



*"...meeting community needs...enhancing quality of life."*

**OFFICE OF THE MAYOR**  
Jacob A. Woodford  
100 North Appleton Street  
Appleton, Wisconsin 54911-4799  
(920) 832-6400 FAX (920) 832-5962  
e-mail: [jake.woodford@appleton.org](mailto:jake.woodford@appleton.org)

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Members of the Common Council and Community  
City of Appleton  
Appleton, Wisconsin

Dear Fellow Appletonians,

Enclosed is the 2021 Budget and Service Plan, which is the result of the efforts of the City's leadership team and especially on the part of Finance Director Tony Saucerman, Deputy Finance Director Jeri Ohman, Budget Manager John Hoft-March, Enterprise Accounting Manager Kelli Rindt, and Purchasing Manager Jeff Fait. I am grateful for the hard work of this team in developing and executing our budget each year. This Budget, as in years past, seeks to provide context about the City's planned expenditures in the coming year and about our provisional capital plans for the years ahead.

COVID-19 has affected, and will continue to affect, nearly every aspect of City operations, however, we have worked hard to maintain services even as the pandemic wears on. The 2021 Budget acknowledges areas where we can reasonably expect revenue to be down and builds on past years' careful planning, which has helped us weather the economic effects of the pandemic thus far. In anticipating challenges ahead, we have also worked to contain expenses in our departmental operating budgets wherever possible.

The 2021 Budget maintains a steady staffing plan. If COVID-19 has taught us anything, it is just how critical City services are to all members of our community. Our employees have taken operational adjustments in stride, with many shifting their work locations, hours, and approaches to ensure continuous service to Appleton residents. I, along with the leadership team and the people of Appleton are grateful for the extraordinary efforts of our employees. While the Budget is showing the early economic impact of the pandemic and associated mitigation, we have included a modest wage increase pool for our employees and anticipate flat healthcare costs (as a reminder, Appleton has a self-funded health plan, meaning we pay for the medical claims of our employees and families).

We enjoy the quality of life we do today because of our shared commitment to investing in our community and taking pride in our services, infrastructure, and facilities. The 2021 Budget and

Service Plan represents a continuation of the work of the City of Appleton to maintain and enhance, wherever possible, our community for the good of our residents.

## **CAPITAL PLANNING**

One of my priorities is ensuring sound fiscal management and stewardship of our community's resources. The previous year's 2020 Budget and Service Plan included a 5-year capital plan that placed the City on an unsustainable trajectory for our outstanding total general obligation (G.O.) debt – in fact, that budget projected total outstanding G.O. debt exceeding the City's guideline of outstanding G.O. debt not greater than 40% of the legal limit in the coming fiscal year. To that end, I have worked with the leadership team to adjust the 5-year capital plan to stay within the limit and to begin to flatten our borrowing over time. Moving forward, we will also be rethinking our capital planning process to ensure responsible debt management over time. This has been, and will continue to be, one of our most challenging budgetary tasks, but it is essential for the long-term financial health of our municipality.

Part of what makes the task of controlling G.O. debt so challenging is that we have been pushed by State levy limits to borrow for infrastructure projects. While significant City facility projects tend to garner the most attention, the creep of borrowing-for-infrastructure continues to escalate as 54.1% of our planned projects in the current 5-year capital plan relate to infrastructure. While I intend to advocate for more sensible State policies that do not force municipalities to saddle themselves with onerous debt service obligations (which make projects even more expensive by adding interest and administrative fees on top), we must work within the parameters at hand, and that will be an area of continued emphasis in future budgets.

The 2021 Budget proposes over \$34 million in essential infrastructure projects. Also included is the initial phase of the Appleton Public Library building project, which will proceed with \$2.4 million dedicated to the design and development of construction documents. Unlike previous spending on the Library building project, which was conceptual in nature, our work in 2021 will lead directly to the implementation of a project to redesign the Library on its current site in downtown Appleton. Other Capital Improvement Program investments are described later in this letter.

## **DEBT SERVICE**

General obligation debt service costs continue their upward trend in the 2021 Budget and flattening this trend will be a major point of emphasis as we move forward into future budget years. Debt service payments on the City's investment in past projects such as the Erb Park and Pool renovations, the renovation of Jones Park, the improvements to the South Oneida Street Bridge, the deconstruction of the Blue Parking Ramp, the construction of the Lawe Street Trestle Trail, and the purchase of select CEA equipment, as well as other infrastructure and facility improvements, continue to expand the City's debt service needs. While these worthwhile projects were necessary to maintain existing City assets and improve the quality of life for residents, in order to stabilize the contributions we are asking from our taxpayers, we must strike a balance between the cost of future capital improvements and the resulting financial effect of those projects on them.

