

Public Works Department

To: Mayor Stocks and Committee Members

From: Andrew Beyer, P.E.

Date: November 5, 2025

Subject: Finance Committee Meeting of November 10, 2025

Review and take possible action: 2025 Stormwater Utility Rate Study Update

Background

Ruekert & Mielke has completed the 2025 Stormwater Utility Best Practices Review and Rate Update. The City last adjusted stormwater rates in 2020. Since that time, operating expenses have grown about 3.6% annually, and capital needs have increased following the 2024 flood-control study, infrastructure projects, and MS4 Permit compliance projects.

Ruekert & Mielke's initial calculations were reviewed and reworked with City staff before presenting three alternative rate scenarios to Public Works Commission. All three alternatives that were studied maintain required reserves and debt coverage. Public Works Commission members discussed and requested revisions to the initial three alternatives, and now recommend adoption of the revised Alternative 2. Revised Alternative 2 provides a balanced approach at about \$14.5 million over 10 years, with some project deferrals and a modest reduction in operating costs. A single-family bill would rise from \$12.52 per month to \$13.48 per month in 2026, a 9% increase from 2025. Some equipment replacement would be deferred, and implementation of the 2024 Flood Control Plan would likely take more than 40 years. Public Works Commission's recommendation is now being presented to Finance Committee in the form of an ordinance revision. The stormwater utility service charge rates table is included in Section 453-6 B (1). The role of the Finance Committee regarding the Stormwater Utility rate structure is detailed in Chapter 453-7(C):

Finance Committee. The Finance Committee of the Council, in consultation with the Public Works Commission, shall make recommendations to the Council concerning the Utility budget, service charge rates and expenditures.

Budget Goal

1. Proactively maintains and improves our parks and infrastructure in an effort to ensure quality, safety and compliance

2. Promotes and fosters innovative approaches for community development and growth
3. Maintains a safe and healthy community, and expands community education on safety and health

Financial Impact

Financial Impact to Rate Payers

For the average single-family property, the monthly bills would increase from \$12.52 per month to \$13.48 per month in 2026. Proposed 2026 rates can be found below:

Customer Class	Admin Charge (per account)	Volume Cost (per ERU)	Pollutant Cost (per ERU)	Volume & Pollutant Consolidated Cost (per ERU)
Single Family	\$2.11	\$6.49	\$4.88	\$11.37
Multi-Family	\$2.11	\$6.49	\$3.71	\$10.20
Commercial	\$2.11	\$6.49	\$5.26	\$11.75
Industrial	\$2.11	\$6.49	\$4.33	\$10.82
Institutional & Public Authority	\$2.11	\$6.49	\$2.69	\$9.18

This equates to an annual increase of \$18 to \$39 per household. Other property owners, including larger commercial and industrial users would see proportional increases based on their ERU assignments. Public Works Commission has recommended annual increases in the future to minimize the impact of larger but less frequent utility charge increases. The recommended Revised Alternative 2 keeps increases moderate while ensuring that stormwater infrastructure and flood mitigation projects continue moving forward.

The proposed rate structure update entails a multi-year rate adjustment approach to support operations and capital purchases as recommended by Ruekert & Mielke and supported by the Public Works Commission. The proposed general rate structure increases across various customer classes can be seen in the attached slide deck, and is detailed below:

2026: 9%

2027: 9%

2028: 9%

2029: 9%

2030: 5%

Annual inflationary adjustments are proposed to follow post 2030. It has been recommended that the rate structure be reviewed holistically every five years to review if adjustments beyond inflationary increases need to be considered to support the Stormwater Utility.

Financial Impact to the Utility

The stormwater utility directly funds three core program areas: flood control, pollutant reduction and Municipal Separate Storm Sewer System (MS4) Permit compliance, and system maintenance. Flood control investments strengthen the City's ability to manage storm events and mitigate property damage. Pollutant reduction programs address water quality through compliance with DNR-issued MS4 permit requirements, including sediment and phosphorus load reductions. Maintenance funding ensures that outfalls, pipes, ditches, stormwater ponds and other BMPs function properly and remain in compliance with inspection and reporting requirements. Sustained investment in these areas keeps the City in good standing with the Wisconsin DNR and prepares the City to withstand large rain events, while reducing long-term liabilities tied to deferred maintenance or noncompliance.

Recommendation

Staff seek approval of the proposed ordinance revision as discussed and selected by Public Works Commission to update the stormwater utility rates as listed herein. The stormwater utility service charge rates table is included in Section 453-6 B (1), municipal code.