

Date: May 5, 2026

To: Common Council

From: Rachelle Blicht, Director of Financial and Administrative Services

Re: Updated Capital Improvement Plan and Borrowing Recommendations

This memo provides an overview of the updated Capital Improvement Plan (CIP) and the associated borrowing request that will be presented to the Common Council on May 19<sup>th</sup>.

In December, the Council approved the 2026–2027 budget along with the Capital Improvement Plan. At that time, the plan anticipated borrowing for projects scheduled in both 2026 and 2027. Option 3 was approved and is included in the packet for reference.

As expected, several project costs have changed since the initial approval, as the original figures were based on estimates. The updated project list now reflects actual bid amounts for the projects highlighted in blue, along with relevant explanatory notes. The original plan proposed issuing **\$8,985,000** in General Obligation Notes for City and Stormwater projects.

An updated debt modeling schedule prepared by Ehlers is included in the packet. Based on the revised project costs and timing, the updated borrowing request totals **\$9,210,000**, an increase of **\$225,000** from the original plan. This change is the result of three key adjustments:

- We are **not borrowing for 2027 projects** at this time.
- There is a **net increase in actual 2026 project costs** compared to the original estimates.
- A **reimbursement borrowing is required for 2025 project costs** that were inadvertently omitted from the prior plan.

A full breakdown of these changes is included in the packet for Council review.

A parameters resolution will be brought forward for Council consideration on **May 19<sup>th</sup>**.

Ehlers' Table 4 outlines the projected impact of the proposed debt on taxpayers. The levy consists of two components: the **debt levy** and the **operational levy**. The current tax rate for the debt levy is **\$1.81 per \$1,000 of equalized value**. Under the updated borrowing proposal, this rate is projected to increase to **\$1.90 per \$1,000**.

A supplemental chart is included in the packet to illustrate the estimated impact on individual taxpayers. Because the model uses **equalized value** rather than assessed value, some variation is expected; however, this represents the best available estimate at this time. On average, the increase is approximately **\$9 per \$100,000 of equalized value**.

For example, a homeowner with a property valued at **\$350,000 (equalized)** would see an estimated increase of **\$31.50** on their 2027 tax bill.



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The wastewater utility's originally approved 2026 project total of **\$1,001,500** has increased to **\$1,539,083** based on updated cost information. The utility does not have any 2025 project expenses requiring reimbursement.

For the water utility, the originally approved 2026 project total of **\$2,100,400** has been updated to **\$2,106,939**, reflecting a modest increase of **\$6,539**. However, the utility does have 2025 project costs that require reimbursement related to the modification of Well 7, totaling **\$1,069,000**. As a result, the updated borrowing request for the water utility is **\$3,175,939**.

The updated borrowing request reflects the most accurate project costs available and aligns the financing plan with current needs and timing. While the total proposed borrowing has increased modestly, the impact on taxpayers remains limited and is clearly outlined in the accompanying materials.