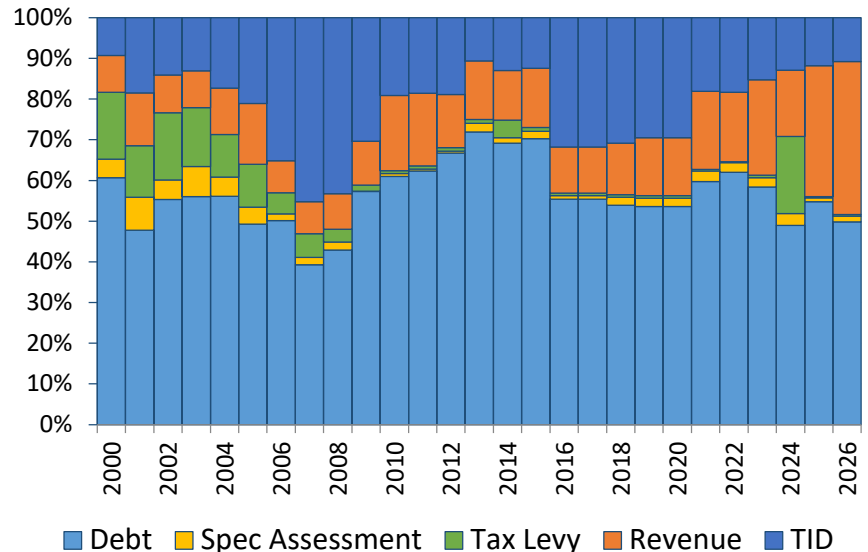
The 2026 Proposed Budget also includes \$3.2 million of **special assessment** funding, an increase of \$1.2 million.

Additional borrowing in 2026 will support the Capital programs of the Sewer Maintenance Fund (\$22.5 million), the Water Works (\$49.3 million) and the Transportation Fund (\$2 million).

The most variable funding component of the Capital budget is **grant and aid funding**. Grant availability is determined by transportation and project decisions made at the state and federal levels.

Funding Sources

(excluding enterprise funds)



Funding Policy

Generally, the City finances its operating budget with the tax levy and the City's portion of capital improvements with general obligation borrowing or non-tax levy revenues.

The "10-Year Debt Payout" measures the percentage of total general obligation debt that will be repaid or retired within the next 10 years. The industry benchmark is 50%. The City's 10-Year Debt Payout remains near 90%. It is projected to decline slightly to 88% by 2029.

Debt Service

Debt service on general obligation bonds has been trending upward. The Comptroller estimates that in 2026, tax-levy-supported debt service will be approximately \$123 million and total debt service will be \$165 million. The total outstanding general obligation debt for all purposes at the end of 2024 was \$1.2 billion.

Bond Ratings

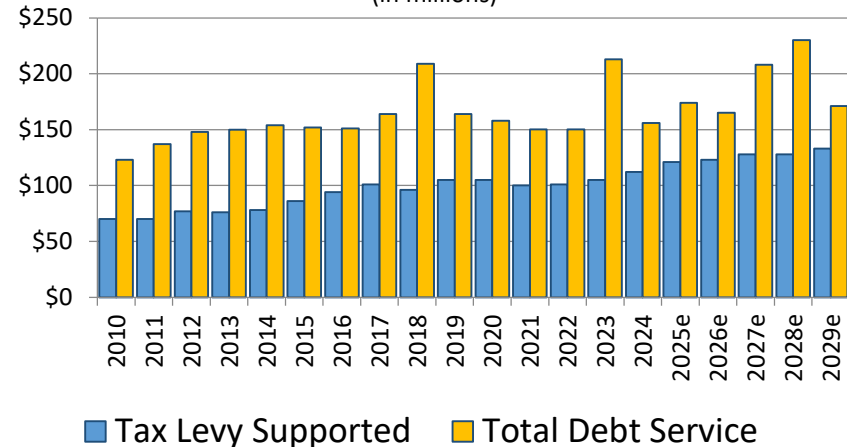
Although the City's use of its debt limit has decreased and the City received a ratings upgrade from Fitch in 2024, the City still faces some risk to its bond rating. Excessive use of reserves, or the use of reserves to cover operating deficits may be viewed unfavorably by ratings agencies.

