



Council Agenda Item

Meeting Date:	January 21, 2025
Agenda Item:	Storm Water Rate Study
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BACKGROUND

(Enter the who, what when, where, why)

The City established the Stormwater Utility on October 1, 2007, as outlined in Municipal Code [Chapter 16.10](#). According to Section 16.10.070, Rates and Charges, the value of one ERU (Equivalent Runoff Unit) is to be determined annually based on the applicable year's budget. However, the last rate adjustment occurred in 2015.

In November 2020, Ehlers completed a long-range cash flow analysis for the utilities, which included a series of recommended rate adjustments for the Stormwater Utility (p. 14 of the analysis). The recommendations included a 20.52% rate increase in 2022 and a 3% increase in 2024. It is unclear why these recommendations were not implemented at the time. Nevertheless, it is now evident that a significant rate increase is necessary to prevent future negative cash balances in the utility fund.

A rate analysis should be conducted to assess the utility's financial needs and determine an approach to rate adjustments that minimizes the burden on ratepayers.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

- 2007 – Stormwater utility created, rates set at \$3.58 per ERU
- 2011 – Rates increased to \$4.08 per ERU
- 2013 – Rates increased to \$4.75 per ERU
- 2014 – Rates increased to \$5.58 per ERU
- 2015 – Rates increased to \$6.17 per ERU
- 12/19/2024 – Finance Committee recommended engaging Ehler's to complete a rate analysis

FINANCIAL IMPACT

(If none, state N/A)

The cost of the rate analysis is \$8,500.

STAFF RECOMMENDATION

It is recommended engage Ehler's to conduct the rate analysis to determine what the utilities needs are moving forward.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

1. Ehler's cash flow analysis for utilities (2020)
2. Ordinance 16.10 Stormwater Utility and Management Services
3. Ehler's Engagement Letter