

City of Appleton, Wisconsin



2006 ADOPTED BUDGET AND SERVICE PLAN

EXECUTIVE SUMMARY

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**In the heart of the Fox Cities,
north of Lake Winnebago.**



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

OFFICE OF THE MAYOR
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November 16, 2005

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

Dear Appletonians:

I present to you the 2006 Budget and Service Plan, including the five-year Capital Improvement Plan. As in the past, this budget was developed within the parameters set by our City of Appleton fund balance policies and tax levy ordinance, as well as the State's Expenditure Restraint Program. As you are aware, this year we have the added consideration of a State-imposed tax levy limit.

Our own tax levy ordinance first limits the growth in our tax levy to a factor of inflation plus the growth of our tax base due to net new construction. Secondly, our ordinance makes adjustments for revenues that increase greater than inflation along with any new revenues and services transferred to user fee funding from tax levy funding. The State's new rules limit the increase in the tax levy to the greater of net new construction growth (2.815% in 2004) or 2%. These two limits on our tax levy take differing perspectives that, when considered together, assure our citizens and businesses that the City continues to strive to be more cost-effective while still providing quality services.

In 2006 there will be very little change in the amount of money the City receives from the State of Wisconsin in the form of shared revenues, expenditure restraint or transportation aids. And again in 2006 we are looking at increased costs in the areas of personnel, fuel and utilities that affect the overall budget. The reality of flat revenues and increasing costs, however, is a reality that the City shares with all of its citizens and businesses.

One of the positive stories of 2005 is the successful negotiation and settlement of the City's labor agreements through 2008. As part of these settlements, the City will move to a new healthcare administrator that will help slow the trend of increasing healthcare costs. The diligent and hard work of our Human Resources staff, along with the representatives of organized labor, has enabled the City to negotiate a contract with United Health Care to administer the City's health plan and provide comparable coverage for our employees at a lesser cost. Focus will be placed on educating employees to become informed health care consumers benefiting both themselves and the City. While this doesn't stop or reverse the trend of rising healthcare costs, it will slow the anticipated increase stabilizing the City's expense for health care in 2006 and guarantees administrative increases to no more than 10% through 2008.

Another major factor having a positive effect on the 2006 budget is the performance of our Tax Incremental Financing (TIF) districts. The combined growth in equalized values in our six TIF districts was \$57,388,200 or 24.5%. TIF District One is able to pay back deferred interest on the advances it received from the general fund in its early years of existence. This accounts for an increase in interest revenue of \$1,778,397 in 2006 and projected revenue of \$1,816,396 in 2007. After 2007, the district will close bringing an estimated \$80,625,000 of property value onto the tax rolls which will help stabilize tax rates beyond the State's two-year freeze.

As you may recall, earlier this year we were faced with the unpleasant task of adjusting fares and routes for Valley Transit in response to dramatically increased and unanticipated fuel costs. It is becoming increasingly difficult to predict the cost of gasoline, electricity and natural gas with any certainty as far ahead as six to twelve months. For

example, the 2005 budget anticipated fuel costs to be about \$595,000. At this date, we are predicting the City's fuel costs to be about \$936,000 by the end of 2005. The departmental budgets submitted in June for 2006 included anticipated fuel costs of \$985,205. However, due to the recent volatility of fuel prices, we have added in the general fund budget a fuel contingency of \$125,600 (pg. 71) and we increased the various enterprise funds for a final budget total of \$1,166,450. Likewise, when the 2006 budget instructions were distributed back in May, departments were given parameters of an 8% increase for electric and 5% for natural gas. But again, due to the volatility and current projections concerning utility costs, I have included an additional \$251,800 in a utility cost contingency for the general fund (pg. 71) and increased allowances for our enterprise funds to double the original parameters. Due to the above factors, construction costs are on the rise and this budget also includes a \$200,000 contingency for Public Works construction projects (pg. 71).

Along with numerous small changes to departments' budgets, other highlights of the 2006 Budget include funds for: the full implementation of the combining of the former Economic Development and Planning departments into Community Development; the purchase and implementation of software to facilitate on-line registration for Parks and Recreation; two additional automated check-out machines for the Library; and the purchase of SEQUEL software designed to greatly enhance the efficiency of day-to-day gathering and reporting of data.

I'd like to take this opportunity to thank all of our department heads and their staff for their hard work on this budget. The process of developing this budget has been one of openness and collaboration, and I thank the staff for working hard to keep the best interests of the City in mind, sometimes in spite of their own department's wants and desires. I would also like to thank Accounting Manager Kelli Rindt, Budget Manager John Hoft-March, Deputy Director Tony Saucerman and Director Lisa Maertz of the Finance Department for their tireless efforts in preparing this document. The financial condition of our city remains excellent in large part due to the work of this outstanding staff. They deserve a great deal of credit for the jobs they do on a daily basis on behalf of our community.

The major highlights of the 2006 Budget are as follows:

FISCAL

- Taxes – Overall, this budget includes an increase in levy-related expenditures of 4.27% which, when offset by increases in interest revenue, results in the tax levy meeting the limited increase of 2.815%. This increase in the levy, coupled with the growth of the City's tax base, results in an equalized tax rate of \$7.8317 per thousand, down from \$8.0627 or a 2.87% decrease. The City's mill rate decreased an average of 1% (weighted average), as assessed values have dropped to approximately 93% of equalized values, thus emphasizing the need for the residential revaluation in 2006 to assure equitability.
- Debt and Fund Balances – The debt and fund balance policies that we have put in place will be met by this budget to ensure the City's outstanding bond ratings and financial stability. In 2005 we maintained the City's outstanding bond ratings. These ratings enable the City to borrow funds at very low interest rates, which in turn save our taxpayers and ratepayers significant dollars.
- Revenues – The proposed 2006 budget includes a new fee charged to non-Appleton residents for response to vehicle fires and extrication. This budget also includes modest increased fees for Weights & Measures services, Environmental Health services and HVAC permits.

ECONOMIC DEVELOPMENT

Development related projects in this budget include:

- Industrial and Business Park Development – This budget includes continued funding for infrastructure for the second phase of development for Southpoint Commerce Park in the amount of \$2,846,040 which will create an additional 8 lots of industrial land inventory ranging in size from 1.5 to 9 acres.
- Riverfront Initiatives – The former Foremost Dairy property has been identified for future medium- to high-density residential development. The 2006 CIP request includes funding to assist with the demolition of the industrial structures, site preparation and infrastructure improvement to establish a buildable site for redevelopment.

UTILITIES

- Water – Focus in 2006 will be to optimize the new water treatment facility to meet water requirements providing customers with safe, potable, cost-effective high-quality water. We will work with engineering resources to define the most cost-effective process parameters and efficiencies. A rate study will be started late in 2005 to address the future necessary financial resources.
- Wastewater – Our goal is to provide for both short-term and long-term facility planning and management to address community growth and the challenges presented with treating the lime wastes that increase our biosolids production volumes beyond current storage capacity. This budget contains capital funding for the lime sludge dewatering press project and the recoating of secondary clarifiers.
- Stormwater – This budget provides funding to continue our efforts in the ever-increasing management of stormwater in the city to fulfill the obligations required from Natural Resources Regulations 151 and 216. This budget transfers the leaf collection program from the Sanitation Fund appropriately to this budget. The purpose of our leaf collection program is to stop the leaves from blocking catchbasins causing flooding and from polluting our ponds, streams and rivers and is a specific requirement of the regulations cited above. This budget contains capital funding for the Appleton Papers/Bellaire Ravine Area study by constructing the Pacific Street and Meade Street storm sewer tunneling project. A rate study is currently in process, with results expected late in 2005.

PERSONNEL

This proposed 2006 budget includes the net reduction of six full-time equivalent positions. Careful consideration was given in each department to the appropriate staff needed to carry out services and programs. In many cases, positions were eliminated and replaced with other positions to more efficiently perform the tasks necessary. As part of our normal course of business, most of these evaluations occurred as positions became vacant.

Based on an assessment of its services, the Police Department is proposing a reorganization to enable them to continue to provide quality services to our community. The proposed reorganization results in the elimination of a Police Captain and replacing that position with an Officer position. The budget also proposes the elimination of a Communications Technician position and replacing it with increased part-time Community Service Officer hours.

This budget proposes the elimination of the Community Services Supervisor at the Library and adds in its place the position of Marketing and Development Coordinator at a lower pay grade. Also at the Library, a full-time Technical Services Clerk is proposed to be eliminated while adding a part-time page clerk.

The proposed budget for Valley Transit eliminates a full-time Communications Technician and replaces it with a part-time position. The proposed budget for Technology Services also proposes the elimination of the Mainframe Administrator to put in place an additional Help Desk position to better align the needs of the City with available resources that are most often needed.

Other positions eliminated in this budget proposal include a Maintenance Specialist and Electrician position for Central Building Maintenance and a Radio Technician position for the Central Equipment Agency. Minimal contracted dollars have been added with an additional focus on gaining efficiencies and better collaborative efforts among departments.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2006 CIP are as follows:

- Parking Utility structural repairs to Washington and City Center Parking Ramp – (\$100,000)
- Voting equipment replacement in compliance with the Help America Vote Act (HAVA) – (\$188,336)
- Second phase of conversion of City phones to Voice Over Internet Protocol – (\$293,750) and implementation of a Storage Area Network to address additional data storage needs as well as greatly reduce future costs of expansion – (\$110,000)

- Newberry Trail completion – (\$200,000) and Riverfront Trail Development from Vulcan Heritage Park to Lutz Park – (\$750,000)
- Lutz Park shoreline stabilization and boat launch work – (\$450,000)
- Rapid Response Unit for Fire to be able to maintain coverage for more major incidents throughout the city by using this unit to respond to many minor incidents as the department is stretched in service capability at the outer areas of the city – (\$180,000)
- Police Station design for the remodeling project with construction to take place in 2007-2008 over a sixteen month period – (\$1,109,000 for 2006, total project cost \$18,488,704)
- Bridge Improvements for Olde Oneida Street bridge over the navigational canal and the Lawe Street bridge over the navigational canal – (\$1,031,000)
- Park improvements for Houdini Plaza – (\$40,000), Linwood Park – (\$50,000), initial grading and site work at the new park on the northeast side – (\$75,000), and funding for a master plan for the area including Jones Park through the old water treatment plant on Water Street – (\$50,000)

CONCLUSION

The City of Appleton is in sound financial condition as evidenced by our continued strong general purpose and revenue bond ratings, as well as our adherence to all external and internal financial policies. I believe this 2006 Budget balances the needs of the City in a fiscally responsible manner and effectively positions our community for the future.