Bond Ratings

Year	S&P	Moody's	Fitch
2017	AA	Aa3	AA
2018	AA	A1	AA
2019	AA-	A1	AA-
2020	A	A2	AA-
2021	A	A2	AA-
2022	A	A2	AA-
2023	A-	A3	BBB+
2024	A-	A3	A+
2025	A-	A3	A+

Annual General Obligation Debt Service

(in millions)

**Debt Limit**

The amount of general obligation debt the City may issue is limited by the State Constitution to no more than 5% of the City's equalized value. Revenue bonds are not included when calculating the City's use of its debt limit. At the end of 2009, the City had used just over 50% of its debt limit. Use of the debt limit reached 74% by 2016.

Until 2008, increases in the City's equalized value helped to keep debt limit utilization at an acceptable level. Between 2008 and 2015, the City lost over 19% of its equalized value. Significant growth in equalized value since 2021 has resulted in a decrease in the legal debt limit used. Debt limit use is now below 50%.

Capital Improvements Overview

2026 Proposed Budget Review

Capital Budget by Department

	2021	2022	2023	2024	2025	2026	Change
	Adopted	Adopted	Adopted	Adopted	Adopted	Proposed	from 2025
City-Funded							
Special Projects	\$9,114,000	\$8,115,000	\$10,115,000	\$10,515,000	\$10,465,000	\$35,415,000	\$24,950,000
Administration, Dept. of	2,057,000	1,592,000	2,095,000	8,945,000	10,725,000	9,160,000	-1,565,000
City Attorney			750,000				
City Development, Dept. of	40,825,000	36,450,000	40,100,000	43,100,000	53,200,000	55,300,000	2,100,000
Common Council - City Clerk	56,115			95,000		120,000	120,000
Election Commission					80,000	900,000	820,000
Emergency Communications			789,000	113,000			
Fire & Police Commission		685,000					
Fire Dept.	1,800,000	1,830,000	3,000,000	6,260,000	3,247,000	5,000,000	1,753,000
Health Dept.	1,550,000	160,000			300,000	750,000	450,000
Library	1,680,000	664,000	1,600,000	3,470,000	2,635,000	3,000,000	365,000
Municipal Court		259,000	265,000	760,000	100,000	370,000	270,000
Neighborhood Services, Dept. of	3,000,000		3,200,000	4,064,000	3,300,000	3,225,000	-75,000
Police Dept.	6,337,500	7,220,000	17,930,000	20,835,000	8,550,000	5,000,000	-3,550,000
Port of Milwaukee	675,000	2,812,000	3,319,000	3,589,714	6,350,000	2,900,000	-3,450,000
Public Works, Dept. of	71,386,800	76,888,000	80,875,000	95,137,544	119,762,649	111,465,000	-8,297,649
Total City-Funded	\$138,481,415	\$136,675,000	\$164,038,000	\$196,884,258	\$218,714,649	\$232,605,000	\$13,890,351
Grant & Aid							
Public Safety Radio Upgrade				3,000,000			
Port of Milwaukee	800,000	800,000	1,958,000	800,000	800,000	800,000	
Public Works, Dept. of	21,634,815	42,944,000	47,595,000	67,023,841	28,507,732	57,400,000	28,892,268
Total Grant & Aid	\$22,434,815	\$43,744,000	\$49,553,000	\$70,823,481	\$29,307,732	\$58,200,000	\$28,892,268
City-Funded and Grant & Aid	\$161,291,230	\$180,419,000	\$213,591,000	\$267,707,739	\$248,022,381	\$290,805,000	\$42,782,619
Enterprise Funds							
Transportation	1,800,000	1,300,000	2,410,000	3,411,989	2,338,820	2,092,000	-\$246,820
Sewer Maintenance	40,350,000	33,000,000	28,400,000	26,400,000	26,900,000	24,658,000	-2,242,000
Water	40,300,000	43,060,000	47,010,000	50,495,000	50,310,000	49,290,000	-1,020,000
Total Enterprise Funds	\$82,450,000	\$77,360,000	\$77,820,000	\$80,306,989	\$79,548,820	\$76,040,000	-\$3,508,820
TOTAL CAPITAL PLAN	\$243,366,230	\$257,779,000	\$291,411,000	\$348,014,728	\$320,571,201	\$366,845,000	\$46,373,799

Core Infrastructure

The 2026 Proposed Budget includes \$124.8 million in funding for Capital programs relating to bridges, streets, alleys, street lighting, traffic control, multimodal projects, bicycle infrastructure, underground conduit and electrical manholes, an increase of \$21.8 million (21%) from the 2025 Budget. Although most core infrastructure programs have more funding in 2026, the increase is primarily related to changes in grant funding. The 10-year average annual funding for these programs is \$86.6 million.

