



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

## **OFFICE OF THE MAYOR**

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October 4, 2017

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

Dear Appletonians:

I present to you the 2018 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 service while preparing Appleton for long-term success through strategic investments in our community.

Over the past several years, we have undertaken a number of initiatives designed to provide the framework for the future of our downtown and our City. The Downtown Parking Study was completed in 2015 and the first phases of implementation have been completed. The Downtown Accessibility and Mobility Study was adopted in 2016 with the first phase of implementation completed this year. Earlier this year, we adopted the update to the City's Comprehensive Plan including the next chapter of our Downtown Development Plan. This 2018 budget contains the funds for the first steps in implementing some of the changes called for in that plan. 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.

Our commitment to investing in our quality-of-life here in Appleton, as well as our deliberate planning efforts and subsequent implementation, is starting to pay off. Appleton has many of the desirable elements people are looking for when choosing a place to live, work and invest in. We remain one of the safest cities not only in Wisconsin, but also in the country. We are a clean city with well-maintained infrastructure and parks. Appleton is easily navigated on foot with our sidewalks and developing trail system. We are becoming more bike friendly with the implementation of our bike plan, and have a good public transportation system in Valley Transit. We are also the center of many cultural activities: a world class performing arts center, which happens to be the home of a very successful Fox Valley Symphony Orchestra; one of the largest and most successful farmer's markets in the State; and special events like the Mile of Music and Octoberfest, as well as others throughout the year. The completion and opening of the Fox Cities Exhibition Center will add yet another attraction for people from far and wide to experience first-hand what Appleton and the Fox Cities has to offer! All of these

elements together make Appleton a special place and positions us to take advantage of the growing trend of renewed urban living occurring all across the country.

With the formation of TIF districts 11 and 12, Appleton continues to experience steady growth in the number of inquiries regarding both new and redevelopment projects, and are poised to benefit from our commitment to planning and subsequent implementation of those plans. With the State limiting the growth in our tax levy to the growth of our tax base related to net new construction, turning these inquiries into real projects is essential. Development of the 2018 budget was especially difficult given that the City's tax base grew due to net new construction in 2016 by only 1.46%. After many years of modest increases in employee medical claims, we experienced a large increase in 2016 resulting in an estimated 10% increase in the cost of medical claims for the 2018 budget. Along with these factors, we also needed to make sure that we budgeted sufficient resources to fund the City's pay-for-performance pay plan. Unlike years past when we budgeted cost-of-living increases for our non-represented employees and funded additional pay-for-performance through carryover after the audit, this budget has sufficient funds for modest increases in pay for non-represented employees based on their rated performance. With these factors in mind, departments were asked to look closely at their past operational spending and to keep their requests for 2018 to a minimum. I'm proud of the effort they made and confident that this budget will still accomplish the City's goals.

This 2018 Budget and Service Plan builds on our past efforts and provides funds for the further implementation of the plans we have set in place. In today's economy, private sector investment is competitive and measured, and public sector quality-of-life initiatives are playing an ever-increasing role in those private sector decisions. Therefore, as a City, we must move forward, confident in our planning and willing to demonstrate our commitment to invest in our own future.

## CAPITAL PLANNING

The 2018 Budget continues to place an emphasis on capital projects and their planning. As stated, the Downtown Parking Study was delivered and adopted in 2015, the Accessibility and Mobility Study was adopted in 2016, and earlier this year the update to the City's Comprehensive Plan and Downtown Plan were adopted. This budget includes funds for the continued implementation of the recommendations from the Parking Study and the Accessibility and Mobility Study, as well as the initial investments in TIF #11 and TIF #12 as we begin to implement the newest Downtown Plan. This budget also includes resources to continue the process of planning for the future of the Library.

**Parking** – Funds for the next phase of implementation of the parking recommendations are included for property acquisition and business relocation as well as construction of an alternate stairway for egress from City Center West in anticipation of the demolition of the Blue parking structure in 2019. Funds are also included to begin the process of site identification and design of a new parking structure.

**Mobility** – Funds are included for the conversion of Appleton Street to two-way traffic north of the Skyline Bridge. The engineering work will be completed this year. Funds included in this budget are for demolition of the existing north to eastbound leg of Appleton Street as well

as construction of a new bridge and infrastructure over Rocky Bleier Run. A portion of these funds are part of the City's investment in TIF #11.