Sincerely,

TIMOTHY M. HANNA
Mayor of Appleton

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

COMBINED SUMMARY OF EXPENSES - ALL FUNDS

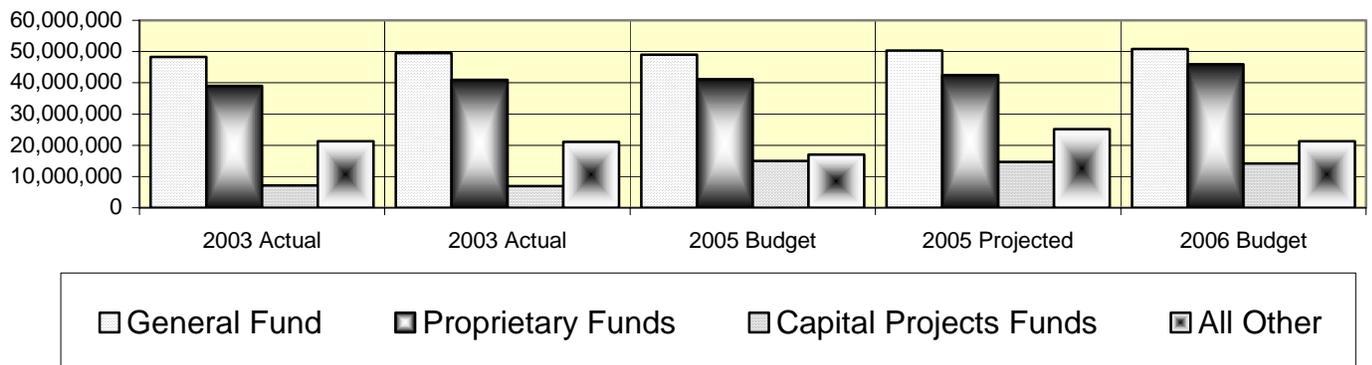
The City of Appleton follows the accounting methodology known as fund accounting, whereby revenues and expenditures are categorized by fund. Each individual fund represents a specific purpose or activity. Fund accounting is a means of separating and tracking those revenues and expenditures related to each specific purpose. For reporting purposes, funds are grouped by fund type.

Table 1: TOTAL EXPENSES - ALL FUNDS ¹

| Funds | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | 48,281,928 | 49,539,366 | 48,976,853 | 50,339,897 | 50,873,006 |
| Debt Service Funds | 7,913,675 | 8,036,970 | 7,672,747 | 13,257,747 | 9,063,609 |
| Special Revenue Funds | 13,397,736 | 13,021,189 | 9,389,241 | 11,859,276 | 12,209,621 |
| Capital Projects Funds | 7,133,591 | 6,892,813 | 15,010,310 | 14,699,985 | 14,201,490 |
| Proprietary Funds | 38,965,833 | 40,971,675 | 41,141,461 | 42,472,736 | 45,915,598 |
| Permanent Funds | 0 | 1,200 | 500 | 500 | 800 |
| Total - All Funds | \$115,692,763 | \$118,463,213 | \$122,191,112 | \$132,630,141 | \$132,264,124 |

¹ Proprietary funds are shown net of capital investments, which are capitalized and depreciated. Beginning with 2003, figures reflect the elimination of the chargeback (credit) of depreciation on contributed assets (\$2,718,000 budgeted in 2002) in accordance with Governmental Accounting Standards Board Statement #34 (GASB 34). This accounting change is for financial reporting purposes and has no impact on proprietary fund rates or actual cash expenses.

Fig. 1: COMBINED SUMMARY OF EXPENSES



The table and chart above show total City-wide expenditures for all funds for several years. The General Fund accounts for all of the routine operations of the city. The Proprietary Funds category consists of the Enterprise Funds (Water, Wastewater, Stormwater and Parking Utilities, Reid Municipal Golf Course, and Valley Transit) and the Internal Service Funds (Central Equipment Agency and Risk Management Fund). Debt Service Funds account for the payment of interest and principal on general long-term debt, Special Revenue Funds account for various special revenue sources which are legally restricted to expenditures for specific purposes, Capital Projects Funds account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds, and Permanent Funds are for assets restricted for the purpose of generating interest income.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

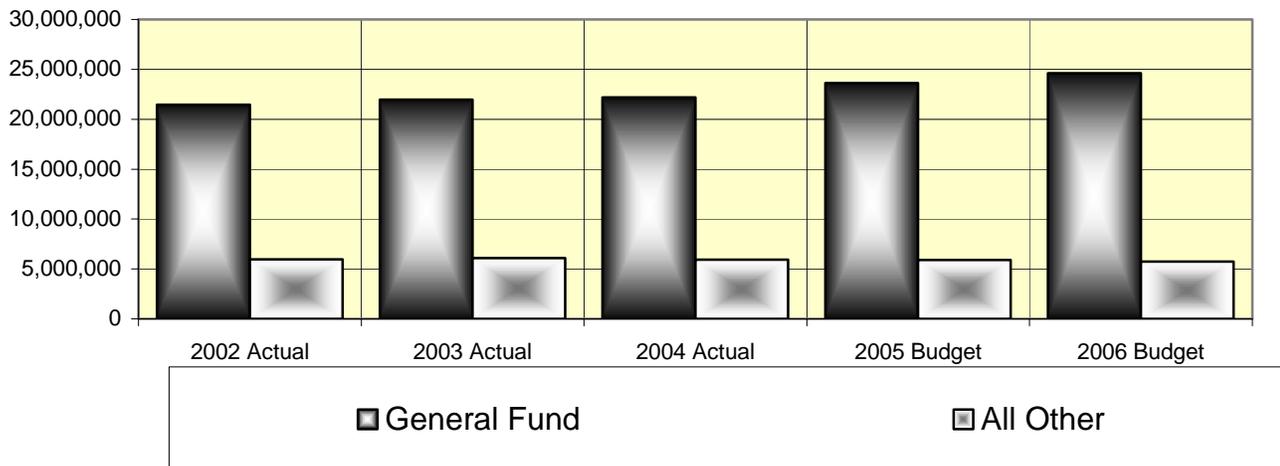
PROPERTY TAXES

Property taxes support various types of expenditures made by the City of Appleton. Expenditures within individual funds differ in the degree to which they are financed through property taxes.

Table 2: PROPERTY TAX LEVY BY FUND

| Funds | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Budget | 2006 Budget |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | 21,463,222 | 21,463,222 | 21,952,494 | 23,626,615 | 24,625,020 |
| Debt Service Funds | 3,000,396 | 2,922,956 | 2,922,956 | 2,903,025 | 2,897,879 |
| Special Revenue Funds | 2,663,594 | 2,721,342 | 2,721,342 | 2,637,436 | 2,536,257 |
| Capital Projects Funds | 291,146 | 460,370 | 460,370 | 365,731 | 300,000 |
| Total - All Funds | \$26,246,404 | \$27,418,358 | \$28,057,162 | \$28,111,449 | \$30,359,156 |

Fig. 2: PROPERTY TAX LEVY BY FUND



This chart illustrates the allocation of property tax revenues to various City operations. The General Fund, which accounts for the day-to-day functioning of city government, is funded primarily from property taxes and intergovernmental revenues such as the State Shared Revenue program. Enterprise Funds, which generally function as independent business enterprises, are primarily funded by user fees, while the majority of capital projects are funded by borrowing.

CERTIFIED APPORTIONMENT OF PROPERTY TAXES

Property taxes in the City of Appleton include levies for various purposes in addition to City government, including schools and other levels of government.

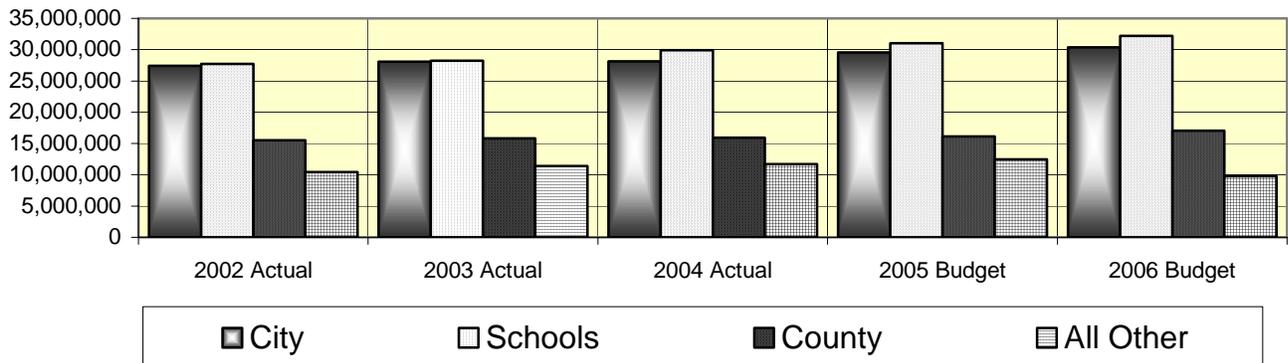
Of the total 2004 property tax levy (payable in 2005), approximately 33% was levied for various City operations as illustrated in Table 3 and in Figure 3 following. Another 35% was levied by the Appleton, Menasha, Kimberly and Freedom school districts, 18% by Outagamie, Calumet, and Winnebago counties, 7% by Fox Valley Technical College, and 1% by the State of Wisconsin. The remaining 6% is levied on the increment in Tax Incremental Financing (TIF) districts, and is used within each individual district for further capital investment, debt service on previous borrowing, and repayment of advances from other sources, as applicable.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Table 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES

| Apportionment | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Budget | 2006 Budget |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City | \$ 27,418,358 | \$ 28,057,162 | \$ 28,111,450 | \$29,532,807 | \$30,359,156 |
| WTCS | 5,839,202 | 6,176,522 | 6,183,265 | 6,310,163 | 6,588,696 |
| Schools | 27,701,334 | 28,249,470 | 29,904,077 | 31,036,260 | 32,218,451 |
| State | 651,434 | 696,839 | 728,084 | 767,301 | 781,907 |
| County | 15,507,509 | 15,834,707 | 15,942,915 | 16,118,113 | 17,024,491 |
| TIF Districts | 3,953,255 | 4,557,093 | 4,771,889 | 5,376,832 | 6,484,731 |
| Total - All Portions | \$81,071,092 | \$83,571,793 | \$85,641,680 | \$89,141,476 | \$93,457,432 |
| Less State Credits | 4,657,410 | 4,462,806 | 4,301,871 | 4,168,183 | 4,100,024 |
| Net Tax Levy | \$76,413,682 | \$79,108,987 | \$81,339,809 | \$84,973,293 | \$89,357,408 |

Fig. 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES



TAX LEVY

Table 4: TAX LEVY/\$1,000 ASSESSED VALUE

| Tax Levy | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Budget | 2006 Budget |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City | 9.4367 | 8.5695 | 8.3167 | 8.5035 | 8.4351 |
| WCTS | 2.0097 | 1.8900 | 1.8293 | 1.8169 | 1.8306 |
| Schools | 9.5189 | 8.6308 | 8.8317 | 8.9156 | 8.9402 |
| State | 0.2132 | .2016 | .2034 | .2109 | .2021 |
| County | 5.3663 | 4.8479 | 4.7183 | 4.7299 | 4.7410 |
| Gross Tax Levy | \$ 26.5448 | \$ 24.1398 | \$ 23.8994 | \$ 24.1768 | \$ 24.1490 |

Outagamie County/Appleton Area School District only.

