



Council Agenda Item

Meeting Date:	November 4, 2025
Agenda Item:	Report on Stormwater Rate Adjustment and UW–Whitewater MOU Compliance Review
Staff Contact (name, email, phone):	Steven T. Chesebro, schesebro@whitewater-wi.gov , 262-458-2780

BACKGROUND

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

In November 2022 the city received notice from the Wisconsin Department of Administration (DOA) that it had violated the MSP program guidelines and therefore would be deemed ineligible for Police Services entitlement from those services provided to UW-Whitewater. This was due to the city having entered into an agreement with the UW Whitewater for specified police services, resulting in the DOA determining the City was providing police services to the University via a negotiated fee.

The Police Service Entitlement and MSP program is created under Wis. Stat. § 70.119 Payments for municipal services. The statute provides the state authority and direction to pay to municipalities specified funds for municipal services including, police and fire protection, garbage and trash disposal and collection and any other direct general government service provided to the facility. This section requires the state to compensate a municipality in two ways. The first is for utility services such as water, sewer, electrical power at the established rates for providing those services. The second method of reimbursing a municipality is when no special charge or fee is made, such as for police and fire services. In the second method the state is to use a formula to calculate an additional annual payment to offset costs of those police and fire services provided to the state facilities by a municipality. The goal of Wis. Stat. § 70.119 is to make an equitable annual payment to municipalities to offset additional costs state facilities create but would not otherwise contribute to funding due to being tax exempt properties.

When the DOA noticed in 2022 that the City had entered into what was alleged to be a contract for its police services with the university directly, it was determined that it entered into an agreement for those specified police services in lieu of the Wis. Stat. § 70.119 funding and without approval from the DOA. It should be noted that the Wis. Stat. § 70.119 funding can be negotiated with the state if the services required by the state facility exceed the standard amount the formula would provide.

While stormwater utility is not specifically mentioned in reference to Wis. Stat. § 70.119, it is a utility which has a specified rate based upon use of the utility, similar to water, sewer, and electrical. In addition, the current calculations for the annual MSP program does not factor in stormwater utility services for the university, instead the university pays its utility bill under the first method of payment of utilities. For these reasons the MSP program would not be affected by a rate increase for the Stormwater sewer utility.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

During the Common Council 10/7/25 and 10/21/25 meetings questions were raised as to if the adoption of new utility rates for storm water would jeopardize funds the City receives from the state due to a prior agreement and charge to the university having resulted in a potential loss of the programs funds. Staff was directed to look into what had happened and whether this adjustment would affect the program funds going forward.

FINANCIAL IMPACT

(If none, state N/A)

Adjusting the stormwater rate will not have any effect on the City's receipt of the annual payment under the MSP program which is for non-utility services. It will increase the total amount the city receives from the state for utility related services which the state is responsible for paying at the rate established for that utility. This would decrease the amount local residents have to pay.

Increasing the stormwater rate would have a positive impact on the City's general fund and stormwater utility fund. Without the increase the stormwater utility is likely to be underfunded by about \$179,078, per the Ehlers presentation from September 2, 2025. This would then require the city draw on its general fund to cover the utility's expenses. Drawing the funds from the general fund shifts costs for the stormwater from users of the system onto property tax payers within the City. This would remove all tax-exempt organizations, including state facilities from contributing to the costs of stormwater utilities.

STAFF RECOMMENDATION

City staff recommends adjusting the Stormwater Utility rate to a level that ensures the fund will be able to cover all reasonable expenses, to avoid having to use the general funds to cover any expenses from the Stormwater Utility.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

1. MSP Program Guidelines