**Jones Park and Ellen Kort Peace Park**– We've known for a long time that Jones Park is one of our best opportunities to strengthen the link of our downtown to the continued development of our riverfront. The construction of the Fox Cities Exhibition Center has given us the impetus to reconfigure Jones Park to solidify that link as well as provide a wonderful amenity for patrons using the new Fox Cities Exhibition Center. The final design of the Park was approved earlier this year and \$1,995,000 is included for this project. \$100,000 is budgeted for final design work for Ellen Kort Peace Park with construction and development slated for 2019 and 2020.

**Telulah Park** – The further development of Riverheath has prompted us to budget \$765,000 in 2018 and \$500,000 in 2019 for the development of amenities in lower Telulah Park. Projects in 2018 include trail construction, riverfront lighting and trailhead parking.

**Library** – I have included \$500,000 in the 2018 Budget and a total of \$30,500,000 overall for the Library project once a decision is made as to the preferred solution. I anticipate a collaborative decision making process involving both the Library Board and the Common Council to reach a consensus solution regarding the future of the Library.

## **DEBT SERVICE**

General obligation debt service costs continue their upward trend in the 2018 Budget. Debt service payments on the City's investment in such projects as the Erb Park and pool renovation, the Fox Cities Exhibition Center project, Jones Park renovations and other infrastructure and facility improvements continue to expand the City's debt service needs. As a result of the investment in these projects as well as others, total debt service costs increased from \$7,014,437 in 2017 to a projected \$7,976,134 in the 2018 Budget. The property tax levy necessary to support this increase rose \$1,369,819 (35.4%) from \$3,871,561 in the 2017 Budget to \$5,241,380 for 2018 resulting in the debt service portion of the total tax levy increasing from 9.5% to 12.4%.

Total general obligation debt outstanding at December 31, 2017 is projected to be \$49,570,624 compared to \$47,050,000 outstanding at December 31, 2016, an increase of \$2,520,624. However, despite the increase in outstanding debt, the City is well below its legal debt limit of \$261,146,195 and the amount outstanding compares favorably with similar sized communities throughout the State.

For 2018, \$19,388,586 in general obligation notes are expected to be issued to fund various capital projects in the areas of infrastructure (\$10,427,086), facility construction and improvements (\$4,075,000), equipment (\$1,216,500) and parks and trails (\$3,670,000). A complete list of anticipated debt-financed projects for 2018 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 2017 to 2018. Estimated balances in the contingency funds available for carryover at the conclusion of 2017 include:
  - State Aid Contingency \$849,107
  - Operating Contingency \$402,298
  - Fuel Contingency \$137,315
  - Wage Reserve \$367,936
- The reserve established from the settlement with Time Warner Cable to provide the public with electronic access to City government proceedings was exhausted in 2017 thus no funds are available for carryover into 2018.
- Included in the Unclassified section of the 2018 Budget is \$410,825 for wage increases for employees not covered by collective bargaining agreements. The funding for this increase includes \$310,825 of 2018 Budget revenue along with \$100,000 of existing wage reserve anticipated to be carried over from prior years. The amount will be awarded to employees through the City's pay for performance evaluation system.

## **COMMUNITY AND ECONOMIC DEVELOPMENT**

In support of the Economic Development Strategic Plan's primary goals and key strategies and the recently approved updated Comprehensive Plan 2010-2030, the Community and Economic Development Department's budget contains \$36,000 to support local and regional community and economic development activities. Furthermore, the budget also includes \$36,000 or \$.50 per capita to support the Fox Cities Regional Partnership. The investment of the \$36,000 into the Fox Cities Regional Partnership will be for services and programs that align with the City's Economic Development Strategic Plan and updated Comprehensive Plan such as Talent Upload, YP Week and other opportunities. This provides a total of \$72,000 to support local and regional economic development.

The 2018 budget provides funding for the sanitary area assessment for the portion of Tax Incremental Financing District #6 (TIF 6) within the Southpoint Commerce Park as well as for developer incentive payments. 2018 is the final year of the expenditure period for TIF 6 leaving the final five years of the District to recapture the costs of prior year investments. Funding in 2018 and beyond for maintenance of the Park will be provided by the Industrial Park Land Fund. The City will evaluate the need for additional infrastructure and platting of the land in the industrial park and will determine if a new TIF district will be created in the future.