The State estimates the total market value of properties within each taxing jurisdiction, which is called the equalized value. The equalized values are used to determine what portion of the County, School District and Technical College levies will be paid by each community.

The assessed values are used to determine how much of the community's total levy is paid by each property owner. For example, a person who owns 1% of a community's assessed value will pay 1% of the taxes. Increases or decreases in assessed value with no additional property added or demolished will change the individual's share of the property tax levy only.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

If the total property remains stable, increases in the levy will result in increased assessed rates. Appleton has had a 10.56% increase in net new construction from 2002 to 2006, while the tax levy has increased by 10.73%.

GENERAL FUND SOURCES OF REVENUE

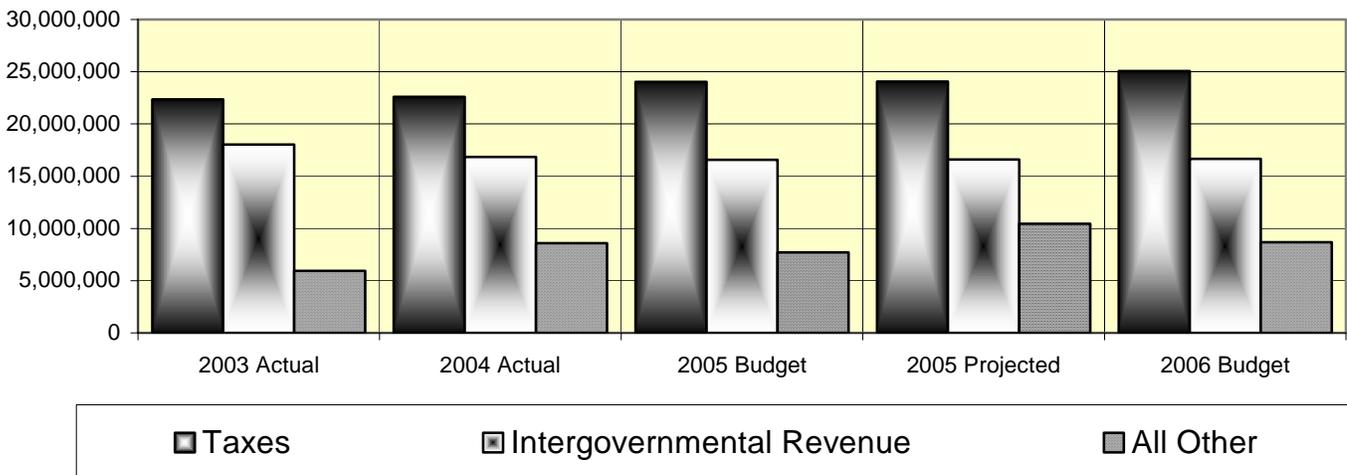
The General Fund, which accounts for the day-to-day functioning of city government, is supported by revenue from a variety of sources, including the property tax.

Table 5: GENERAL FUND SOURCES OF REVENUE

| Source | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Taxes | 22,365,810 | 22,596,576 | 24,042,115 | 24,063,251 | 25,073,820 |
| Intergovernmental Revenue | 18,043,299 | 16,837,389 | 16,565,509 | 16,584,283 | 16,658,039 |
| Licenses and Permits | 857,425 | 855,231 | 818,500 | 818,500 | 829,842 |
| Special Assessments | 1,097,997 | 1,295,953 | 1,410,900 | 1,250,000 | 1,280,000 |
| Fines and Forfeitures | 277,692 | 281,958 | 360,000 | 270,000 | 300,000 |
| Interest Income | -28,167 | 2,207,637 | 1,127,000 | 2,600,000 | 2,810,397 |
| Charges for Services | 1,694,585 | 1,434,721 | 1,480,410 | 1,300,000 | 1,320,880 |
| Other Revenue | 797,895 | 921,882 | 752,143 | 854,000 | 792,439 |
| Total General Fund Revenue | \$45,106,536 | \$46,431,347 | \$46,556,577 | \$47,740,034 | \$49,065,417 |
| Other Financing Sources | 1,255,185 | 1,591,403 | 1,750,276 | 3,348,633 | 1,358,535 |
| Total Revenue & Other | \$46,361,721 | \$48,022,750 | \$48,306,853 | \$51,088,667 | \$50,423,952 |

The largest single source of funding for General Fund operations is the property tax, which will provide \$24,625,020 or approximately 49% of revenues in 2006. The next largest is intergovernmental transfers, of which \$12,811,056 is from the State government under the State Shared Revenue and Expenditure Restraint programs. These two programs combined are down \$1,218,560, a decline of 9% from 2003, when State Shared Revenue was reduced, but have remained stagnant since then. Overall, Intergovernmental Revenue, which also includes State aids for street reconstruction, accounts for approximately 33% of revenues (down from 39% in 2003). The remaining 18% of revenues will come from various other sources, as illustrated above.

Fig. 4: GENERAL FUND SOURCES OF REVENUE



GENERAL FUND EXPENDITURES

The General Fund accounts for the day-to-day functioning of city government, including maintenance of certain City-owned facilities and street maintenance and reconstruction projects.

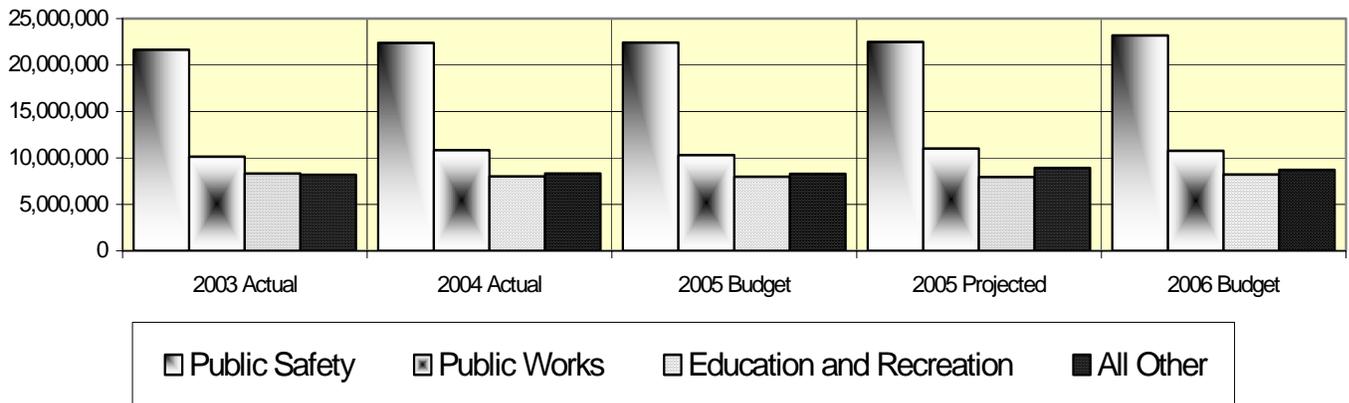
CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Table 6: GENERAL FUND EXPENDITURES

| Expenditures | 2003 Actual | 2003 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Government | 5,946,565 | 5,909,616 | 6,945,471 | 7,532,892 | 7,366,935 |
| Community Development | 888,815 | 753,561 | 753,047 | 753,047 | 735,069 |
| Education and Recreation | 8,329,326 | 8,012,152 | 7,965,174 | 7,935,571 | 8,218,857 |
| Public Works | 10,139,441 | 10,825,971 | 10,319,154 | 11,015,781 | 10,767,740 |
| Public Safety | 21,629,621 | 22,378,834 | 22,417,433 | 22,483,731 | 23,182,923 |
| Total Expenditures | \$45,721,291 | \$47,880,134 | \$48,400,279 | \$49,721,022 | \$50,271,524 |
| Other Financing Uses | 1,348,160 | 1,659,232 | 576,574 | 618,875 | 601,482 |
| Total Expenditures & Other | \$47,232,258 | \$49,539,366 | \$48,976,853 | \$50,339,897 | \$50,873,006 |

The largest single expenditure for the General Fund is for public safety, which in 2006 accounts for approximately 46% of General Fund expenditures. Of that total budgeted expenditure for 2004, approximately 57% is for police protection, 38% for fire protection, and the balance for public health. The next largest portion of the budget (approximately 21%) is spent on public works, which includes street and sidewalk repair and reconstruction, traffic administration, street lighting, and snow removal. General Government and Education and Recreation expenditures account for approximately 14% and 16% of General Fund expenditures, respectively.

Fig. 5: GENERAL FUND EXPENDITURES



GENERAL GOVERNMENT

Included in General Government are the legislative, administrative, and service functions, which contribute to the overall business operations of the city.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------|-------------|-------------|-------------|----------------|-------------|
| The Common Council | 125,040 | 127,982 | 125,954 | 125,954 | 126,310 |

The Common Council

The legislative powers of the City are vested in the Council with the responsibility of establishing policy, adopting an annual budget and service plan and carrying out the duties defined by State Statutes and City Ordinances.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| The Mayor's Office | 317,137 | 223,439 | 298,260 | 298,260 | 318,413 |

The Mayor's Office

The Mayor's Office is ultimately responsible for coordination of the day-to-day operations of the City and the pursuit of initiatives to ensure accountable, affordable, and accessible government. Programs within the Mayor's Office include:

- Administration - the general management and oversight of City operations
- Citizen Outreach - including the Applesource newsletter, representation of the City at various public functions, and general communication with the citizens of Appleton
- Intergovernmental - working with other local governments in our area and with intergovernmental organizations such as the Wisconsin Alliance of Cities, the League of Wisconsin Municipalities, and the East Central Wisconsin Regional Planning Commission

The 2006 budget includes increased funding for the position of Construction Manager, based on an offer that has been extended, to oversee various City construction projects. This position was added to the 2005 budget by Council action but remained vacant for most of the year as the Mayor and staff researched and formalized job duties and compiled a job description.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| City Clerk | 542,770 | 729,131 | 584,066 | 584,066 | 604,962 |

City Clerk

The Office of the City Clerk is the center of document retention and distribution for the City of Appleton.