For the 2021 Budget, total general obligation debt service costs are scheduled to be \$11,046,519, an increase of \$1,566,478 over the 2020 budgeted payments of \$9,480,041. The property tax levy necessary to support this increase rose \$1,896,629 (23.8%) from \$7,955,245 in the 2020 Budget to \$9,851,874 in 2021, resulting in the debt service portion of the total tax levy increasing from 17.2% to 20.3%.

Total general obligation debt outstanding at December 31, 2020 is projected to be \$75,221,000 compared to \$67,540,875 outstanding at December 31, 2019, an increase of \$7,680,125. However, despite the increase in outstanding debt, the City is well below its legal debt limit of \$310,015,560 as well as the City’s guideline of 40% of this amount of \$124,006,224.

For 2021, \$17,845,343 in general obligation notes are expected to be issued to fund various capital projects in the areas of infrastructure (\$8,800,343), facility construction and improvements (\$7,195,000), equipment (\$575,000), and parks and trails (\$1,275,000). A complete list of anticipated debt-financed projects for 2021 can be found in the “Five Year Plan” section of this budget.

### **CONTINGENCY FUNDS**

- All unused contingency funds in the Unclassified section of the budget are again anticipated to be carried over from 2020 to 2021. Estimated balances in the contingency funds available for carryover at the conclusion of 2020 include:
 

○ State Aid Contingency	\$812,267
○ Operating Contingency	\$402,298
○ Fuel Contingency	\$137,315
○ Wage Reserve	\$1,189,564
  
- Included in the Unclassified section of the 2021 Budget is the addition of \$250,000 to the wage reserve for wage increases for City staff not covered by collective bargaining agreements.

### **COMMUNITY AND ECONOMIC DEVELOPMENT**

In support of the updated Comprehensive Plan 2010-2030 and the Economic Development Strategic Plan’s primary goals and key strategies, the Community and Economic Development Department’s 2021 Budget contains \$66,000 to support local and regional community economic development activities. The Budget also provides funding for the continued management of the Southpoint Commerce and the Northeast Business Parks, and the Department continues to be a source of information and support to businesses, not-for-profit organizations, and the community.

Tax Incremental Financing Districts 11 and 12 (TIF 11 and TIF 12), which are located on the east and west ends of the downtown, are the City's newest districts and have generated several development projects to date. The 2021 Budget provides continued funding for the successful Business Enhancement Grants program for businesses within these districts. The grants are intended to encourage rehabilitation of properties, eliminate blight, increase property values, and improve the overall appearance of the areas. In support of these goals, \$42,000 has been included in both the TIF 11 and TIF 12 budgets for this grant program.

Additionally, funds have been allocated in the TIF 11 budget for professional services to help facilitate the ongoing discussions with US Venture to potentially bring their new headquarters to downtown Appleton.

Finally, in the City's role as lead fiscal and administrative agent, in collaboration with our local non-profit partners, this budget continues to promote the application for, and allocation of, State and Federal grant funding to benefit low to moderate income (LMI) persons in need of housing rehabilitation, emergency shelter, transitional housing, and homeless prevention and diversion services.

## **FISCAL**

- General fund expenditures totaled \$65,332,397 in the 2021 Budget, an increase of \$713,390 or 1.10% over the 2020 Budget. Total general fund revenues also increased from \$64,393,207 in the 2020 Budget to \$65,332,397 in the 2021 Budget, an increase of \$939,190 or 1.46%. The revenue increase is attributable mainly to the allowable increase in the property tax levy as well as an increase in the State's allocation of transportation aids.
- The general fund tax levy increased \$517,000, or 1.43%, to \$36,600,000 in the 2021 Budget. At the same time, the tax levy for debt service increased \$1,896,629, or 23.8%, to \$9,851,874. Overall, the tax levy for the City is expected to increase \$2,360,629, or 5.11% in 2021. This increase is within State-imposed levy limits.
- Tax Rates – The City's equalized value increased 5.89% to \$6,200,311,200 in 2020. The City's estimated assessed values grew a more modest 1.06%. Applying the 2020 total estimated assessed value (excluding TIDs) of \$5,524,042,160 to the tax levy results in the following projected assessed tax rates:
  - Outagamie County – \$8.78, an increase of 43 cents, or 5.15%
  - Calumet County – \$8.81, an increase of 52 cents, or 6.32%
  - Winnebago County – \$8.89, an increase of 47 cents, or 5.61%

On an equalized value basis, the tax rate is projected to be \$8.26, an increase of 4 cents, or .51%.

