



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

OFFICE OF THE MAYOR

Timothy M. Hanna
100 North Appleton Street
Appleton, Wisconsin 54911-4799
(920) 832-6400 FAX (920) 832-5962
e-mail: mayor@appleton.org

October 2, 2019

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

Dear Appletonians:

I present to you the 2020 Budget and Service Plan, including the five-year Capital Improvement Plan. As always, our goal in putting this budget together is to provide you a budget that continues to allow for high quality, efficient services while preparing Appleton for long-term success through strategic investments in our community.

As anticipated, in 2019, the Blue Parking Ramp was demolished as planned in the Parking Study, and construction of a new bridge and infrastructure improvements over Rocky Bleier Run, along with the conversion of Appleton Street to two-way traffic, were completed as part of the Mobility Study. This budget continues the practice of funding projects identified in a number of plans previously adopted by the Council including the City's Comprehensive Plan, and the Downtown Development Plan, as well as TIF District plans for TIF Districts 11 and 12 on the downtown's near east and near west ends. This is in keeping with Appleton's track record of funding and implementing the initiatives contained in the plans we work so hard to complete that outline our vision for the future of our City. The specific projects are discussed more fully under the Capital Planning section of this letter.

With the State limiting the growth in our tax levy to the growth of our tax base related to net new construction, turning these plans into real projects to enhance that growth is essential. Development of the 2020 Budget was again made difficult given that the growth of the City's tax base due to net new construction in 2018 was a modest 1.35% allowing us to increase our tax levy for operations a little over \$500,000. Out of this amount, we must find ways to fund our obligations under union contracts, pay-for-performance increases for non-represented staff, increases in fringe benefit expenses, increases in vehicle replacement costs, and every day inflationary increases in goods and services needed to provide the services necessary to fulfill our mission of meeting the needs of the community and enhancing the quality of life in Appleton.

The City of Appleton has a self-funded medical plan, meaning we pay for the medical claims of our employees and their families. Over the years, we have worked with our employees and

provided education and opportunities for them to take responsibility for their own health. Because of this initiative, we have a history of very modest increases in our health care costs, bucking the national trend in medical cost increases. After a few years of unusually high claims, we have returned to our trend of modest increases and this budget includes an increase of just 1.5% in the projected cost of medical claims. The 2020 Budget also includes just over \$400,000 in the general fund for the City's pay-for-performance pay plan. We continue to make modifications to the plan and it is essential that we provide funding for the plan in future budgets to ensure its continued success. This plan ensures that our employees stay focused on their role in the success of our organization and the City.

This 2020 Budget and Service Plan builds on our past efforts and provides funds for the further implementation of the plans we have set in place. It takes advantage of some new technologies and continues to provide for investment in quality-of-life initiatives that play an ever-increasing role in the decisions of both businesses and individuals to make Appleton their home. For us to move forward as a city, we must have confidence in our planning and the willingness to demonstrate our commitment to invest in our own future.

CAPITAL PLANNING

The 2020 Budget includes funds for the initial construction of the public parking facility associated with the U.S. Venture headquarters building on the bluff in downtown. Construction is estimated to take 18 months, with the balance of the funds slated for 2021. This parking structure is part of U.S. Venture's \$54.5 million new headquarters which will initially be home to 400 employees and up to 1,000 employees in the years to come. The 2020 Budget also has funds for the continuation of the planning process toward a new library. The goal is for 2020 to be the year for final decisions about the future of development on the bluff in downtown. This neighborhood holds tremendous potential for the City and for downtown.

In 2018, after nearly a decade of work, the City acquired ownership of the abandoned railroad trestles crossing the Fox River. The 2020 budget includes funding to improve the Lawe Street trestle, along with funds for developing final plans for the improvement of the Edison trestle. Both trails will eventually be incorporated into the South Island Trail. These are long awaited and important connections to our comprehensive trail system in the city.

Other capital projects are summarized below in the Capital Improvement Program section.