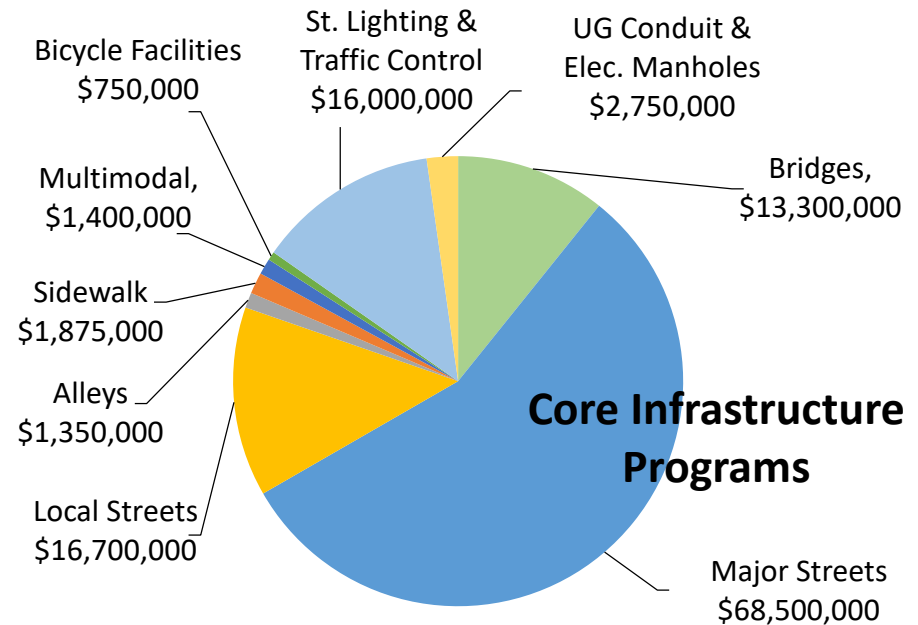
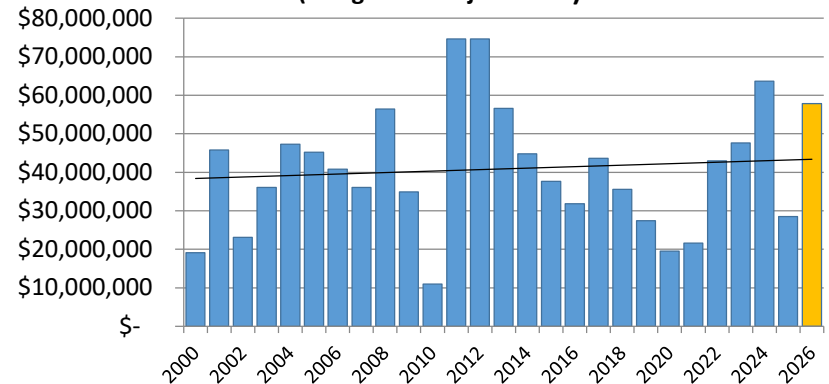
Total funding for bridge projects has decreased by \$15 million (53%) from 2025. The decrease is driven by a reduction in grant funding.

Grant funding for Major Streets increases for 2026 by \$39 million (345%), making \$68.5 million available to pave Major Streets.

Local Street funding has increased by \$2.7 million and High Impact Paving has decreased by \$4 million from 2025. Local Road Improvement Funds from the State will be available in 2026. These funds are only available in even-numbered years.

Proposed funding for 2026 also includes \$1.4 million for multi-modal transportation improvements throughout the City and \$750,000 for bicycle infrastructure.

