City of WHITEWATER Finance Department

www.whitewater-wi.gov
Telephone: 262-473-0500
Fax: 262-222-5903

Office of Finance
312 W. Whitewater St.
Whitewater, WI 53190

Date: December 16, 2025

To: Common Council

John Weidl, City Manager

From: Rachelle Blitch, Director of Financial and Administrative Services

Re: Response to Concerns Raised at the 2026 Budget Hearing

This memo serves to address the questions, comments and concerns raised at the 2026 Budget Hearing. In brief, the data shows that (1) Neighborhood Services is less reliant on the levy now than in years prior, (2) roughly 90% of levy growth over the last several years is voter-approved, and (3) debt growth is a delayed consequence of inflation and past deferrals. The City recognizes that any increase in the tax bill is significant to residents, which is why we have targeted voter-approved referendums for core services and improved fee structures to reduce levy reliance where possible.

Neighborhood Services

In response to the concern about the Neighborhood Services budget increasing in recent years:

While it is true that the department's total budget has grown, it is important to look at how much of that budget is supported by the tax levy versus how much is covered by permit and service revenues.

Neighborhood Services does receive levy support, but several revenue sources—mainly building and permitting fees—help offset the cost. When we isolate these revenues and compare them to the related expenditures over time (as shown on the attached worksheet), we see that in 2021 the levy was covering a deficit of approximately $229,000.

In 2024, staff reviewed the fee structure for various building-related permits and recommended adjustments to better align fees with the actual cost of providing inspection and permitting services. Because development activity is expected to remain strong, both revenues and expenses are projected to rise accordingly.

Under the current contract, the building inspector retains 70% of all building permit revenue, and the City keeps the remaining 30%. Based on this structure and projected activity, the levy is expected to support a smaller deficit going forward—$147,000 in 2026, decreasing further to $100,000 in 2027.

Although the total budget for Neighborhood Services has increased since 2021, the amount supported by the tax levy is projected to decrease by approximately $128,000, or 56%. This means the department is becoming less reliant on property taxes over time as revenues grow to more accurately reflect the cost of services.

Tax Rate/Levy

In response to the concern that the city's tax rate and levy have increased by 65% in the last four years:

In 2021, the mill rate was $6.55 in Jefferson County and $6.57 in Walworth County. For 2026, the rates are $7.72 in Jefferson County (an 18% increase) and $7.52 in Walworth County (a 14% increase).

A graph showing this trend (attached) is included in the budget book, and this same information is publicly available through the Wisconsin Department of Revenue.

In response to the concern that the levy has grown by 65% and that the referendums account for less than half of that increase:

The City's operational levy increased from $3,133,033 in 2021 to $5,864,269 in the 2026 budget, an increase of $2,731,236. Of that amount, $2.4 million is directly attributable to the two voter-approved referendums.

This means 90% of the levy increase is the result of voter-approved referendum authority, while the remaining 10% is due to changes in property values and net new construction.

The City's debt levy was $946,352 in 2021 and will be $1,879,330 in the 2026 budget, an increase of $932,978, or 98%. This growth is largely the result of two factors: inflation and the accumulation of deferred capital projects.

Inflation and Deferred Projects Impact

For several years, the City postponed or scaled back needed infrastructure and facility projects in order to keep the debt levy low. While this helped reduce costs in the short term, it created a backlog of projects that must now be addressed. Unfortunately, the longer projects are delayed, the more expensive they become—materials, labor, and construction costs have risen significantly in recent years due to inflation. In addition, higher interest rates have increased the cost of borrowing, further adding to the total cost of completing these projects.

A clear example is the Starin Park underground detention project. Originally estimated at $1.2 million in 2017, the cost increased to $2.7 million by 2023 and is now projected to reach $3.6 million in 2026—a 33% increase in just the past three years. This illustrates how deferring projects can significantly increase their financial impact over time.