DEBT SERVICE

General obligation debt service costs continue their upward trend in the 2020 Budget. Debt service payments on the City's investment in projects such as the renovation of Jones Park, the improvements to the South Oneida Street Bridge, and the deconstruction of the Blue Parking Ramp, as well as other infrastructure and facility improvements, continue to expand the City's debt service needs. As a result of the investment in these projects and others, total debt service costs increased from \$8,918,819 in 2019 to a projected \$9,480,041 in the 2020 Budget. The property tax levy necessary to support this increase rose \$1,473,521 (22.7%) from \$6,481,724

in the 2019 Budget to \$7,955,245 for 2020, resulting in the debt service portion of the total tax levy increasing from 14.7% to 17.2%.

Total general obligation debt outstanding at December 31, 2019 is projected to be \$67,540,875 compared to \$57,745,000 outstanding at December 31, 2018, an increase of \$9,795,875. However, despite the increase in outstanding debt, the City is well below its legal debt limit of \$292,767,835 and the amount outstanding compares favorably with similar sized communities throughout the State.

For 2020, \$36,398,170 in general obligation bonds and notes are expected to be issued to fund various capital projects in the areas of infrastructure (\$8,577,970), facility construction and improvements (\$24,260,000), equipment (\$2,387,010), and parks and trails (\$1,173,190). A complete list of anticipated debt-financed projects for 2020 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 2019 to 2020. Estimated balances in the contingency funds available for carryover at the conclusion of 2019 include:
 - State Aid Contingency \$812,267
 - Operating Contingency \$402,298
 - Fuel Contingency \$137,315
 - Wage Reserve \$1,289,564
- Included in the Unclassified section of the 2020 Budget is the addition of \$674,898 to the wage reserve for wage increases for represented staff from both the Police and Fire Departments, as well as City staff not covered by collective bargaining agreements.

COMMUNITY AND ECONOMIC DEVELOPMENT

The Community and Economic Development Department budget continues support of the updated Comprehensive Plan 2010-2030 and the Economic Development Strategic Plan's primary goals and key strategies.

The 2020 Budget provides funding for the continued management of Southpoint Commerce Park, the Northeast Business Park, and the future industrial/business park along Edgewood Drive. Additionally, \$1,997,500 is included in the budget to purchase additional land for future industrial/business park sites. The City recognizes the need to invest in its future by securing additional land to have available for business and industry.

Tax Incremental Financing Districts (TID) 11 and 12, which book-end the east and west sides of the downtown, have generated several development projects to date. The 2020 Budget provides continued funding for the successful Business Enhancement Grants program. In order

to eliminate blight, encourage rehabilitation of properties, retain existing establishments, attract new businesses, increase property values and improve the overall appearance of the areas, \$42,000 has been included in each of the TID 11 and TID 12 budgets for the grant program.

FISCAL

- General fund expenditures totaled \$64,379,779 in the 2020 Budget, an increase of \$898,059 or 1.41% over the 2019 Budget. Total general fund revenues also increased from \$63,045,780 in the 2019 Budget to \$64,379,779 in the 2020 Budget, an increase of \$1,333,999 or 2.12%. The revenue increase is attributable mainly to the allowable increase in the property tax levy as well as a new sales tax that is being implemented by Outagamie County beginning January 1, 2020. The County has chosen to share a portion of the sales tax proceeds with municipalities within the County.
- The general fund tax levy increased \$431,184, or 1.21%, to \$36,078,000 in the 2020 Budget. At the same time, the tax levy for debt service increased \$1,473,521, or 22.7%, to \$7,955,245. Overall, the tax levy for the City is expected to increase \$2,004,737, or 4.54% in 2020. This increase is within State-imposed levy limits.
- Tax Rates – The City’s equalized value increased 7.57% to \$5,855,356,700 in 2019. The City’s assessed values, bolstered by a Citywide residential revaluation in 2019, grew 14.45%. Applying the 2019 total estimated assessed value (excluding TIDs) of \$5,539,549,356 to the tax levy results in the following projected assessed tax rates:
 - Outagamie County – \$8.34, a decrease of 82 cents, or 8.95%
 - Calumet County – \$8.28, a decrease of 87 cents, or 9.51%
 - Winnebago County – \$8.42, a decrease of 16 cents, or 1.86%

On an equalized value basis, the tax rate is projected to be \$8.22, a decrease of 26 cents, or 3.07%.