Responsibilities include:

- Managing the retention and retrieval of all official City documents and compliance with the open records and open meetings laws
- Administration of all municipal elections, including coordination and certification of nomination papers and financial statements for candidates
- Providing secretarial and research support to the City Council
- Serving as information distribution center and providing centralized mail and copy services for all City departments
- Maintaining weekly schedule of meetings, publishing all legal notices in the official newspaper and keeping open lines of communications with the news media
- Administering oaths, receiving and recording petitions, claims, lawsuits and official notices
- Issuing over 30 types of Licenses and Permits as prescribed by state law and City ordinances
- Coordinating and issuing special events licenses
- Acting as the official keeper of the City Seal

Fluctuations in the budget for the Clerk's Office are primarily the result of the number of elections scheduled in any given year, including Mayoral, Presidential, Congressional and State elections. In 2006, there will be four elections. Significant cost savings have been realized in preparation for elections by coordinating ballot preparation and publications on a county-wide basis through the County Clerk's office. In 2006, the City will make the transition to a statewide voter registration system required under the Help America Vote Act (HAVA). The cost of the transition is not yet known. During 2005, the City Clerk's Office has made significant progress in electronic records management and website information. Efforts will continue in 2006 on electronic distribution of information to Common Council members.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|----------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| City Assessor | 413,611 | 428,937 | 425,901 | 426,501 | 475,669 |

City Assessor

The City Assessor is currently an elected official who performs assessment and property listing duties (maintaining ownership, legal descriptions, addresses, etc) for the city. In 2004, voters elected a new City Assessor and

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

approved a referendum making the position appointed rather than elected in 2008, at the expiration of the term of the current City Assessor.

The Assessor's office works diligently to maintain assessed property values at 100% of market value to ensure the most equitable distribution of the property tax burden. This is done by reassessing each property on a four year cycle using in-house staff. The Assessor's Office also inspects and assesses all new residential and commercial construction, building permit work, and reviews sales of properties annually. The 2005 locally assessed value increased \$183,138,600 over the 2004 value. This included approximately \$1,090,000 in new annexation value, \$1,813,900 in value that was formerly exempt (this includes \$759,700 of land in the Northeast Business Park and \$226,400 of land in the downtown area, on which the Big Picture theater is now located), and \$100 million in new construction value. We also had approximately \$3.75 million in property value come off the assessment roll, of which \$1.1 million was buildings purchased by Outagamie County.

Public relations and education regarding assessment and tax issues is another important responsibility of the Assessor, as are timely and accurate responses to requests for information from property owners and the general public regarding assessment questions. Through the Open Book process and the Board of Review, the Assessor provides a forum for individual property owners to question their property assessments and ensures that those assessments are fair and equitable.

The major goals for 2006 include the revaluation of residential properties in the City. This is in addition to the normal routine of residential and commercial new construction, permits, sales reviews, annexations and exemption requests.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Finance Department | 843,357 | 818,700 | 832,216 | 832,216 | 866,104 |
| Unclassified City Hall | 2,434,970 | 2,38,270 | 2,565,827 | 3,195,549 | 2,865,043 |
| Room Tax Administration | 189,810 | 239,343 | 193,090 | 193,090 | 200,000 |
| City Center Capital Projects | 0 | 0 | 0 | 0 | 213,336 |

Finance Department

The City of Appleton Finance Department is responsible for providing professional financial management services as mandated by state statute and required by the Common Council, the Mayor's Office, City departments, and other governmental units. Specific responsibilities include:

- Timely financial reporting to the Common Council, the financial community, and federal and state agencies
- Coordination of the annual City audit
- Providing an efficient, centralized collection location for convenient payment of all City-generated billings
- Serving as the collection point for all payroll data and monitoring the processing of the City's payroll and related reports to ensure compliance with the City personnel policies and government regulations
- Producing timely payments to employees and vendors for contracted obligations to maintain a high level of credibility
- Accounting for real and personal property taxes in a timely and efficient manner at the least possible cost
- Maintaining parking ticket records and issuing reminder and state suspension notices to ensure that the proper amount is billed
- Providing administration of the City's accounts receivable and collection functions (NSF, small claims, special assessments)
- Providing accurate service invoices for the City and producing reminder notices for delinquent accounts to sustain an adequate cash flow
- Coordinate all aspects of budget preparation, including a five year capital plan
- Facilitate the City's centralized purchasing function for common use items and pursue local and regional purchasing opportunities

A major goal for 2006 is the integration of electronic payment options for City services other than the automatic funds transfer option, which already exists for water, sewer, and stormwater charges. The process of setting up a system is well under way and expected to be completed by January 2006, with full integration and fine-tuning during the remainder of the year.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Unclassified City Hall

Included are various expenditures which are not program or department-specific. Examples include reserves and contingencies, particularly the reserve for wage settlements under collective bargaining agreements currently under negotiation, contingencies for gas and utility increases, City Center facility expenses, and miscellaneous expenditures such as insurance and retiree pension payments.

Room Tax Administration

The purpose of this fund is to account for receipt of room tax proceeds and the corresponding transfers to the Fox Cities Convention and Visitors Bureau and to the General Fund for administrative costs. Funds for administration of the room tax for the Performing Arts Center are also accounted for in this fund. Payments are made directly from the hotels to a bank trust account from which they are then distributed to the PAC.

City Center Capital Projects

This fund provides for capital improvements to the City Center facility. Included for 2006 are two projects:

\$ 25,000 for replacement of the pneumatic tube system for the drive-up window at City Center and \$188,336 for the purchase of 16 AutoMARK voting machines, which are adaptable to meet the requirements of the Americans with Disabilities Act (ADA) and 18 Model 100 Optical Scan tabulators that are compatible with the AutoMARK. The 16 AutoMARK machines will be paid for by the State of Wisconsin under the Help America Vote Act (HAVA) at a projected total of \$86,400.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Technology Services | 547,606 | 543,372 | 579,189 | 579,189 | 577,069 |
| Technology Capital Projects | 658,612 | 0 | 244,000 | 244,000 | 403,750 |

Technology Services

The Technology Services Department (TS) provides all City departments with reliable, timely and accurate technology services that are both cost effective and responsive to departmental needs. The department manages the City's AS400 computer, its attendant software, and the personal computer network, including computers installed in Police and Fire vehicles. Technology Services also provides management, coordination and support for the City's Geographic Information System (GIS), telephone and voicemail systems, Internet connectivity, and the City's web pages, as well as coordination and support of various projects involving electronic technology (e.g. installation of security cameras and electronic locking systems).

The completion in 2003 of the transition to a fiber optic network to all City-owned buildings permitted the elimination of leased data lines as the contracts on those lines expired, resulting in significant savings to the City. The additional bandwidth provided by the fiber optic network also allows for the conversion to a telephone system that will utilize that network, called Voice over Internet Protocol or VoIP, with a further reduction of leased telephone lines. This project is budgeted in the Technology Capital Projects Fund and is further described there. It is expected to save \$54,000 per year in monthly telephone line charges.

Other major projects planned for 2006 include continued development of the GIS, continued support and development of the entire City computer network, and acquisition and integration of SEQUEL database query software. The 2006 budget also reflects a staff realignment, replacing a Mainframe Administrator position with a second Help Desk Analyst position, to better serve system users.

Technology Capital Projects

This fund provides for a variety of Technology capital needs. For 2006, this fund will be used to account for upgrades of the City's computer network file servers and installation of a storage area network (SAN) and for completion of the installation of a telephone system which will function over our existing fiber optic data network (Voice over Internet Protocol or VOIP (\$293,750). Installation of this system is estimated to save \$54,000 per year due to reduced monthly telephone line charges.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-----------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Human Resources | 547,606 | 543,372 | 579,189 | 579,189 | 577,069 |
| Risk Management Fund | 1,137,132 | 1,191,258 | 1,186,149 | 1,186,149 | 1,126,043 |

Human Resources

The Human Resources Department (HR) is responsible for providing departmental support in meeting the City's organizational needs. Specific responsibilities include:

- Classification & compensation
- Performance evaluations
- Recruitment
- Development and administration of policies
- Record retention/administration
- Fringe benefits administration
- Employee and labor relations
- Staff training and development
- Supervisory training and development

The department is also responsible for administration of the City's self-insurance program, including claims administration, liaison with the City Attorney's office in legal actions, and provision of training for risk reduction. See the Internal Service Funds section below for a further discussion of the Risk Management Fund.

In 2005, the HR department assumed recruiting and hiring responsibilities for the Police department. These activities had previously been carried out by the Police department itself, with the aid of an officer in the Resource Development Unit (RDU). Transfer of these activities to HR enabled the Police department to eliminate that officer position and did not entail any additional staff in HR. Also during 2005, the department successfully concluded contract negotiations with all but one of the labor bargaining units in the City, including a transition to United Health for our health insurance management (the City is self insured but claims processing and administration is handled by a third party vendor). Major goals for 2006 are to coordinate the transition to United Health, to finalize the Fair Labor Standards Act (FLSA) audit, and develop a sick leave/attendance policy.

Risk Management Fund

The mission of the Insurance Fund is to establish and maintain a successful risk management program, provide on-going support and training to all City departments and staff, and provide prompt and fair service to the public. To ensure that the City has sufficient insurance coverage and reserves for any type of claim and to handle all claims and potential claims involving the City, staff members focus on:

- Contract insurance language
- Insurance policies/renewals
- Litigation management
- Self-insured retention levels
- Record retention/claims database
- Loss prevention
- Claims handling and investigation

The 2006 budget includes a reduction of \$15,000 in insurance premiums to include vehicle collision coverage among the risks for which the City will self-insure and changes in estimates of uninsured losses (\$64,103 decrease in general losses, \$32,695 increase in workers' compensation) based on a seven year loss history.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| City Attorney | 401,207 | 420,515 | 370,312 | 370,312 | 368,549 |
| Tuchscherer Disability Trust | 6,391 | 6,391 | 6,391 | 6,391 | 6,391 |

City Attorney

The mission of the office of the City Attorney encompasses two general areas: (1) representing the City in civil and quasi-criminal proceedings; and (2) serving as legal advisor to the City, its agencies, officials and, in some instances, its employees. More specifically, these missions include:

- Prosecuting and defending claims and lawsuits for and against the City, its officials, and its employees according to law
- Prosecuting ordinance and traffic violations in Outagamie County Circuit Court
- Providing legal services to City-owned utilities
- Serving as in-house counsel for the Police Department

As legal advisor to the City, the office of the City Attorney prepares documents and instruments, drafts legislation, renders formal and informal legal opinions, and performs such other services as required by law. A major goal for 2006, in addition to the normal workload of the Attorney's office, is to complete the audit of franchise fee payments to the City by Time Warner Cable and the renegotiation of the cable franchise.

