



December 28, 2022

Dear Oshkosh City Council Member:

The Oshkosh Chamber of Commerce commissioned a study to take a thirty-year (1990 – 2020) look back at the City's long-term spending and staffing trends. This independent analysis was conducted by the Whitburn Center for Governance and Policy Research at the University of Wisconsin Oshkosh and included an in-depth review of the City's Stormwater Utility.

That review indicated that since the inception of the Stormwater Utility, ERU rates increased significantly:

- The initial ERU in 2003 was \$19.08.
- In 2020, the ERU was \$196.92, a rate increase of 932.1% between 2003 and 2020 (that corresponds to an average 55% annual increase). Current ERU rate is \$223.20. This reflects a 58% annual increase over the last 20 years.
- From 2003-2019, \$98,364,038 was raised in stormwater utility fees.
- The City of Oshkosh Stormwater Utility Fund, as of 2020, had a Cash/Investment Fund balance of \$17,192,653. Note, the 2020 Oshkosh operating budget reports a Stormwater Utility Fund balance of \$60,192,677, but that number refers to total net position, which includes investments in capital assets and other restricted and unrestricted assets.

At the December 13th City Council meeting, the Council considered resolution 22-538 which, if passed, would have established the annual ERU rate at \$237.72, a 6.5% increase over the previous year. The City Council wisely tabled this resolution in order to get more information but will take it up again at its first meeting in January. With this Council meeting nearing, the Oshkosh Chamber of Commerce would urge the City Council to take appropriate action to significantly reduce the proposed ERU rate that is being recommended by the City's administration.

Based on the actual operations of the Stormwater Utility over the past 20 years, clearly, the City has over-charged its Stormwater Utility customers. With this in mind, it is time that the City make changes to its Utility rate in order to bring its fee structure in alignment with the true, actual cost of operating the Storm Water Utility. At the conception of the Stormwater Utility, we don't believe the City Council intended the Stormwater Utility to have been a profit center for the City nor a mechanism to cost-shifting other department staff wages to the Utility that were previously supported by the property tax levy. The Utility has become another City bureaucracy much larger than ever conceptualized.

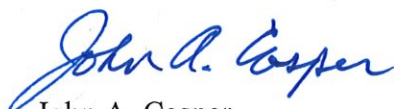
We recognize that the City has made significant improvements to managing its stormwater runoff issues due in part to the Stormwater Utility operations. We further acknowledge that the City intends to continue to upgrade its stormwater conveyance system as outlined in its Capital Improvement Plan and needs to maintain a cash balance equal to a 1.2 coverage ratio. However, even with this capital plan and the coverage requirement, it appears that a significant fund balance remains within the Utility. This fund balance was the result of over-charging and rightfully belongs to the Utility's rate payers. This excess cash should be returned to all property owners.

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As the City Council deliberates and sets the Utility rate for the upcoming year, we would suggest that the Council provide rate relief to its Utility customers beginning in 2023. The Utility should return the excess profit to Stormwater Utility customers by a significant ERU rate reduction. ERU rate relief would bring alignment of Stormwater Utility fees with the actual cost of operating the Utility. We believe the above changes would bring a fairer and more equitable approach to the Stormwater Utility's rate structure.

We ask that the City Council provide that rate relief as it considers enacting the ERU rate for 2023. Should you have any questions concerning this recommendation, please feel free to contact me directly at 920-303-2265 ext. 18.

Sincerely,



John A. Casper
President & CEO

Cc: Mark Rohloff, City Manager