UTILITIES

- Water – The budget includes \$125,000 for a risk assessment required by the Environmental Protection Agency (USEPA) and \$400,000 for a corrosion control study. The meter operations budget includes \$206,000 to purchase new meters. New meters are needed for residential and multi-family development and some larger meters are requiring replacement. Additionally, this budget includes \$3,000,000 for building and equipment modifications at the lake station. Water Utility infrastructure improvements planned for 2020 include \$3,900,000 for the replacement of aging distribution and transmission mains. Significant maintenance expenses in 2020 include the painting and inspection of the Ridgeway water tower. There are no planned water rate increases for 2020.

- Wastewater – The 2020 Budget includes \$3,800,000 of improvements to the wastewater collection system. The budget also includes funds for the following projects at the treatment facility: \$750,000 for final effluent pump replacement, \$2,500,000 for the continuation of a multi-year project to replace the aging electrical distribution system, and \$1,100,000 for various projects to replace aging building and grounds facilities. Major maintenance expenses in 2020 include interior painting and asbestos removal at the treatment facility. A rate study to review rates and fees will begin later this year. It is anticipated the study will be completed and any rate adjustment recommendations will be presented in early 2020.
- Stormwater – Continuing the implementation of the City’s Stormwater Management Plan, this budget dedicates \$5,900,000 to ongoing infrastructure improvements including \$756,000 for the construction of a box culvert and other infrastructure improvements for the new Spartan Avenue. The budget includes \$200,000 to update the City’s Stormwater management plan; the utility is required to update this plan every five years. There are no planned stormwater rate increases in 2020.

PERSONNEL

Included in the 2020 Executive Budget is the elimination of one full-time programmer position from the Information Technology Department. In consideration of the progress made in the transition from custom-programmed applications on the mainframe computer to the Enterprise Resource Planning system (ERP), the department has opted not to fill the vacancy created by the retirement of a long-time employee.

Other changes approved by Council during the course of 2019 were:

- Elimination of the Elections Clerk position in the City Clerk’s Office and replacing it with a third Administrative Support Specialist position,
- Upgrading four Operator positions in the Public Works Department to Operator 1 positions,
- Replacement of one Communications Specialist position and one Administrative Support Specialist position in the Police Department with two Forensic Evidence Specialist positions, and
- Upgrading one Service Person position in the Central Equipment Administration Department to a Master Mechanic position.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2020 Capital Improvement Projects (CIP) are as follows:

- Maintaining and improving public infrastructure remains a top priority of the City as this budget invests over \$10.2 million in road, bridge, and sidewalk improvement projects. Additionally, as previously discussed in greater detail, approximately \$14 million is planned to be invested in water distribution, sewer collection, and stormwater management infrastructure improvements.
- Proper maintenance of City facilities, parks, and properties continues to be a major point of emphasis for the City. To address this priority, among other projects, this budget includes investments in the following areas: \$350,000 to replace the loading dock, refinish masonry walls and insulate bays at the Municipal Services Building; \$285,000 for a storage addition at the Parks, Recreation and Facilities Management Department Administration building; \$175,000 to upgrade kitchen and bathroom areas at various fire stations; \$350,000 to replace the rear apron at Fire Station #6; \$80,000 to replace the forced air furnaces and condensing unit at Fire Stations #3 and #5; \$475,000 for the first phase of replacing the HVAC system at the Municipal Services Building; \$225,000 to replace the cold storage building roof at the Municipal Services Building site; \$345,000 to update common spaces at City Hall; \$150,000 to replace workstations in the Community and Economic Development Department; \$140,000 to replace worn carpeting and furniture at the Library; \$70,000 to replace flooring and furniture at various fire stations; \$30,000 for a new conference room table and chairs at the Police Department; \$275,000 to replace the elevator at the Red Parking Ramp; \$185,000 to upgrade the lighting in the Green Parking Ramp; and \$155,000 for various safety and security improvements at the Parks, Recreation and Facilities Management Department Administration building, fire stations, and various City parks.
- Information Technology projects include \$250,000 to fund a multi-year project to replace the City's aging mainframe computer 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 replacement of 20 units in the second year of a three-year project to replace all squad car MDCs. Finally, \$100,000 is earmarked to upgrade the audio and video equipment in the Council Chambers to address shortcomings in that area; \$100,000 is included to complete the upgrade of the teleconferencing equipment at the fire stations and police station; and \$80,000 is reserved to replace and upgrade the core network, firewalls, and install additional runs of fiber optic cable to provide redundancy and protect against outages.
- Valley Transit capital investments include \$300,000 for design and engineering services related to the remodeling of the Whitman Avenue bus garage, and \$100,000 has been included to install air conditioning in the maintenance area. Additionally, \$50,000 has been requested to replace aging bus shelters, \$40,000 to replace a staff vehicle for fixed route operations, and \$75,000 to replace a floor sweeper/scrubber that has greatly exceeded its useful life.