Tuchscherer Disability Trust

To account for moneys received by the City in an employee disability settlement, and the corresponding expenditures for such purposes. The City's obligation under this trust is partially offset by the investment income. It is expected that this fund possess the resources to meet future required payments.

COMMUNITY DEVELOPMENT

The efforts of the Planning and Economic Development staff of the Community Development Department form the basis of the City's community development activities. Other community development activities of the City include the building inspections function of the Public Works Department. Formerly separate departments, Planning and Economic Development functions have recently been merged under a single director.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Community Development | 888,815 | 753,561 | 753,047 | 753,047 | 735,069 |
| Housing and Community Development Grants | 1,275,175 | 1,465,387 | 1,433,662 | 1,649,032 | 1,751,857 |
| TIF # 1 | 571,190 | 504,675 | 443,285 | 44,395 | 381,033 |
| TIF # 2 | 105,340 | 128,154 | 147,752 | 147,532 | 152,240 |
| TIF # 3 | 4,506,811 | 3,850,251 | 2,577,049 | 2,560,815 | 2,706,406 |
| TIF # 4 | 2,659,364 | 2,474,980 | 1,864,614 | 1,950,699 | 2,530,859 |
| TIF # 5 | 95,622 | 286,080 | 210,312 | 232,935 | 101,984 |
| TIF # 6 | 2,210,738 | 1,968,042 | 3,404,369 | 3,498,425 | 3,712,590 |
| Industrial Park Land Fund | 323,999 | 432,665 | 846,457 | 2,471,241 | 1,053,581 |
| Riverfront Initiatives | 540,348 | 19,069 | 0 | 0 | 800,000 |
| Residential Project | 0 | 0 | 1,300,000 | 1,300,000 | 0 |

**Community Development Department
Planning**

The Planning staff of the Community Development Department serves the community (both internal and external customers) with land use development coordination, local regulation administration, comprehensive planning promotion, and special project management in order to enhance the quality of life and the economic vitality of Appleton.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Planners provide current, long range, and historic planning and technical data services to Appleton's residents. Specific near-term goals include the following:

- Promote the philosophy of the VISION 20/20: Comprehensive Plan in all development reviews and via development of implementation plans
- Facilitate thought provoking dialog and coordinate review on all development projects in the City of Appleton between all City departments
- Provide technical information regarding development trends and projections to aid other departments in their daily and long range operations
- Coordinate and implement the Focus Fox River riverfront master plan. Produce development plans and implementation plans to ensure a logical and sound utilization of the riverfront corridor
- Provide support for the Design Review Commission

Significant accomplishments for 2005 include the expansion of the "permit hold" and "contact report" concepts to encourage and facilitate communication between the Planning Department and other City departments regarding contacts with developers, restrictions on sites which must be met before permits can be issued, etc. Staff also completed a review of the updated Zoning Code, adopted in 2004, resulting in several clarifying amendments.

2005 also saw the completion of the first phase of the R-1C Central City Residential District rezoning project. This is a multi-phase project to change existing single family dwellings in the oldest parts of the City to an R-1C designation, which is a new zoning category created by the 2004 Zoning Ordinance. Because many older single family homes were built to a different zoning standard than that embodied in the City's current R-1 designation, many of them were classified as non-conforming, creating difficulties for homeowners with respect to financing and insurance. The R-1C designation accommodates these older development standards and relieves owners of a non-conforming designation. In addition to the newly created R-1C zoning designation, the 2004 Zoning Ordinance created the PI Public Institutional zoning designation, which recognizes that institutions such as schools and churches are compatible with residential areas but do not meet the R-1 criteria. In 2005, all Appleton Area School District properties were rezoned to PI, as were several churches and private schools. This rezoning work will be a major focus for staff in 2006.

Economic Development

Economic Development staff of the Community Development Department administer programs and provide resources to promote Appleton as a leader in the Fox Cities, enhance and diversify the tax base, and improve the quality of life for Appleton's citizens. Specific Economic Development programs include:

- Marketing - comprised of activities conducted to promote the City of Appleton for private investment and development. Included are advertising, creation and distribution of promotional materials, and liaison functions with various development-related organizations as the City's representative.
- Business Retention - comprised of activities undertaken to maximize the City's likelihood of retaining its businesses. Among the sub-programs are business retention visits, business recognition awards, database maintenance, and assistance with securing non-City support.
- New and Redevelopment Projects - comprised of activities undertaken to assist the development community in its efforts to commence development initiatives in the City of Appleton. Development coordination, prioritization, and direction are among the functions performed within this program. Economic Development serves as the executive director and staff to the Appleton Redevelopment Authority and as City representative to various development-related organizations.
- Business Park - This program is comprised of activities conducted to plan the City's industrial and business parks, market these parks, and maintain City-owned property awaiting sale.
- Housing and Neighborhood Initiatives - comprised of activities which encourage, facilitate, and implement the improvement, preservation, and revitalization of physical properties and neighborhoods. Included within this program are the Housing Rehabilitation and the Neighborhood Revitalization sub-programs. This program requires the involvement of residential and corporate citizens to produce the safest, strongest, most stable, cohesive, and livable residential environments.

Economic Development staff had an active year with projects throughout the City. Heartwood Homes Senior Living, an assisted living facility, has broken ground at Wisconsin Avenue and Mason Street. This was a TIF assisted project which occupies a long vacant parcel. Along the Riverfront, the Historic Atlas Mill, including the Paper Discovery Center and Paper Creations, opened. This is a 35,000 sq. ft. development that will act as a magnet for the Riverfront District. Also, the Trolley Square project on the former Valmet site has broken ground

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

and will be another attraction for the Riverfront. In Downtown, the Big Picture opened for business early in 2005. This large format family theater will attract many visitors.

In 2005, the City sold just over 40 acres in the Northeast Business Park. These sales will result in about \$30 million in new development in the coming year. In addition to these sales, Economic Development staff aided two business, CMD and C3, to obtain State Technology Zone tax credits totaling \$500,000 for their expansion. Major efforts in 2006 will include marketing available land in the both the Northeast Business Park and the Southpoint Commerce Park, working on various aspects of riverfront development, and maintaining our outreach efforts to current and prospective Appleton businesses.

Housing and Community Development Grants

The following grant funded programs are intended to benefit low and moderate income households and eliminate slum and blight.

Below are the specific objectives of each of these programs:

- Emergency Shelter Grant (ESG)
 - Homeless prevention
 - Provide essential services and emergency shelter

- HOME Investment Partnership Program - Renter Moderate Rehabilitation (HOME)
 - Improve Appleton's rental housing stock

- Community Development Block Grant (CDBG) & HOME Investment Partnership Program - First-Time Homebuyer (HCRI/HOME)
 - Improve Appleton's housing
 - Strengthen community services
 - Revitalize selected target areas
 - Address health and safety issues
 - Plan and administer programs effectively

- Continuum of Care Grant
 - Provide case management and support services to the chronically homeless

Tax Incremental Financing District (TIF) # 1

This program accounts for the receipt of district "incremental" property taxes and other revenues, along with the corresponding program expenditures.

TIF #1 includes the general area of downtown College Avenue, Richmond to Drew, and Lawrence to Franklin. Created in 1980, its primary projects include site preparation for the Paper Valley Hotel, Landmark Square and the Avenue Mall.

The district fund has paid all of its general obligation debt and is now repaying advances made by the general fund to the district in its initial years.

TIF District # 2

This program accounts for the receipt of district "incremental" property taxes and other revenues, along with the corresponding program expenditures. TIF #2 includes most of the area within the "Industrial Flats," from Lawe Street to Memorial Avenue and from South River Street to Water Street. Primary projects include the Historic Fox River Mills apartment conversion and Vulcan Heritage Park development projects. May 1, 2001 was the final date by which Appleton could make expenditures within this District and recover them with tax increment revenues, per state statute.

TIF District # 3 - Downtown

Tax Incremental District #3 includes the area bounded by Richmond and Durkee Streets, from the County Courthouse to the Morgan Alternative High School. Primary projects include the Washington and East Parking Ramps, the Paper Valley Hotel expansion, the Evan's Title building, Crescent Place, and the Richmond Terrace building. November 4, 2003 was the final date by which Appleton could make expenditures within this District and recover them with tax increment revenues, per state statute.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

TIF District # 4 - Northeast Business Park

Tax Incremental District #4 includes portions of the area bounded by French Road (east), Meade Street (west), Glendale (south) and Edgewood Drive (north).

The expenditure period for capital projects in TIF District # 4 expired August 16, 2005; therefore, the only expenditures relate to debt service, real estate commissions and audit costs.

TIF District # 5 - West Wisconsin Avenue

This fund provides for commercial redevelopment of West Wisconsin Avenue between Gillett and Bennett Streets.

There are no projects scheduled for 2006.

TIF District # 6 – Southpoint Commerce Park

Primary projects include land acquisition and the installation of public utilities on unimproved property that will allow industrial development to take place in the southeast area of the City.

The year 2006 Budget provides funding for infrastructure for the third phase of development. This phase will add an additional 8 lots to the industrial park land inventory ranging in size from 1.5 acres to 9 acres. It also provides for general infrastructure development, including paving, sanitary sewers, water mains, and stormsewers.

Industrial Park Land

The Industrial Park Land Fund is the clearinghouse for the City's industrial and business park land sale revenue, acquisition of associated land, debt service from prior acquisition, and land development costs associated with industrial/business park infrastructures. This fund is utilized for these purposes exclusive of the industrial/business park areas developed through the tax incremental financing district(s).

The 2006 budget includes maintenance and marketing of the remaining 45 acres of land in the City's Northeast Business Park, including weed cutting, berm maintenance, soil testing, environmental reviews, surveys, real estate commissions, title insurance, and other costs associated with selling land.

Also included in the Industrial Park Land Fund budget for 2006 is \$25,000 for site grading of property within the third phase of the Southpoint Commerce Park expansion, but outside the boundary of TIF # 6.

Riverfront Initiatives

This fund provides for the City's investment in the redevelopment of the riverfront.

The Riverfront Master Plan was approved in February of 2001. A multi-modal analysis of transportation and parking has been completed and identifies access points to the river. An engineering study has been completed, analyzing these pedestrian access points to determine the most appropriate type of pedestrian connection (e.g., asphalt trail, boardwalk, riverwalk, etc.) between them, and construction of these pedestrian connections has begun. Other projects along the river include the Vulcan Heritage Park and the International Paper Hall of Fame.

The master plan also identifies several redevelopment sites located along the banks of the Fox River near the College Avenue Bridge, including the former Foremost Dairy property and the Kaukauna Utility/MI Drilling property. Both properties have been identified for future medium to high density residential development. The 2006 Capital Project request is for site preparation and demolition on the Foremost Dairy property.

