

APRIL 2 REFERENDUM

REFERENDUM QUESTION:

On January 15, 2019, the Common Council provisionally approved a resolution to place the following question on the April 2, 2019 ballot:

RESOLVED, that due to the devastating impact of the August 20, 2018 storm, the City of Middleton Storm Water Utility shall be permitted to charge customers of the Storm Water Utility an annual charge of up to \$45 per equivalent runoff unit from each property, for the years 2019 through 2024 only, to fund the repairs to the Pheasant Branch Creek Corridor, Tiedeman Pond, Stricker Pond and other storm water management features that were damaged by the August 2018 flood, without reducing the levy limit for the charges of the Storm Water Utility.

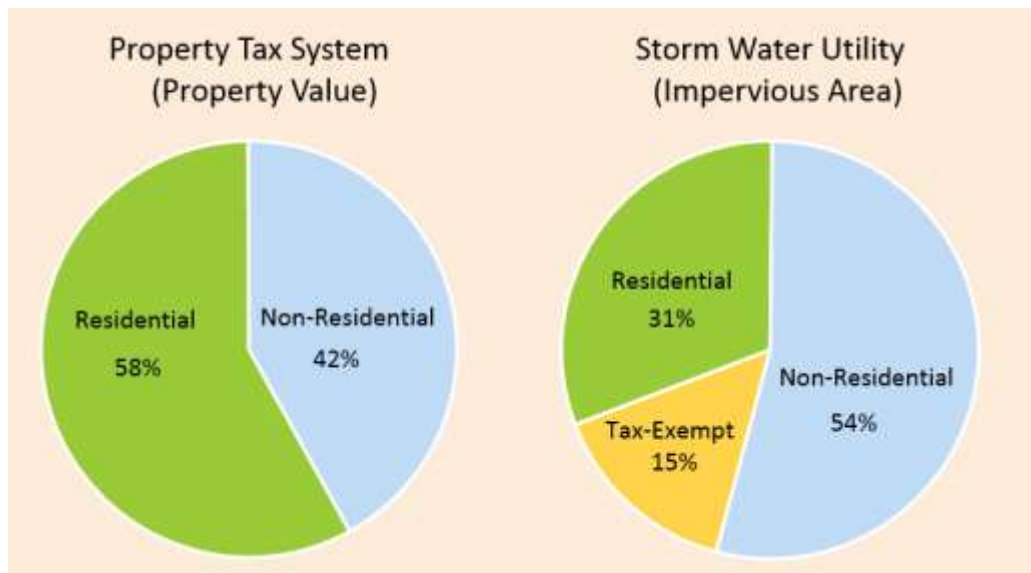
Yes No

Explanation: A “yes” answer means you support the City of Middleton’s increase in Storm Water Utility fees to repair the substantial damage from the August, 2018 storm spread over all property owners producing storm water runoff for a period of 5 years in the City of Middleton beyond maximum Property tax revenue levy limits. A “no” answer means that the City of Middleton may continue to maintain its annual charge of \$15 per equivalent runoff unit to support storm water maintenance projects outside of property taxes.

WHY DOES THE CITY OF MIDDLETON HAVE A STORM WATER UTILITY? The City’s Storm Water Utility (SWU) provides an equitable means to distribute the maintenance cost of storm water facilities among all users, and provides a guaranteed source of funding for that maintenance. In this context, a “user” is any owner of a property with impervious surfaces, such as building roofs, parking lots and walkways. Impervious surfaces generate increased amounts of storm water runoff, which must be managed in ponds, storm sewers and channels to prevent flood damage to public and private property.

Figure 1. below compares how costs are distributed through a traditional property taxation system versus a storm water utility.

FIGURE 1.



WHY RAISE RATES? The August 2018 flood caused an estimated \$6,500,000 in damages to public lands and facilities, including roughly **\$5,250,000** to storm water management facilities. The funds currently collected from the Storm Water Utility are sufficient only to pay for routine maintenance of major storm water management facilities, not for catastrophic repairs.

If approved by voters, this referendum would allow an increase in the Storm Water Utility charge from \$15 to \$45 per Equivalent Runoff Unit (ERU) for a period **not to exceed five years**. This would provide additional funding of approximately **\$2,800,000** over that period.

In addition to these SWU funds, the City is exploring other likely sources of funding in the form of grants, including: Federal Emergency Management Agency (FEMA), Wisconsin Department of Natural Resources (WDNR), and Dane County. It is not yet known how much funding will be available from these outside sources, but it is likely that they will cover at most about half of the total cost of the flood damage.

WHAT IS AN ERU? ERU is an abbreviation for Equivalent Runoff Unit. It is defined for the City of Middleton to be 2880 square feet of impervious surface. This is based on the average amount of impervious surface on single, two-, and three-family properties throughout the City.

HOW MANY ERUs DOES MY PROPERTY HAVE? Every property with a single, two- or three-family dwelling is assumed to be exactly one ERU per dwelling, regardless of actual quantity of impervious surface. For all other properties in the City, the actual impervious surface has been measured. The ERUs for those properties was then calculated by dividing the actual impervious square footage by 2880, rounded up to the nearest whole ERU.

For Example: A business property with 15,000 square feet of impervious surface is assigned 6 ERUs.
 $15,000 \div 2880 = 5.21 \rightarrow 6.0$ ERUs (rounded)

WHAT DOES AN ERU DO? By assigning a quantity of ERUs to a property, the Storm Water Utility is able to establish a proportionate annual storm water fee to be charged to that property. For example, at the current ERU of \$15, a commercial property with 6 ERUs is charged \$90 per year ($6 \times \$15 = \90). All single, two-, and three-family properties pay 1 ERU per dwelling unit, currently \$15 per year.

IS THE ERU FEE NOT JUST A HIDDEN TAX? Historically, one of the principal objections to Storm Water Utility fees, or any similar fees not classified as a tax, is that fees, unlike property taxes, are not deductible on income tax returns. This is still true. However, under the new federal tax law, this may be a moot point for many families. The newly raised federal standard deduction along with limitations placed on itemized deductions mean that many households will no longer itemize property taxes. In such cases, there would be no difference between a (not deducted) \$30 increase in property taxes and a like amount charged instead as a fee.