THE CITY OF WATERTOWN

MEMO

Engineering Division of the Public Works Department

To: Chairman Arnett & Members of the Public Works Commission

From: Andrew Beyer, P.E.

Date: October 21, 2026

Subject:

1. Review and take possible action: Revisions to Chapter 453, Article I Stormwater Management Utility
2. Review and take possible action: Stormwater Utility Rate Update

Background

The City's Stormwater Utility was established in 2006 to fund stormwater infrastructure improvements, flood control, pollutant reduction, and compliance with the City's Municipal Separate Storm Sewer System (MS4) permit. In 2025, Ruekert & Mielke completed an updated stormwater utility rate study, including a review of utility finances, capital improvement needs, and projected operating expenses. The Public Works Commission and Finance Committee reviewed the study and supported the recommended Alternative 2, which balances rate impacts with continued investment in stormwater infrastructure and programs.

The City's current ordinance includes utility rates directly in the code and provides for joint review by the Public Works Commission and Finance Committee. This structure makes future rate adjustments more time-consuming and does not accommodate a multi-year rate schedule.

Staff is proposing revisions to Chapter 453, Article I, to simplify the rate update process by removing the rates from the ordinance and establishing them separately by resolution. The revisions would also place the review of future rate adjustments with the Public Works Commission, eliminating the existing joint review process with the Finance Committee. The proposed ordinance structure would also simplify future rate adjustments by allowing the City to update rates without amending the ordinance each time.

To pair with the ordinance revisions, staff is proposing a resolution establishing stormwater utility rates for the next four years, consistent with the rate structure recommended in Ruekert & Mielke's 2025 study and previously supported by the Public Works Commission and Finance Committee. Establishing rates by resolution would allow the City to adopt a multi-year rate schedule, improving the utility's ability to plan for future operating and capital expenses.

The proposed rate update also includes a new Parks and Open Spaces customer class. These properties, which generally include parks and cemeteries, are currently categorized as institutional. The new class would have a reduced pollutant charge to better account for the generally lower pollutant loading associated with parkland and other open spaces.

The rate resolution would be introduced to the Common Council on the same evening as the ordinance's second reading. This would allow the ordinance revisions and proposed rate schedule to be considered together and facilitate a seamless transition to the updated rate structure.

Financial Impact

The proposed rate schedule follows the approach established in the 2025 Ruekert & Mielke rate study. The scheduled adjustments are intended to provide the revenue necessary to support stormwater utility operations, infrastructure maintenance, capital improvements, flood mitigation, and MS4 permit compliance. Individual rate impacts will vary based on property classification and the amount of impervious surface on a property, as represented by Equivalent Runoff Units (ERUs).

The creation of the Parks and Open Spaces customer class would result in an annual reduction in revenue of about $10,000.

Recommendation

Staff recommends approval of the proposed revisions to Chapter 453, Article I, to simplify the stormwater utility rate update process and establish the Public Works Commission as the reviewing body for future rate adjustments. Staff also recommends approval of the accompanying resolution establishing rates for the next four years, consistent with the previously approved Ruekert & Mielke rate study. The resolution would be introduced to the Common Council on the same evening as the ordinance's second reading to facilitate implementation of the updated rate schedule.