## UTILITIES

- Water – The budget includes \$20,000 for the continuation of a risk assessment required by the Environmental Protection Agency (USEPA) and \$125,000 for the continuation of a corrosion control study; both projects started in 2020. The meter operations budget includes \$110,000 for the purchase of new meters. New meters are needed for residential and multi-family development, and for replacement of some of the larger meters that are coming to the end of their useful lives. Additionally, this budget includes \$8,280,000 for construction of a new raw water supply main between the Lake Station and the Treatment Facility. The existing 42-inch main that was constructed in 1970 will be retained and will provide a redundant source of water. Water Utility infrastructure improvements planned for 2021 include \$3,900,000 for the replacement of aging distribution and transmission mains and \$2,000,000 for new transmission and distribution mains on the northside of Appleton. Significant maintenance projects planned for 2021 include the recoating of chemical tanks. There are no planned water rate increases for 2021.
- Wastewater – Due to the need to undertake several long-awaited large capital projects, along with a loss in revenue from a large industrial customer and a waste-hauling company, the Wastewater Utility contracted with an independent consultant in 2020 to review the Utility's financial condition and make recommendations to ensure the financial viability of future operations. In accordance with the recommendations from that study, the 2021 Budget includes an unavoidable rate increase in 2021 that reflects an approximate increase of 20% in overall revenues. As detailed in the study, the increase is proposed to go into effect on 1/1/2021 with actual increases, based on customer type, varying between 17% and 25%. The average residential customer will see a quarterly increase on the City Service Invoice of approximately \$13. Additionally, based on future financial projections, the study recommends annual rate increases of 4% in 2022 through 2025 in order to meet future cash flow needs.

While rate increases are never a popular option, due to a very successful receiving station waste-hauler program that generated a substantial alternate source of revenue over the past several years, coupled with the Utility's diligence in holding down operating expenses and prudent investment in capital improvements, the Utility has been able to maintain the same customer billing rates for over nine years, with the last rate adjustment occurring July 1, 2011. Additionally, as detailed in the rate study, even with the proposed rate increase, the Appleton Wastewater charges are still less than those charged by our neighboring communities.

The 2021 Budget also includes funds for the following projects at the Wastewater Treatment Facility: \$1,830,000 for three separate equipment improvement projects; \$750,000 for the first year of a three-year project to upgrade the Plant's belt filter presses; \$750,000 to replace all six secondary clarifier drive units, and \$330,000 for improvements to the hauled waste receiving station. Additionally, the budget includes \$800,000 for the first year of a multi-year project to provide additional sludge storage, \$2,300,000 for the continuation of a multi-year project to replace the aging electrical distribution system, and \$1,125,000 for various improvements to buildings

and grounds. Major maintenance projects in 2021 include interior building and pipe painting at the Treatment Facility. Wastewater Utility infrastructure improvements planned for 2021 include \$3,300,000 for the replacement of aging collection system infrastructure, and a \$1,800,000 joint project with Outagamie County to install new sewer mains on the northside which will provide service to Plamann Park.

- Stormwater – Continuing the implementation of the City’s Stormwater Management Plan, this budget dedicates \$3,700,000 to ongoing infrastructure improvements. There are no planned stormwater rate increases in 2021.

## **PERSONNEL**

No personnel changes were proposed by departments for the 2021 Budget, but the following were approved by Council during the course of 2020. Those were:

- Deleting a half-time time Library Clerk position, a half-time Library Page Clerk position, a full time Library Operations Clerk position, and creating the new position of Library Safety Coordinator,
- Addition of a grant-funded Coordinated Entry Specialist position in the Community and Economic Development Department to assist sub-grantee recipients of various housing and homeless grant programs in better serving their client populations, and
- Hiring of two additional part time bus drivers at Valley Transit to provide additional flexibility in staffing routes and limit the need for drivers’ overtime.