Residential Project

The former Appleton Wire Works South building has long been considered for conversion to a residential apartment complex. This project is for the City portion of the acquisition of the South building and its conversion into 25 affordable residential apartment units. The 25 units will be mixed in terms of income levels and subsidy types and will serve a mix of low-income households at or below 80%, 60% and 30% of the county median income. There are no projects scheduled for this fund for 2006.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

RECREATION / LIBRARY / TRANSIT

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Library | 3,841,716 | 3,850,461 | 3,831,298 | 3,831,298 | 3,913,455 |
| Library Capital Projects | 0 | 0 | 34,000 | 34,000 | 0 |
| Frank P. Young Memorial | 0 | 1200 | 500 | 500 | 800 |

Library

The Library provides a collection of circulating materials as well as reference and information service, programs for all ages, public computing, and public access meeting rooms.

2005 accomplishments have included:

- Continued implementation of the long range plan and began development of a new three year plan
- Experienced record levels of circulation, 7% increase over 2004. Other changes in monthly average over the past year included a:
 - 46% increase in adult program attendance
 - 32% increase in meeting room use
 - 20% increase in number of holds (items reserved) filled for library materials
 - 18% increase in public access workstation use
 - 16% increase in website use

Major 2006 objectives include:

- Work with OWLSnet to implement new automated system
- Continue cooperation with schools & other community organizations
- Explore ways to utilize volunteers more effectively
- Use new technologies for increased productivity
- Explore revisions to website and online service delivery
- Maintain the high quality library services to which residents are entitled, including circulation, collection development, cataloging, reference & readers' advisory, programs, electronic services, public meetings, etc.

The 2006 budget reflect s the elimination of the vacant Community Programs Supervisor position and its replacement with a Marketing and Development Coordinator position and the replacement of a vacant full time Technical Services Clerk position with a half time Page Clerk Position and additional part time hours. It also includes the replacement of carpeting on the lower level of the library (\$23,600) and two additional self-check machines to allow patrons to check materials out unassisted (\$40,000).

Library Capital Projects

This fund is used to account for various Library capital projects. In 2005, it was used to account for the upgrade of the the smoke detectors and pull stations on the first and lower levels of the library to devices that are each capable of being assigned a unique identity which will display on an alarm system panel in the case of an alarm. There are no projects scheduled for 2006.

Frank P. Young Memorial

To account for assets restricted for purposes of generating interest income and providing for scholarships in Library Science.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|--|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Parks and Recreation | 4,487,610 | 4,161,691 | 4,133,876 | 4,104,273 | 4,305,402 |
| Forestry | | | | | |
| Peabody Estate Trust | 0 | 0 | 0 | 0 | 0 |
| Balliet Locomotive Trust | 250 | 245 | 1,100 | 900 | 250 |
| Lutz Park Recreational Trust | 0 | 27,000 | 180,000 | 500 | 450,000 |
| Park Open Space Fund | 0 | 0 | 0 | 0 | 150,0000 |
| Union Spring Park | 181 | 368 | 400 | 200 | 400 |
| Universal Playground | 0 | 0 | 1500 | 1,500 | 1,750 |
| Parks and Recreation Capital Projects | 399,416 | 406,310 | 610,000 | 1,136,037 | 1,150,000 |
| Reid Municipal Golf Course | 706,906 | 578,499 | 617,323 | 562,306 | 648,746 |

Parks and Recreation Department

The Parks and Recreation Department (APRD) is responsible for maintaining Appleton's parks and recreational facilities and for administering City recreational programs. Specific objectives of the department include:

- Providing administrative services and support staff for the management of the recreation, parks, forestry and golf course divisions of the department
- Providing an urban forestry program to create a safe environment, enhancing natural beauty while striving to promote and preserve the City's urban forest, including continuing a cost effective gypsy moth control program and replacing diseased and storm-damaged trees
- Providing quality athletic fields for APRD youth/adult programs, casual/sandlot play, public and/or parochial school teams, and not-for-profit organized youth/adult sport programs
- Providing and maintaining parks, open spaces, and recreational facilities for use by the community
- Providing support services for other City departments and community events
- Maintaining trails and non-park City property for safe use by the public and the beautification of the city
- Providing year-round recreational opportunities for youth and adults in sports and leisure activities
- Providing swimming pool facilities, recreational swimming opportunities, and instructional services on a year-round basis

The 2006 budget includes the purchase of an on-line registration program (\$45,000) to enable individuals to register for programs and reserve pavilions via the internet. The system would also provide more timely information on class availability, schedules, etc. and would allow for better collection of registration information to assist in future registrations, notification of participants and marketing opportunities.

Forestry

The purpose of this fund is to account for City efforts to promote and preserve Appleton's urban forest.

There was a \$5,000 reduction in tax levy dollars for this fund in 2005. The 2006 budget continues that level of funding and additional donations will be sought to offset the lower tax levy funding level.

Peabody Estate Trust

To account for moneys received from a private donation to finance the repair, construction, and preservation of Peabody Park, and the corresponding expenditures for such purposes. No major projects are scheduled for 2006.

Balliet Locomotive Trust

To account for moneys provided by private donations to finance the maintenance of a locomotive located in Telulah Park and the corresponding expenditures for such purposes. .

Lutz Park Recreational Trust

To account for moneys received from private donations to finance the construction and preservation of the recreational facilities at Lutz Park, and the corresponding expenditures for such purposes.

**CITY OF APPLETON – 2006 BUDGET
EXECUTIVE SUMMARY**

The 2005 budget included funds to address the boat launch repairs and shoreline stabilization at Lutz Park. Those projects have been delayed in order to coordinate them with projected improvements by the adjacent Appleton Yacht Club and with the development of a trail between Lutz and Vulcan Heritage Parks. It is also anticipated that the money designated for these improvements will be used to leverage other grant funds available for shoreline protection, waterway access, etc.

Park Open Space Fund

To account for moneys received from subdivision developers to finance future acquisition and development of park facilities and the corresponding expenditures. In 2006, this fund will be used to pay for development of the Voster Property on the north side of Appleton and development of additional fields at the USA Youth complex, the land for which is owned by the City and designated as parkland.

Union Spring Park

To account for moneys received from private donations to finance the maintenance of the well at Union Springs Park and the corresponding expenditures.

Universal Playground

This fund provides for maintenance of the Universal Playground at Memorial Park.

Park and Recreation Projects

This fund provides for a variety of Parks and Recreation capital needs. Included for 2006 is development of a trail from Vulcan to Lutz Parks and completion of the Newberry Trail, renovations to Houdini Plaza and Linwood Park, and installation of playground equipment in City Park.

Reid Municipal Golf Course

The mission of the Reid Municipal Golf Course is to provide quality public golf opportunities, and to generate sufficient earnings to fund the operation of the course and a long-term plan of capital improvements according to generally accepted enterprise fund policies and procedures.

The customer service operations are provided by a contractor under a management agreement with the City. The contractor is responsible for all daily customer service operations, including all concessions and the pro shop, while the Parks and Recreation Department retains responsibility for course maintenance and capital improvements. The 2006 budget also includes a fee increase of 8 – 10% for greens fees, passes, and coupons.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-----------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Valley Transit | 5,948,679 | 6,426,072 | 6,598,087 | 6,645,971 | 7,233,950 |

Valley Transit

Valley Transit seeks to provide basic mobility in a safe, effective, and efficient way to those who need it.

In January of 2004, Valley Transit entered into a procurement contract for up to twenty heavy-duty buses with Orion Buses of Oriskany, NY. Sixteen of the new buses were introduced in January 2005, are slightly smaller than the former buses (32 feet vs. 35 feet), and are of a low-floor design with ramps and a “kneeling” feature, eliminating the need for wheelchair lifts. A second phase of the procurement began in early 2005, with delivery of four 40 foot, low-floor buses expected in November 2005.

Other major events in 2005 included fare increases and administrative reductions to accommodate a significant rise in fuel prices. Basic fares increased \$0.25, to \$1.50 while advertising and cleaning of bus shelters were scaled back. Personnel adjustments included the temporary layoff of one Communications Technician and holding open a full-time driver position and a part-time maintenance service person position. Bus ridership through May, 2005 was 6.3% above last year for the same period of time, increasing from 385,627 riders to 409,852. Factors contributing to the ridership increase include higher gasoline prices causing public transit to be relatively more affordable than auto use, and increased usage by people riding in the evening to entry level jobs and other trip purposes.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

For 2006, the fare increases put in place in 2005 will be continued, as will the curtailment of bus shelter cleaning. Fares on Valley Transit II are also proposed to increase. The full time Communications Technician position (\$54,537) has been deleted and replaced with a part-time position (\$20,590).

Major 2006 objectives include:

- Work with the Wisconsin Department of Transportation and East Central Wisconsin Regional Planning Commission to secure federal funding to update its Transit Development Plan (TDP), which will focus on alternatives and options to deal with the loss of federal funding that will occur after the 2010 census, when the urbanized area population is expected to exceed the 200,000 resident threshold.
- Begin the first phase of the asphalt repaving and storm water drainage project at the Operations Building.
- Conduct a passenger survey that will provide a socio-economic and demographic overview of ridership on Valley Transit's fixed-route bus system. This project has been postponed from the 2005 budget.
- Monitor route changes that were implemented to serve a new Valley Packaging facility on Kensington Drive and the Town of Buchanan.

The 2006 budget includes \$14,000 for Valley Transit's portion of the Voice Over Internet Protocol (VoIP) telephone project, completion of a rider survey (\$2,800), update of the Transit Development Plan (\$60,000), and renovation and upgrade of the Neenah Transfer Station (\$40,000).

PUBLIC WORKS

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|--|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Public Works | 10,139,441 | 10,825,971 | 10,319,154 | 11,015,781 | 10,767,740 |
| Sanitation | 3,567,773 | 3,688,175 | 3,759,589 | 3,759,589 | 3,128,767 |
| Subdivision | 1,239,652 | 1,451,849 | 1,576,399 | 1,871,399 | 2,127,405 |
| Public Works Capital Projects | 38,139 | 559,603 | 254,150 | 370,890 | 1,271,391 |
| Parking | 1,839,354 | 1,901,986 | 1,973,633 | 2,011,939 | 1,956,002 |
| CEA | 3,478,128 | 3,734,487 | 3,689,823 | 3,946,123 | 4,105,783 |
| CEA Replacement | 1,229,732 | 1,480,026 | 1,845,991 | 1,792,540 | 2,078,453 |
| Olde Oneida Bridge | 25,667 | 0 | 0 | 0 | 0 |

Public Works

Capital projects are identified based on age and condition and are prioritized and coordinated with capital projects for all infrastructure to minimize inconvenience to the users and manage costs. A programmed growth and replacement schedule is established to minimize budgetary fluctuations.