In regards to new TIF Districts, TIF's #11 and 12 were formed in late 2017 and are included in the 2018 Budget. TIF #11, which is located at the east end of College Avenue in the downtown corridor, was formed to eliminate blight and encourage rehabilitation of properties,

retain existing establishments, attract new businesses, increase property values, and improve the overall appearance of the area. To help reach this goal, \$2,086,121 of street, sidewalk, parking, and utility infrastructure projects have been included in this budget. This investment is meant to spur development in the District by providing improved access to targeted development sites as well as providing the necessary utility and parking infrastructure to service them. TIF#12, located at the west end of College Avenue in the downtown district, is focused on rehabilitation and conservation of existing properties and businesses, as well as redevelopment of vacant or underutilized properties. In order to support these goals, \$21,000 has been included in the budget to provide property improvement grants to property owners within the District.

In terms of overall community and economic development, the Appleton Redevelopment Authority (ARA) is poised to provide redevelopment activities throughout the City in order to maintain and enhance viable residential, commercial and industrial development. In order to meet this goal, \$350,000 is included in this budget to fund ARA for site acquisition and project implementation.

## **FISCAL**

- **Tax Levy** – General fund expenditures increased \$1,308,671 in the 2018 Budget, a 2.12% increase while general fund revenues increased \$1,281,244, or 2.08% over the 2017 Budget. The increase in revenues was primarily due to increased property tax revenue, increased revenue from the newly renovated Erb pool, interest received on general fund loans to the City's TIF districts, and a transfer of excess fund balance from the Subdivision Fund. The general fund tax levy is expected to increase \$513,427 or 1.50%. At the same time, the tax levy in the debt service fund is expected to increase \$1,369,819, or 35.4%. Overall, the tax levy for the City is expected to increase \$1,683,246, or 4.13% in 2018. This increase is within State imposed levy limits.
- **Tax Rates** – The City's equalized value increased 5.75% to \$5,222,923,900 in 2017 which, when reduced by the City's overall assessment ratio of 94.52%, equates to an estimated increase of \$44,932,273, or .92% in assessed value. Applying the 2017 total estimated assessed value of \$4,757,705,610 to the tax levy results in the following projected assessed tax rates:
  - Outagamie County – \$8.92, an increase of 30 cents, or 3.47%
  - Calumet County – \$8.92, an increase of 26 cents, or 3.03%
  - Winnebago County – \$8.75, an increase of 26 cents, or 3.12%

However, on an equalized value basis, the tax rate is projected to be \$8.43, an actual decrease of 11 cents, or 1.32%.

- **Debt and Fund Balances** – The City's established debt and fund balance policies are met by this budget providing confidence in the continuation of the City's outstanding bond ratings and financial stability.

## **UTILITIES**

- **Water** – The budget includes \$610,000 for various building needs at the Water Filtration Plant. Improvements planned for the Water Filtration Plant in 2018 include \$85,000 to replace and upgrade the uninterruptable power supply system, \$500,000 to continue to replace and upgrade chemical storage systems and \$25,000 for engineering for future HVAC replacements. Additionally, this budget includes \$100,000 to begin engineering work for a multi-year project to upgrade the lake intake and to construct a second raw water line between the lake station and the Filtration Plant. Water utility infrastructure improvements planned for 2018 include \$3,458,847 for the replacement of aging distribution and transmission mains. The budget also includes \$45,000 for the installation of a bulk water dispensing station. Significant maintenance expense in 2018 includes the repair of an expansion joint at the Filtration Plant. The treatment operation budget reflects a decrease in costs due to the full implementation of the ultraviolet treatment process. There are no planned water rate increases for 2018.
- **Wastewater** – The 2018 Budget includes \$2,235,551 of improvements to the wastewater collection system along with \$150,000 in upgrades to the Marshall Heights lift station. The budget also includes funds for the following projects at the treatment facility: \$920,000 for aeration blower replacement, \$1,470,750 to start the replacement of the electrical distribution system and \$823,500 for various projects to replace aging treatment equipment and facilities. The Wastewater Utility continues to work with the Wisconsin Department of Natural Resources on total maximum daily load (TMDL) limits for the nutrient phosphorus. The new limits are approximately five times more stringent than what was required in the facility's 2016 discharge permit. The Wastewater Utility has completed an initial evaluation of treatment and compliance alternatives to meet these new reduced limits. In this effort, staff introduced in-stream phosphorus monitors in two process locations to capture, with accuracy, phosphorus levels in the plant. Plans for future projects will depend on the effectiveness of the current chemical treatment process. There are no planned wastewater rate increases for general customers for 2018. However, a rate increase of 3% was approved in July, 2017 for all hauled waste customers.
- **Stormwater** – Continuing the implementation of the City's Stormwater Management Plan, this budget dedicates \$6,099,124 to ongoing infrastructure improvements including \$2,010,000 for the replacement of a 42" main on Ballard Road between Wisconsin Avenue and the Fox River and \$1,518,750 for new infrastructure to be installed in the northern section of the City. There are no planned stormwater rate increases for 2018.

