

Resolution approving Stormwater Utility rates effective July 1, 2025.

RESOLUTION

WHEREAS, the Common Council of the City of La Crosse established a Stormwater Utility (Utility) on July 14, 2011, via resolution 2011-07-030. Functions of the Utility include funding costs related to compliance requirements of the Wisconsin Pollutant Discharge Elimination system (WPDES) MS4 General Permit #WI-5050075-1. Activities included in the City's stormwater management plan developed to comply with the MS4 permit include constructing water quality and quantity controls, pollution prevention, erosion control, street sweeping, stormwater system televising, public education, inspection, maintenance and replacement of storm sewer lines, lift stations, and catch basins, and other activities required to comply with the MS4 permit.

WHEREAS, the established method of funding the Utility, used by over 120 municipalities in Wisconsin, was determined to be the most fair and equitable way to support the critical need for stormwater management services. All properties (taxable and non-taxable) contribute to the utility fund based on the amount of runoff generated by the property, with the intent to keep stormwater-related revenues and expenditures separate from the City of La Crosse general tax levy.

WHEREAS, each property in the City is assigned a number of equivalent runoff units (ERUs), based on the amount of impervious surface area, with one ERU equal to 2,841 Square Feet (SF) of impervious surface. All residential properties (single family, duplex, and triplex) are assigned one ERU. Non-residential properties, including condominiums, multi-family units (over 4 dwelling units), parking lots, and properties used for commercial, industrial, or governmental purposes, are assigned ERUs based upon the total square footage of impervious surface divided by 2,841 SF, with a minimum charge of 0.4 ERUs.

WHEREAS, the establishment of the Utility adopted a rate of \$13.48 per quarter (\$53.92 annually) per ERU, effective July 1, 2012. The original ordinance included the City general fund covering 50% of all capital outlay expenses. In 2018, the Common Council amended the ordinance to allow up to the full 100% of all capital outlay to be covered by the Utility. Since the inception of the Utility, the user rates have neither increased nor been adjusted.

WHEREAS, since 2011, the expenses and capital outlay have increased significantly, resulting in the Utility having depleted cash reserves to only 47 days of operating expenses at year-end 2023, far less than the target level of 250 days of operating expenses. The Utility has never carried debt; its long-term plan is to fund O&M and capital expenses with cash on hand, never incurring borrowed debt.

WHEREAS, the Utility hired Trilogy Consulting to perform a Rate Study to consider financial status and obligations, and determine needed revenue to fund the actual costs of the Utility. The previous rates, established prior to the 2025 study, were not set to cover the full cost of the stormwater utility operating and capital outlay expenses.

WHEREAS, the Rate Study, completed May 2025, recommends and justifies an annual ERU fee of \$118.64 annually—or approximately \$9.89 per month—effective July 1, 2025. The proposed rate is to cover current program costs and the costs of eligible Utility activities currently paid through property taxes. Eligible activities include the recent addition of street sweeping to the Utility budget.

WHEREAS, the Rate Study further recommends a 22% increase on January 1, 2026, followed by an annual increase of 3% from 2027 to 2029, to ensure adequate revenues to cover estimated operating expenses, inflationary increases, and capital projects.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of La Crosse that it hereby accepts and approves the recommended Utility rate increases as outlined in the "Stormwater Utility Rate Study" prepared by Trilogy Consulting in May 2025.

BE IT FURTHER RESOLVED that annual evaluation of operating and financial data of the Utility shall be conducted. Said evaluations shall be used to present to the Common Council any requested rate changes other than those adopted herein for the period of 2026 to 2029.

BE IT FURTHER RESOLVED that the Board of Public Works and City and Utility staff are authorized to effectuate this Resolution.