Programs of the department which fall under other funding sources include the Sanitation Fund; the Central Equipment Agency; the Parking and Stormwater Utilities; the water distribution meter program and water main maintenance within the Water Utility; sanitary sewer maintenance within the Wastewater Utility; and new street and sidewalk construction in various Capital Projects Funds.

The 2006 budget reflects a two-year contract settlement with the Teamster bargaining unit, members of which make up the majority of the staff of the Public Works department. The budget also includes an upgrade of the department's traffic control software (\$30,000) and the elimination of one road grader and the addition of a plow attachment for a backhoe (net savings of \$12,000 in 2006). One fee change is included as well, from the current fixed fee for Heating, Ventilation and Air Conditioning (HVAC) permits for one and two family residences to a graduated fee based on increments of 100 square feet of area, similar to the structure that already exists for electrical permits.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Sanitation

The Department of Public Works Sanitation Division is responsible for the collection of solid waste and its transportation to the Outagamie County Landfill for disposal. This program also includes economically meeting the needs of the community for brush and yard waste disposal, complying with environmental regulations pertaining to solid waste and recycling and maintenance and monitoring of the Mackville Landfill to insure compliance with Department of Natural Resources requirements. Management of the residential recycling contract has been a part of this program as well but will be taken over by Outagamie County, which provides this service to all other entities within the county.

The 2006 Budget includes a two-year contractual settlement with the Teamster bargaining group, members of which make up the majority of the staff of the Sanitation Division, and a reduction of \$352,878 as Outagamie County is the responsible entity for the residential recycling contract. Also, the Leaf Collection program has been moved from Sanitation to Stormwater. The purpose of the program is to stop the leaves from blocking catch basins, causing flooding, and from polluting our waterways.

Subdivision

This fund will be utilized for new subdivision work only. This will include administration, engineering, sewer, water, stormwater, street lights, street signs, and street work within the subdivision. This fund will not be utilized to refurbish an existing roadway.

Effective January 1, 2004, the City no longer fronts money for new subdivision development. The developer has to obtain an irrevocable line of credit from which the City will have exclusive rights to draw all applicable costs. Clearwater Creek and Emerald Valley are the first subdivisions with approved agreements. We have included \$257,426 in the 2006 budget for those costs that will be administered by the City for immediate reimbursement, versus direct payment from the line of credit to the vendor, for ease of administration. Upon completion of contracts and any other outstanding issues, the City will release the line.

The City will include other infrastructure in our public bidding process provided the Developer obtains an irrevocable line of credit from which the City has exclusive control over distribution of funds until final payment has been made to the contractor. Upon completion of the contract and any other outstanding issues, the City would release the line.

Public Works Capital Projects

This fund provides for a variety of Public Works capital needs. For 2006, this fund will be used to account for repairs to the bascule bridges over the Fox River navigation canal on Olde Oneida and Lawe Streets (\$1,031,000), and design work for the eventual replacement of the College Avenue bridge in 2008 (\$240,391).

Parking Utility

The Parking Utility implements and administers the adopted parking policies, maintains a clean, reliable on- and off- street parking system, collects and processes revenues, and enforces City parking ordinances and state statutes to insure compliance for safety and facilitate availability of parking spaces. Rates are established to maintain the financial solvency of the Parking Utility and its independence from City tax levy funding.

The 2006 budget includes \$75,000 for structural maintenance and repairs to parking ramps, as recommended by the structural engineering consultant's report and \$25,000 for the installation of security cameras in various ramps.

Central Equipment Agency

CEA exists to maintain the City fleet and to provide orderly replacement of vehicles as they reach their useful service life. Additions to the fleet are funded through the user departments and become part of the CEA fleet. User departments are then charged for time and materials for maintenance, fuel usage, and a monthly replacement charge. Maintenance and replacement rates are established to cover the actual maintenance and replacement costs. When the item needs replacement, it is replaced by CEA and funded out of the replacement reserve, which is accounted for in a separate capital projects fund.

The 2006 budget reflects fuel price increases (approximately \$400,000 over the 2005 adopted budget). It also reflects the elimination of a vacant Radio Technician position, budgeted at \$74,861 in 2005. Repairs to radios and other communications equipment have been contracted out.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

CEA Replacement Fund

This capital project fund receives money from various City departments, based on a useful life replacement payment schedule, for CEA owned vehicles and equipment used by the departments. The funds received are then used to replace the item at the end of its useful life.

Olde Oneida Bridge Fund

The Olde Oneida Bridge fund was established by a transfer of money from the State of Wisconsin to provide for certain maintenance expenses related to the bridge. This transfer was made when the Oneida Skyline Bridge was constructed, thereby removing the water level bridge from the state thoroughfare network. This fund has been fully expended.

PUBLIC HEALTH & SAFETY

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-------------------------------|----------------|----------------|----------------|-------------------|----------------|
| Health Services | 986,475 | 1,076,069 | 1,035,083 | 1,048,910 | 1,056,734 |
| Health Services Grants | 374,053 | 433,750 | 529,822 | 529,822 | 584,067 |

Health Services

It is the mission of the Appleton Health Services Department to safeguard the environment, promote public health, and protect consumers in the community by providing high quality services responsive to the needs of the people. The department has three main programs; public health nursing, environmental health, and weights and measures.

The objective of public health nursing is to prevent the occurrence and spread of disease in the community through disease investigation, intervention, and partner notification; immunization against vaccine preventable diseases; investigation of elevated childhood blood lead levels; data collection; coordination with other area providers and the State; and public education.

Through the environmental health program, the department works to prevent the occurrence and spread of disease in the community through regulating and inspecting public eating/drinking establishments, retail food establishments, recreational facilities, and massage and tattoo establishments. The department's environmental health staff also assesses, consults, and works to correct human health hazards including lead paint, solid waste, housing sanitation, potential rabies exposure, and vector control; provides public education; and acts as a referral mechanism to other state and local agencies for information on environmental and safety hazards.

The weights and measures inspectors provide consumer protection through complaint investigation, measurement and weighing device testing, price scanning system inspection, product checkweighing, and label verification. They also monitor business methods to prevent fraudulent advertising and trade practices and provide investigative services for the City Clerk's Office in licensing and regulating going out of business sales, commercial solicitors, and second hand and salvage dealers. The 2006 budget reflects the continuation of a program begun in mid-2003 of providing weights and measures certification services to surrounding communities. The communities are charged a fee, which offsets the additional cost of staff time to provide the service. Seven area communities now participate in the program, purchasing a total of 113 days of certification services, compared to 77 days in 2004, the first full year of the program. The rate for these services will increase to \$399 per day from the current level of \$384 per day. The budget also includes a 5% increase in other weights and measures fees and in environmental health fees, both of which were last changed in September of 2003.

Health Services Grants

In addition to its various responsibilities previously described in the Public Safety section above, the Health Services Department administers several grants from various funding sources. These are:

- MCH Grant - The Maternal/Child Referrals received by the department continue to be complex, involving multiple family issues and health problems. Cases include failure to thrive, alcohol and other substance abuse, mental illness, developmental disabilities, abuse and neglect, and teen and single parent households.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

Early and frequent nursing intervention has been documented in research studies to positively impact the outcome of parenting and child development. In 2005, this program will provide approximately 24 women and children with prenatal and child care coordination services.

- Vaccine Improvement Plan Grant – The department's immunization program is expected to administer vaccines primarily to children from 2 months through 18 years of age and assist in developing the immunization infrastructure necessary to raise immunization levels and prevent vaccine preventable diseases such as diphtheria, tetanus, pertussis, polio, measles, mumps, rubella, haemophilus influenza B, varicella, rotavirus, and hepatitis B. This program is expected to reach over 1,000 children.
- Prevention Grant - Funding from this grant will support a Community Needs Assessment (Behavioral Risk Factor Surveillance System in the Fox Cities) to be utilized in the Fox Cities 2006 LIFE (Local Indicators For Excellence) study. The grant will also support the Walk to Win campaign to encourage regular exercise.
- CDC Lead Poisoning Prevention Grant – Strategies including lead assessment and abatement, lead screening, individual and community education, and case management have been utilized in this program to reduce the incidence and impact of lead poisoning. All children with elevated blood levels of lead who have benefited from this program have shown progressive declines in blood lead levels in the 12 months following the first home visit.
- Bioterrorism Grant - The City receives grant funding to support training to deal with the effects of bioterrorism. In addition, the Appleton Health Department serves as fiscal agent and has hired staff to support the Fox Valley Public Health Preparedness Consortium, which is one of 12 consortium regions in the state working to ensure a quick, effective and coordinated response to public health emergencies. While the threat of a terrorist incident has been the driving force in these response plans, they are equally effective in any public health emergency, whether it is the result of violent weather, an unexpected disease outbreak, or a hazardous materials accident that may pose a threat to the community.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Police | 12,715,741 | 12,601,723 | 12,860,985 | 12,889,633 | 13,211,721 |
| Police Grants | 0 | 5000 | 0 | 158,201 | 25,000 |
| Public Safety Capital Projects | 397,333 | 289,169 | 2,820,018 | 1,748,518 | 1,289,000 |

Police

The Appleton Police Department is a community responsive law enforcement organization that strives to bring its employees into working partnerships with citizens to identify and resolve community problems. We strive for excellence in police service by providing our employees with a positive, supportive and professional environment that encourages innovative problem solving to enhance the quality of life in our community.

Significant events in 2005 include:

- completion of an assessment of the department's command structure, which resulted in the reorganization of resources,
- continuation of work on planning the new police station, including collaborating with Outagamie County on the possibility of a joint facility,
- completion of a comprehensive policy review to ensure compliance with the standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA), and
- the start of implementation of recommendations made by the radio consulting team to improve regional inter-operability of communications systems.

Specific objectives for 2006 include:

- continuing planning and design work for the new police station, budgeted in the Public Safety Capital Projects fund, and
- monitoring and assessment of the reorganization of the department's command structure, and fine-tuning as necessary.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

The 2006 budget reflects a one-year contract settlement with the Appleton Police Protective Association (APPA) and a two-year settlement with the APPA Supervisors and Teamsters bargaining units. It also includes the transfer of the Victim Crisis Response (VCR) program, a regional, grant-funded program, to the City of Menasha and the elimination of mental health transport services for other agencies. In personnel, the budget reflects the elimination of a vacant Captain position and its replacement with an Officer position (net savings of approximately \$34,000) and the elimination of one vacant Communications Technician position, offset by the addition of hours for Community Service Officers (CSOs), a net savings of approximately \$22,400). The reorganization of the department's command structure has the further effect of allowing a reduction of two intensive use squad cars from our vehicle fleet, a savings of approximately \$17,000 in operating costs in the Police budget and \$47,800 in the CEA fund for not replacing these vehicles.