## **CAPITAL IMPROVEMENT PROGRAM**

Highlights of the remainder of the 2021 Capital Improvement Projects (CIP) are as follows:

- Maintaining and improving public infrastructure remains a top priority of the City as this budget invests over \$10.5 million in road, bridge, and sidewalk improvement projects. Additionally, as previously discussed, approximately \$15.7 million is planned to be invested in water distribution, sewer collection, and stormwater management infrastructure improvements.
- To ensure the condition, safety, and longevity of City facilities and properties, the 2021 Budget includes investments in the following areas: \$1,500,000 for improvements to the common spaces at City Hall including the removal of the outdated escalator between the fifth and sixth floors and the installation of a stairway, as well as upgrades to the Community and Economic Development and Assessors offices; \$900,000 to replace the HVAC system including infrared heaters, controls, and roof-top units at the Municipal Services Building (MSB) as well as \$475,000 to install an array of roof-top solar panels which are projected to replace 51% of the need for electric service provided by the utility; \$300,000 to replace the forced-air furnaces, condensing units and controls at Fire Stations #2 and #3, replace the roof on Fire Station #2, and update

the flooring at Fire Station #6; \$300,000 for planning and/or land acquisition for the eventual replacement of Fire Station #4. The current station, built in 1961, is no longer sufficient to house much of the newer fire apparatus and no longer meets the needs of the rapidly growing northside area; \$130,000 to install security fencing around the Police Station parking lot; \$275,000 to replace the elevator at the Red Parking Ramp, and \$185,000 to upgrade the lighting in the Green Parking Ramp; and \$300,000 for design and engineering services related to remodeling Valley Transit's Whitman Street bus garage.

- Improvements to our parks, trails and recreational facilities again played a major role in the formulation of the 2021 Capital Improvement Program. Investments in these areas included: \$700,000 to replace parking lot #3 (closest to the Ice Center and playground) at Appleton Memorial Park; \$650,000 for the design and first phase of the construction of the Edison (David and Rita Nelson River Crossing) Trail which will connect Ellen Kort Park to Olde Oneida Street; \$175,000 for lighting upgrades at Pierce Park; \$150,000 to replace the parking lot at Reid Golf Course; \$150,000 for interior and exterior improvements to the Scheig Center; \$125,000 to replace the roofs at Schaefer and Telulah Parks; \$100,000 to install new fencing and backstops to softball diamonds at Memorial Park; \$90,000 to replace playground equipment at Linwood Park; \$50,000 to perform a condition analysis and master plan for Mead Pool; \$50,000 to perform an ADA audit on all recreational facilities; \$40,000 to construct a fishing pier at lower Telulah Park; \$35,000 for design, permitting and other costs related to the construction of a pickleball complex; \$30,000 for design for the development of Lundgaard Park; and \$25,000 for design for the replacement of the vault and plumbing for the fountain at City Park.
- Investments in projects to support our information technology infrastructure include \$325,000 to fund a continuing multi-year project to replace the City's aging mainframe with an enterprise resource planning (ERP) system. This funding includes anticipated installation of the work order, inventory, fixed assets, and fleet and facilities management modules. Additionally, \$150,000 is included to upgrade the mobile data computers (MDCs) in Police squad cars in order to take advantage of the expanded capabilities of the computer aided dispatch (CAD) system at Outagamie County. This funding represents the final year of a three-year project to replace all squad car MDCs. Finally, \$100,000 is earmarked to replace our aging network firewalls, an essential component of our network security.
- Valley Transit equipment and vehicle needs are also addressed in this budget as \$2.5 million is earmarked for the purchase of five new buses for fixed route services. Through a State capital grant funded by a settlement with Volkswagen, 80% of the cost of the new buses will be funded by the State while the remaining 20% will be funded through Valley Transit's capital reserve. Additionally, \$50,000 has been included in this budget to replace outdated bus stop signs, and \$50,000 to replace a staff vehicle to be used for fixed route operations. Both of these projects will receive 80% capital funding from the State with the remaining 20% funded through Valley Transit's capital reserve.

## CONCLUSION

The 2021 Budget reflects our continued commitment to providing excellent services and a well-maintained community for the people of Appleton. In the coming fiscal year, and in years ahead, we will need to work diligently to prioritize our investments and programming to ensure financial sustainability. While we have taken immediate steps in this Budget to better align our expectations with our resources, we know that more work remains to be done.

Of course, none of this work would be possible without the dedication of the employees of the City of Appleton. I thank them for their commitment to our community, especially under the extraordinary circumstances of the present. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob A. Woodford', with a large, sweeping flourish extending to the right.

JACOB A. WOODFORD  
Mayor of Appleton