

## City of Whitewater Community Memo

### Understanding the Impact of the Recent Referendum on Your Property Taxes

#### December 2025

The City of Whitewater is committed to providing clear and transparent information about how your property taxes support essential services. Recent questions raised during the 2026 Budget Hearing highlighted the need to explain how the voter-approved referendum, changes in development activity, and long-term capital needs have shaped this year's tax bill. This memo brings together key findings from several internal analyses to help residents understand what is driving changes in their City taxes.

#### How the Referendum Affected the City Tax Rate

Each year, your property tax bill can change for two main reasons:

1. **Normal adjustments** related to property value changes and net new construction.
2. **Changes approved by voters**, such as operational referendums.

The City separates these components so residents can clearly see the portion of tax change directly related to voter decisions.

#### **Walworth County Residents**

- Without the referendum: Residents would have seen a slight **decrease** in their mill rate.
- With the referendum: The mill rate increased **\$0.95**.

#### **Jefferson County Residents**

- Without the referendum: Residents would have seen about a **\$0.30 increase** in their mill rate due to normal valuation and construction changes.
- With the referendum: The referendum contributes to **\$1.30 of the total \$1.60 mill rate increase**.

#### **Why this matters**

This breakdown shows exactly:

- How taxes would have looked **without** the referendum.
- How much of the increase is the result of **voter approval** rather than City-generated decisions.

### **What Does the Referendum Fund?**

The staffing study originally recommended a significant number of new positions across multiple departments, including:

- Increasing the Administrative Assistant position from 0.5 FTE to 1.0 FTE
- Adding 1 School Resource Officer
- Adding 1 Detective
- Adding 6 Police Officers
- Adding 1 Dispatcher
- Adding 3 Firefighter/EMTs
- Increasing the EMS Chief from 0.5 FTE to 1.0 FTE

While these recommendations reflected genuine operational needs, the City recognized that fully implementing them would create a substantial financial impact on taxpayers. To remain fiscally responsible, the City prioritized the most critical needs and scaled the proposal to a more sustainable level.

What the referendum actually supports:

- 5 Patrol Officers
- 1 Dispatcher
- 2 Firefighter/EMTs
- \$250,000 in capital funding

In addition, the City took several steps to reduce the financial burden and avoid further taxpayer impact:

- Savings from the new health insurance plan were used to fund the Detective position.
- The increase of the Administrative Assistant from 0.5 FTE to 1.0 FTE was absorbed within the existing budget.
- Fire/EMS reallocated paid-on-call hours to cover the cost of one additional Firefighter/EMT.

Through these actions, the City addressed key staffing needs while carefully managing costs, demonstrating a commitment to responsible financial stewardship.

### **Understanding Levy Growth: 90% Is Voter-Approved**

Some residents noted that the City's operational levy has increased significantly in recent years. Here is what the data shows:

- From 2021 to 2026, the operational levy increased by **\$2.73 million**.
- Of that increase, **\$2.4 million—or 90%**—comes directly from the two voter-approved operational referendums.
- The remaining **10%** is due to normal factors such as property value changes and new construction.

This means the overwhelming majority of levy growth was not discretionary; it was specifically granted by voters to maintain required service levels.

### **Why the Debt Levy Has Grown**

The City's debt levy increased from **\$946,352 in 2021** to **\$1,879,330 in 2026**, nearly doubling.

Two major factors explain this:

#### **A. Inflation**

Construction and borrowing costs have surged statewide and nationally.

A clear example:

- **Starin Park underground detention project**
  - Estimated at **\$1.2M in 2017**
  - Grew to **\$2.7M by 2023**
  - Now estimated at **\$3.6M for 2026**

This represents a **33% increase in just the last three years**.

#### **B. Deferred capital projects**

For several years, the City postponed or scaled back necessary infrastructure and facility investments to keep the debt levy low.

Delaying projects initially saved money—but it significantly increased long-term costs.

As these overdue projects now move forward, the debt levy increases reflect the need to address aging infrastructure and public safety facilities.

### **Neighborhood Services Is Becoming Less Reliant on the Levy**

While the Neighborhood Services budget has grown, its reliance on the property tax levy has actually **decreased**.

#### **Key points:**

- In **2021**, the levy covered a deficit of **\$229,000**.
- Updated permit fees, aligned with the true cost of service, have strengthened revenues.
- Under the current inspection contract, 70% of building permit revenue goes to the inspector; 30% supports City operations.
- The levy deficit is projected to:
  - Fall to **\$147,000 in 2026**, and

- Drop further to **\$100,000 in 2027**.