Police Grants

This fund is used to account for receipt of various grants to enhance public safety and the corresponding expenditures. Recently, it has been used to upgrade security at Appleton City Center and various other City facilities and to work with the Appleton Area School District to fulfill the goals of the Secure Our Schools grant from the Federal government.

The 2006 budget of \$25,000 represents revenues and expenditures associated with a Juvenile Accountability Incentive Block Grant (JAIBG). The grant has been applied for in conjunction with the Boys and Girls Clubs of the Fox Valley and will be used to work with the Boys & Girls Club on the SMART Girls program, a targeted outreach initiative for at-risk females aged 10-14.

Public Safety Capital Projects

This fund provides for a variety of Public Safety capital needs. For 2006, this fund will be used to account for:

- Design work and site preparation for the renovation of the Police Station, incorporating a two-level parking deck to provide secure parking for police vehicles on one level and employee parking on the other. Some of the needs to be addressed include expanding the police communications center and workspace for records, investigators, and patrol supervisors; increasing limited evidence storage, office and archive space; and creating additional in-custody booking rooms (\$1,109,000 of an \$18,488,704 project).
- Purchase of a fire rapid response vehicle (\$180,000). This vehicle will have minimal fire suppression capacity but can be equipped and cross-staffed to respond as supplemental staffing at car fires and non-fire emergencies. It is anticipated that many minor incidents can be dealt with this way, improving coverage for more major incidents throughout the City by allowing the larger, full service vehicles to be retained in readiness to respond.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|-----------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Fire | 7,927,405 | 8,701,042 | 8,521,365 | 8,545,188 | 8,914,468 |
| HazMat Level A | 70,627 | 169,043 | 85,601 | 436,294 | 115,601 |

Fire

In partnership with the community the Appleton Fire Department protects lives and property from the adverse effects of fires and dangerous conditions through prevention, education, rescue services, and response. The department also provides a Regional Hazardous Materials Response Team (HazMat Level A), discussed below.

Major accomplishments in 2005 include:

- work with Outagamie County and surrounding communities to select a fire records management system,
- planning and design work for renovations to Fire Stations # 1 and # 4, and
- work with the Oshkosh, Neenah-Menasha, and Green Bay fire departments to standardize training and equipment purchases for response to structural collapses.

In 2006 the Appleton Fire Department will strive to meet the City of Appleton's goals by:

- Improving awareness of changing community needs and diverse community populations and their effect on our levels of service and programs
- Maintaining identified levels of service in a cost-effective manner by providing quality programs to our community

**CITY OF APPLETON – 2006 BUDGET
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- Providing a quality work environment which both encourages and enhances employee participation and growth

The 2006 budget includes a two-year contract settlement with the Firefighters' bargaining unit and the addition of a new non-resident vehicle fire and rescue fee, expected to add approximately \$10,000 of revenue.

Haz-Mat Level A

The Cities of Appleton and Oshkosh have an agreement with the State of Wisconsin to provide certain "Level A" services relating to the containment of hazardous substances in the event of an accidental spill, release, or discharge within all or portions of a nineteen-county response region of northeast Wisconsin. Hazardous Materials Level A emergency response includes the provision of all necessary emergency services to protect life and property from a release of a hazardous material. In addition, the Appleton Fire Department is working with the cities of Green Bay, Oshkosh, Neenah and Menasha to establish and train a regional structural collapse team.

DEBT SERVICE

Money is borrowed to finance a variety of capital expenditures. When interest rates fall, it is sometimes advantageous to refinance an earlier bond issue carrying a higher rate of interest with a new issue at a lower rate. In general, bonds are issued on the open market, either as General Obligation (G.O.) Notes or as G.O. Bonds. Any funds borrowed to finance investments by the various proprietary funds (i.e. the Water, Wastewater, and Stormwater Utilities, Reid Municipal Golf Course, Valley Transit, CEA, or Insurance), are accounted for and repaid from that fund. The City does not borrow for operating expenditures.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, excluding that payable from proprietary funds.

Table 13: DEBT SERVICE EXPENDITURES

| Debt Service Funds | 2002 Actual | 2003 Actual | 2004 Budget | 2004 Projected | 2005 Budget |
|---------------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|
| Debt Service Funds | \$9,359,561 | \$7,913,675 | \$8,388,085 | \$7,996,971 | \$7,672,747 |

UTILITIES

Enterprise funds are used to account for activities that are financed and operated in a manner similar to that found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The City maintains an Aa1 General Obligation rating and projects to keep our debt at a mere 22.5% of the legal debt limit.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|----------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|
| Water Utility | 12,314,486 | 12,280,891 | 12,967,743 | 13,568,046 | 15,353,553 |

Water Utility

The City of Appleton Water Treatment Plant provides the community with safe, high quality water in a consistent and cost effective manner utilizing the full potential of our highly motivated, technically skilled staff. The water treatment facility meets water requirements so that customers are provided with a safe, potable, cost-effective high quality water by working closely with the Department of Natural Resources.

The Department of Public Works portion of the Water Utility is divided into three components, Customer Service, Operations and Maintenance, and Capital Projects. Capital Projects includes identifying, planning, designing, and constructing replacements for failing and inadequate transmission mains, hydrants, and services to reduce system failures and expand the existing water distribution system to accommodate growth areas. Operations and Maintenance includes preventive maintenance and general upkeep of the distribution pipelines, including transmission mains, hydrants, and valves to keep the system operating, reduce treated water loss, and comply with Public Service Commission (PSC) requirements. Customer Service activities include taking quarterly readings of all water meters and testing, repairing, and replacing meters to ensure accurate and fair billing for water usage.

CITY OF APPLETON – 2006 BUDGET EXECUTIVE SUMMARY

In addition to funding for various necessary infrastructure capital improvements (\$4,745,185), the 2006 budget also includes:

- \$105,000 for a planning study of the water distribution system,
- \$161,070 for an upgrade to the programmable logic controller (PLC) network that controls the membrane system,
- \$ 13,200 for the portion of the replacement cost of a pick up truck not covered by the amount already paid into the CEA Replacement capital fund (the Water Utility did not become a part of CEA until 2000), and
- \$ 55,000 for the Water Utility's portion of the Voice Over Internet Protocol (VoIP) telephone project.

As a result of the Wastewater Utility's rate study, a charge of \$1.856 million for processing of lime sludge resulting from the water softening process is also included.

The Water Utility will also be undergoing a water rate study, cost of service study and financial forecast during 2006 to examine the current rates to determine the extent of a rate increase that will be necessary to support forecasted future needs.

| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Wastewater Utility | 10,500,715 | 10,913,370 | 10,175,477 | 10,435,361 | 10,762,199 |

Wastewater Utility

The City of Appleton Wastewater Treatment Plant provides the community with essential wastewater treatment services. Our technically skilled and highly motivated staff strives to maintain maximum standards of community health and safety, while protecting and preserving the environment, specifically water resources. It is our goal to achieve these objectives in a manner that demonstrates integrity, responsibility, and economically sound practices.

The Department of Public Works portion of the Wastewater Utility performs all maintenance associated with the sanitary sewer system to keep this system functioning and reduce the volume of inflow and infiltration entering the system, reduce damage to the existing infrastructure, and reduce processing costs. Also, the department will identify, design, and implement a capital construction program to replace failing and inadequate sewers to reduce system failures and expand the existing sanitary sewer system to accommodate growth areas.

The 2006 budget includes funding for various necessary capital improvements in both treatment and collection systems. In addition to \$3,140,478 of infrastructure construction projects, the 2006 budget includes the following:

- \$ 13,750 for the Wastewater Utility's portion of the Voice Over Internet Protocol (VoIP) telephone project,
- \$ 84,832 to replace the roof of the solids handling building,
- \$1,151,712 for a dewatering press dedicated to the treatment of the lime sludge coming from the Water Utility, and
- \$ 266,934 for recoating the remaining three of six secondary clarifiers.

The Central Building Maintenance portion of this budget also reflects the elimination of two positions, an Electrician (\$76,243) and a Maintenance Specialist (\$66,691), and a significant reduction in the allocation of charges to other departments for corrective and preventive maintenance services (\$169,614). The reduced labor cost is partially offset by increased contractual services expense for electrical work (\$4,000) and for HVAC service at City Hall (\$4,500). In addition, maintenance expense for General Fund facilities other than City Hall will be allocated directly to those departments, rather than to Unclassified City Hall Budget as has been done in the past. This budget also reflects the reduction of two of the four part-time summer positions. Two further reductions that are included in this budget are the elimination of lawn fertilization at Wastewater in 2006 (\$2,322) and a change in floor mat exchange from weekly to monthly (\$2,237).

Due to the loss of several major high strength customers over the last few years, the Wastewater Utility underwent a rate study resulting in average increases of 14-16% for most customers, effective 10/1/2005. Also as a result of that study, a charge of \$1.856 million to the Water Utility for the treatment of lime sludge resulting from the water softening process is also included.

**CITY OF APPLETON – 2006 BUDGET
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| | 2003 Actual | 2004 Actual | 2005 Budget | 2005 Projected | 2006 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Stormwater Utility | 2,993,614 | 3,945,112 | 3,933,226 | 4,116,841 | 4,729,322 |

Stormwater Utility

The Stormwater Utility was created to provide for the management of surface water run-off in the City of Appleton. Maintaining the current facilities to insure they are operating at their designed potential to prevent system failures is one component of the stormwater program. Capital construction includes designing, building, and replacing of stormwater facilities to insure compliance with established regulations, to protect surrounding infrastructure and the environment, to increase the acres of land for development and prevent system failures. Maintenance and Capital budget expenses are scrutinized to minimize changes in the stormwater utility rate, which is currently \$71 per equivalent residential unit (ERU) per year and was last changed in October, 2003. The 2006 Budget does not include anticipated increases in revenue pending results of the rate study analysis currently underway. Rates will have to be increased to meet coverage ratios in order issue any debt for capital projects. It is anticipated this will be completed prior to year-end, with rate increases to take place in the first quarter of 2006.

The 2006 budget includes funding for various necessary infrastructure capital improvements (\$8,513,188), representing the first year of implementation of the city wide stormwater management plan. The 2006 budget also includes the transfer of the leaf collection program from the Sanitation division to the Stormwater Utility. Prior to the creation of the Stormwater Utility, the leaf collection program was funded in Sanitation. However, the purpose of our leaf collection program is to stop the leaves from blocking catchbasins, causing flooding, and from polluting our ponds, streams and rivers. Also, the NR216 code specifically requires a program for "collection and management of leaf and grass clippings". Therefore, the appropriate budget for this program is the Stormwater Utility.