- Public Safety improvements include \$646,650 to upgrade body-worn cameras and tasers for our police officers, and \$60,360 to purchase crime analytics software that is integrated with the County's records management system. The software allows managers to chart and graph data for crimes, accidents, traffic citations, etc. which assists in intelligence-led policing, crime pin mapping, heat maps, time comparison analytics, officer performance and more.
- This budget continues the Public Works Department's traffic camera program, investing \$58,428 in the installation of cameras at four new locations in 2020. The program, which began in 2006, has proven to be an invaluable tool in monitoring traffic, reacting to accidents, monitoring road conditions, and effectively dealing with public safety issues. Additionally, the Department continues to retrofit existing street lights with energy-efficient street lighting technologies. The annual investment of \$126,883 is expected to be paid back in electricity cost savings in 3 to 5 years. As recommended by the "*Crosswalk Marking/Enhancement Policy for Uncontrolled Crossings at Intersections*" policy, \$141,256 has been included to provide enhanced pedestrian crossings at various locations throughout the City including Richmond Street at Parkway Boulevard, Calumet Street at Kernan Avenue, Taft Avenue at McKinley Elementary School, and Capitol Drive at Ferber Elementary School. Finally, for safety purposes, \$77,331 has been included to install street lights on city streets that are either completely or partially unlit.
- Quality of life improvements in the 2020 Budget focus on maintaining and improving our parks and expanding our trail systems. In pursuit of these goals, included in the budget is \$650,000 for upgrades to the playground equipment and installation of synthetic surfaces at Memorial Park; \$150,000 to install lighting and a new scoreboard on field #7 at Memorial Park; \$700,000 and \$150,000 to reconstruct the parking lots at the Scheig Center and Reid Golf Course, respectively; \$80,000 to replace the forced air furnaces at the Pierce Park pavilion, Memorial Park pavilion, and the Scheig Center; and \$175,000 to upgrade lighting at various parks.

CONCLUSION

In 2020, we will continue to make strategic, calculated expenditures to leverage all the good things we have for an even better future for our citizens. But as we consider these decisions, it is important to remember that the one thing that doesn't change is the City's mission of meeting the needs of the community and enhancing the quality of life. Our citizens demand that we continue to fulfill that mission while at the same time striving to minimize the burden of doing so. This means that we must continue to find ways to be more efficient with the resources that our citizens entrust to us and to look for ways to permanently reduce our overhead while minimizing the impact on the services that our citizens have come to expect from the City. This is a trend that I believe needs to continue into the future whether we are in good times or not so good times.

It is my great honor to say thank you to our department directors and all of our employees for their ongoing dedication and selfless service to our organization and our community. In

particular, I would like to recognize Finance Director Tony Saucerman, Deputy Director Jeri Ohman, John Hoft-March and Kelli Rindt for the many hours they have spent preparing this document, along with the incredible job they do each day to keep our City in excellent financial condition. They deserve a great deal of credit for the jobs they do on a daily basis on behalf of our community.

The City of Appleton continues to balance sound financial practices while providing the basic essential needs of our City. Together we will continue our dedication to meet the needs of our community and enhance the quality of life. Appleton is a viable, strong community well positioned for a bright future.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy M. Hanna", written over a horizontal line.

TIMOTHY M. HANNA
Mayor of Appleton