Despite a larger overall budget, the department's levy dependence is expected to shrink by **56%** between 2021 and 2027.

### **How TIF Districts Affect the City's Levy**

The City also analyzed the impact of Tax Increment District (TID) development on levy limits.

Wisconsin's levy limit law allows operational levy increases **only** when new construction occurs. TIDs contribute to this growth.

#### **Findings (2022–2024):**

- TID-related net new construction increased the City's allowable levy by **\$57,008** over three years.
- This translates to approximately **\$0.07 on the mill rate**.
- Example impact over three years:
  - \$100,000 home → **\$7.19 total increase**
  - \$300,000 home → **\$21.57 total increase**

This is a relatively small but meaningful contributor to long-term levy capacity. The Department of Revenue and City staff will continue tracking this impact annually.

### **City Initiatives to Ensure Long-Term Fiscal Responsibility**

#### **• Health Insurance Cost Management**

For several years, the City faced substantial increases in health insurance premiums, including a 24.6% jump in 2024. Recognizing that this trend was not sustainable, staff researched and implemented an alternative plan that produced significant savings in the first year. Although year two brought a higher increase, the plan is designed to generate long-term savings as more employees participate in its cost-saving features.

#### **• Vehicle Replacement Planning**

Many departments were operating vehicles well past their useful life, which led to more breakdowns, higher maintenance costs, and added pressure on the City garage. To address this, the City created a structured vehicle replacement schedule for the Police Department. After a one-time borrowing, the fund becomes fully self-sustaining for the next 20+ years—saving taxpayers hundreds of thousands of dollars in interest. Fire/EMS has also established a self-sustaining replacement fund to minimize future borrowing.

- **Updating Fees to Reflect Actual Costs**

The City reviewed and adjusted multiple service fees to better match the true cost of providing those services, reducing the financial burden on taxpayers. Many of these fees had not been updated in 10–20 years.

- **Ensuring Parking Fees Cover Parking Costs**

Parking permit fees were updated to ensure that future maintenance and replacement of parking lots are covered by the users of those lots—not by the average taxpayer. This ensures fairness by aligning costs with those who directly benefit from the service.

### **Putting It All Together: What Residents Should Know**

The recent tax changes reflect a combination of long-term financial realities and voter direction:

- ✓ **Most of the levy increase—90%—is referendum-approved.**

Residents directly authorized this funding to sustain essential services.

- ✓ **Rising debt costs stem from inflation and previously delayed infrastructure needs.**

The City is now addressing projects that cannot be postponed further.

- ✓ **Neighborhood Services is reducing its reliance on property taxes.**

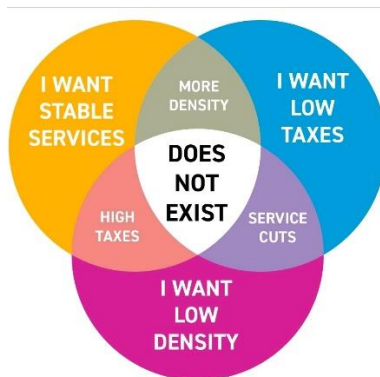
Updated fees are helping shift costs away from the levy.

- ✓ **TIF districts contribute modestly to levy capacity.**

This helps offset communitywide levy pressure over time.

- ✓ **The City is committed to transparency.**

Clear explanations of tax drivers help ensure residents understand not only *how* taxes are changing, but *why*.



This graphic illustrates a key reality in municipal budgeting — that every financial decision involves trade-offs.

Many of the things residents tell us they want fall into these three categories:

- Stable, high-quality services,
- Low taxes, and
- Low-density development.

The challenge is that all three together simply do not exist — at least not sustainably.

If a community wants stable services but also insists on low taxes, then the only way to balance that equation is through greater density — meaning more homes, businesses, and taxpayers sharing the cost of those services.

If we want to keep low density and stable services, we must accept higher taxes to pay for them.

And if we want low density and low taxes, then we must be prepared for service cuts, because there simply isn't enough revenue to maintain current service levels.

The point here is not to say one preference is right or wrong — but to show that choices have consequences. Our community's fiscal sustainability depends on understanding this balance between services, taxes, and growth.

### **Our Commitment Moving Forward**

We understand that any tax increase affects household budgets. The City will continue to:

- Pursue voter approval only when essential services require levy authority.
- Adjust fees appropriately to reduce reliance on property taxes.
- Improve long-term capital planning to minimize future deferrals and inflationary impacts.
- Maintain transparency around every component of your tax bill.