Grant Funding
(Bridge and Major Street)



Sewer Maintenance Fund

The Sewer Maintenance Fund (SMF) uses a combination of general obligation debt, Clean Water funds from the State, and revenue bonds for infrastructure projects. In 2026, the SMF anticipates using \$22.5 million in debt financing: \$18 million for sewer relays, \$1.5 million for the Inflow & Infiltration program, \$1.3 million for water quality projects, \$1 million for flood mitigations and \$200,000 for the restoration of river channels. The SMF also anticipates receiving \$2,158,000 in grants for projects that will reduce the amount of clear water that enters the sewer system through private laterals and for projects that will improve water quality.

The 2026 Proposed Budget continues a diversified approach to sewer system maintenance. Strategies include reducing inflow and infiltrations, constructing bio-swales to help manage storm water runoff, restoring capacity to river channels and drainage ditches, and including pervious pavement in select street and alley projects.

Because of their mitigating effects on storm water, the Tree Planting and Production program, the Emerald Ash Borer program, Concealed Irrigation, and Stump Removal are financed with transfers from the Sewer Maintenance Fund.

The total transfer from the Sewer Maintenance Fund for capital projects in 2026 is \$8.2 million. Transfers prior to 2024 were somewhat variable, but averaged around \$3 million. Beginning in 2024, the transfer was increased to provide funding for DPW's Major Capital Equipment account.

Milwaukee Water Works

The Milwaukee Water Works is funded to replace 14 miles of water mains and 5,000 lead service lines in 2026.

Through June 2025, water consumption increased by 1.1% compared to the same period in 2024. Water sales to Waukesha, which began in 2023, have led consumption to increase slightly, however, long term water consumption is still down significantly, declining 12.5% since 2010.

Milwaukee Water Works, which had been traditionally funded with cash, has been funding its capital maintenance with debt to meet the water main replacement target required by the Public Service Commission. Anticipated borrowing for 2026 is \$49.3 million, a decrease of \$1 million from 2025.

Transportation Fund

Capital improvements for the Transportation Fund are relatively modest (\$2.1 million) compared to the Sewer Maintenance Fund and the Milwaukee Water Works. They are typically debt-financed.

The 2026 Proposed Budget includes \$800,000 for improvements at the MacArthur Square parking structure, \$448,000 for the 2nd and Plankinton parking structure, \$188,500 for the 1000 N. Water structure, and \$175,000 for the replacement of single space parking meters. Additional funding will be used at other parking structures for inspections and minor repairs.

Funding is also provided to continue the 5-year overhaul of the Streetcar.

Buildings

Departments submitted 25 requests for building-related capital projects or programs, with a total of \$42.9 million. The 2026 Proposed Budget funds 15 requests.

The **Department of Public Works** receives \$500,000 for the City Hall Complex Chiller Replacement project. An additional \$9.4 million is provided for other building maintenance programs.

The **Library** receives \$2.7 million for improvements at the Central Library and \$200,000 for branch library construction. No funding is provided for branch library improvements.

The **Police Department** receives \$3,000,000 to make repairs at MPD facilities. No funding is provided for repairs or renovations at the Police Administration Building or repairs at the Data/Comm Center.

The **Fire Department** requested \$5.1 million for maintenance and renovation at fire houses and received \$2 million for that purpose. The department also requested \$15 million for a new repair garage and \$2 million for repairs to the department's burn tower. Those projects are not funded in 2026.

Office renovation projects requested by the City Clerk, Dept. of Emergency Communications, and the Dept. of Employee Relations are not funded.

DPW's request for a new transfer station is not funded.

Vehicles

The Proposed Budget includes \$10 million for Fleet Major Capital Equipment, \$2 million for Police Department vehicles and \$2 million for Fire Department vehicles.

Historically, only vehicles which cost more than \$50,000 were included in the City's Capital budget. Passenger vehicles were generally funded through the operating budget. As passenger vehicles become more expensive, it has become increasingly difficult to fund the necessary replacements within the operating budget. As a result, many vehicles are past their expected useful lifespans.

Police vehicles were first included in the Capital Budget in 2018. It is estimated that the department will be able to purchase 28 vehicles with the 2026 capital funding.

Technology

The City's business operations increasingly rely on IT systems. The cost and complexity of computer systems has made the maintenance and replacement of such systems challenging. For 2026, there were 15 requests for IT projects totaling \$20.4 million. Funding is provided for 12 projects totaling \$9.6 million.