## **PERSONNEL**

Included in the 2018 Executive Budget is the following personnel change:

- Increase of the Clubhouse Manager position at Reid Municipal Golf Course to 10 months per year from 9.

Other changes approved by Council during the course of 2017 were:

- Reduction of the Valley Transit Marketing Coordinator position and one Road Supervisor position to .5 FTE each and the addition of a full time Transit Coordinator position and two additional part time drivers.
- Reduction of the full time grant-funded Pandemic Coordinator position to .75 FTE as the result of reduced grant funding for this purpose.
- Reorganization of the Appleton Fire Department, deleting one Battalion Chief position, adding a civilian Training and Resource Development Specialist, reducing the number of Captains by two, and increasing the number of Lieutenants by two.
- Transfer of the Diversity and Inclusion Coordinator position from the Community and Economic Development Department to the Mayor's Office.

### **CAPITAL IMPROVEMENT PROGRAM**

Highlights of the remainder of the 2018 Capital Improvement Projects (CIP) are as follows:

- Maintaining and improving public infrastructure remains a top priority of the City as this budget invests over \$10.1 million in road and sidewalk improvement projects. \$1 million of these projects are included in the City's newly formed TIF #11 which will allow the project costs to be repaid with incremental property tax revenue generated by the district rather than the general tax levy. Additionally, as previously discussed in greater detail, approximately \$12.4 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: \$375,000 to renovate the locker/restroom at the Municipal Services building; \$250,000 to upgrade roadways, parking lots, patio areas, and sidewalks at various parks; \$200,000 to replace all three elevators at the Red parking ramp, along with \$100,000 to replace all existing non-LED fixtures throughout the ramp; \$150,000 to replace the roof at Fire Station #5; and \$145,000 to replace the generator at the Valley Transit office/garage along with \$100,000 to replace the bus maintenance pit.
- Public safety investments include \$650,000 for a new pumper truck for the Fire Department, \$119,500 for a new records management system to replace the current obsolete system, and \$50,000 to purchase heavy rescue and confined space rescue tools to enhance firefighter rescue capabilities.
- Information Technology projects include \$243,000 to fund the third year of a multi-year project to replace the City's aging mainframe computer with an enterprise resource

planning (ERP) system. The third year of this project includes completing the installation of the financial, human resource, property tax and cash collection systems. Additionally, \$500,000 is included to upgrade the City's storage area network (SAN) to increase security, redundancy, and storage capability. Finally, \$65,000 is earmarked to upgrade the audio and video equipment in the council chambers to address shortcomings in that area. In order to increase efficiency during elections, as part of an agreement with Outagamie County to fund 50% of the cost of new election equipment, \$110,000 has been included in this budget. Additionally, \$30,000 has been included for electronic poll books. The poll books have been certified by the State and will reduce voter wait times, increase accuracy of the voter information, and improve the election-day experience for both voters and poll workers.

- This budget continues the Public Works Department's traffic camera program, investing \$32,500 in the installation of cameras at seven new locations in 2018. 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 safety issues. Additionally, the Department is in the final year of a three year program to retrofit existing street lights with energy-efficient street lighting technologies. The investment of \$126,883 per year is expected to be paid back in electricity cost savings in 3 to 5 years. Finally, as recommended by the recently adopted "*Crosswalk Marking/Enhancement Policy for Uncontrolled Crossings at Intersections*" policy, \$57,132 has been included to provide enhanced pedestrian crossings at various locations throughout the City including College Avenue at Alton Street and Providence Avenue at the Apple Creek Trail.
- Quality of life improvements in the 2018 Budget focus on maintaining and improving our parks, expanding our trail system, and preserving City monuments. In order to achieve these goals, in addition to the projects discussed previously at Jones, Telulah, and Ellen Kort Peace Park, this budget promotes the expansion of our park system by including \$500,000 for the purchase of land for a new park on the City's southeast side. Additionally, this budget commits \$395,000 for improvements at Mead pool and the Scheig Center, and improvements to various parks throughout the City to conform with the Americans with Disabilities Act (ADA). Finally, this budget earmarks \$15,000 for preserving and restoring City monuments by committing internal resources, as well as partnering with local non-profit groups, to preserve and extend the life of statues and monuments throughout the city.

## CONCLUSION

In 2018, 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 meet that mission at the same time we strive 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 Stephanie Rogers, 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 conditions 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