Although all departments rely on increasingly sophisticated software to realize efficiencies, public safety departments are most heavily impacted by increasing IT costs.

Capital Improvements Overview

2026 Proposed Budget Review

Large Scale (>= \$400,000) IT Projects 2015-2025

Project	Dept.	Years Funded	Previously Budgeted	2026 Proposed
New ERP System (Workday)	ITMD	2020, 2023, 2024, 2025	\$17,950,000	\$6,000,000
Laptop and Mobile Device Replacement	ITMD	2025	\$600,000	\$600,000
Solocom Hardware Refresh	ITMD	-		\$660,000
Server Refresh for Dept. of Emerg. Comm.	ITMD	-		\$400,000
Tax Collection Software	ITMD	2015-2016	\$2,350,000	-
FMIS Upgrade	ITMD	2017	\$1,300,000	-
HRMS Upgrade	ITMD	2016	\$1,000,000	-
PeopleSoft Upgrade Manager	ITMD	2018-2021	\$600,000	-
Corp. Database Server Upgrades	ITMD	2016, 2017, 2021	\$1,120,000	-
CSWAN-COMON Upgrade	ITMD	2016-2017	\$750,000	-
Fleet Scheduler	ITMD	2020	\$400,000	-
Business License Conversion	ITMD	2020	\$500,000	-
Assessment Software	Assessor	2015-2017	\$1,461,000	-
IT Upgrade & Replacement	Attorney	2023	\$750,000	-
Unified CAD System	FPC	2019, 2020, 2022	\$5,835,000	-
Court Case Management Replacement	Muni Court	2024	\$530,000	\$370,000
Joint Public Safety Radio Upgrade	Police	2023, 2025	\$34,200,000	
Record Management System	Police	2014-2018	\$6,715,000	-
911 and Phone System Upgrade	Police	2018	\$2,000,000	-
Upgrade CAD System	Police	2016, 2019	\$1,800,000	-
Radio Dispatch Console Upgrades	Police	2016	\$1,900,000	-
Automated Fingerprint Analysis	Police	2021	\$1,700,000	-
Mobile Data Computer Upgrades	Police	2015, 2016, 2023, 2024	\$2,543,000	
Hardware/Software Refresh	Police	2022	\$2,000,000	-
Fire Digital Radio System	Fire	2016	\$400,000	-
Fire Record Management System	Fire	2016	\$550,000	-
Onboard Garbage Truck Computers	DPW-Ops	2023	\$482,000	-
Total			\$88,836,000	\$8,030,000

Capital Improvements Overview

2026 Proposed Budget Review

Unfunded Capital Requests				Unfunded Capital Requests			
Dept.	Account	Request	Type	Dept.	Account	Request	Type
ITMD	ECO Electric Vehicle Charging Infrastructure	\$75,000		Health	Roof Replacements	\$1,000,000	Bldg
City Clerk	City Hall Basement Exhibit Space	\$1,420,000	Bldg	Library	Neighborhood Library Improvements	\$2,250,000	Bldg
	CH Rm 205 Renovation	\$5,600,000	Bldg	DNS	Inspection Vehicles	\$75,000	Vehicle
DEC	Data & Communications Center Remodel	\$4,320,000	Bldg	Police	Joint Public Safety Radio*	\$10,000,000	IT
DER	Office Remodel	\$225,000	Bldg		Case Management System Replacement	\$1,200,000	IT
Election	Voting Machine Replacements	\$500,000	Equip	DPW	Transportation Safety Improvements	\$2,000,000	
	Forklift	\$40,000	Vehicle		Municipal Service Building Repair**	\$800,000	Bldg
	LED Lighting Upgrade	\$7,000			City Hall Complex Renovations Program	\$1,500,000	Bldg
Fire	Fire Repair Shop	\$15,000,000	Bldg		Transfer Station	\$7,100,000	Bldg
	Facility Planning & Assessment	\$2,000,000	Bldg	*Funding to complete this project was provided through 2024 carryover funding			
	Burn Tower	\$2,000,000	Bldg	**Funding was provided to begin the replacement of the Municipal Services Building.			