

City of Appleton, Wisconsin



2013 ADOPTED BUDGET AND SERVICE PLAN

EXECUTIVE SUMMARY

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





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

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December 19, 2012

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

Dear Appletonians:

I present to you the 2013 Adopted Budget and Service plan, including the five-year Capital Improvement Plan. As we created this plan, our goal was to provide a balanced budget to you that continues to allow for high-quality, efficient service with minimal impact to property taxpayers, despite ongoing economic challenges at the national, state, regional and local level.

While there were no significant changes in 2012 that have influenced our budgeting process as in previous years (e.g., Act 10 influence on the 2012 Budget), it remains a challenge to create and sustain a balanced budget in tough fiscal times. We continue to face flat property values and State aid, all while feeling the pressure of rising costs that are beyond our control (e.g., increasing commodity costs such as fuel). We also face a continual need to adapt to the changing world around us and within our organization so we can strategically plan for the long-term success of our organization and our community.

CHANGING WORKFORCE

One area that we know will change in the future is the face of our organization. During the next 10 years, more than 40% of our workforce will be retirement-eligible, which will leave large "gaps" in talent that we will have to fill in the near future. Our challenge will mirror what is happening in the world around us as millions of Baby Boomers start to exit the workforce. As a result, we will become part of the "war for talent" to find and promote the best and brightest employees of the future. To help us remain competitive, I have added a one percent increase for those employees who are not under a current collective bargaining agreement (note: these employees have not received a wage increase in the past two years). In addition, in anticipation of us moving to a pay-for-performance compensation system, I have included budget dollars to reward employees who exceed or substantially exceed their goals in 2013. These performance adjustments (up to 1%) will be paid in a lump sum and will not become part of the base pay for the employee. I believe that this proposal is a positive interim step until the full comprehensive Compensation Plan is completed and approved by the Common Council later this year.

In the larger statewide picture, the pay increase will also help offset the loss in employee take-home pay in 2013 due to the increase in statutorily-required contributions to the Wisconsin Retirement System (WRS) pension fund. The WRS rates for 2013 are as follows (note: protected Fire and Police personnel are exempt from paying the required contribution):

- General 13.3% (current rate 11.8%)
- Elected 14% (current rate 14.1%)
- Protective with SS 16.4% (current rate 14.9%)
- Protective without SS 19% (current rate 17.2%)

We expect the WRS contribution rates to increase in upcoming years, thus continuing to reduce the employee take-home pay, which could affect our long-term competitive advantage as the talent war ensues.

TEMPORARY HELP REQUESTS

In the initial departmental budget requests, I had several departments asking for temporary employee dollars. To maximize resources across the City, instead of approving individual department requests, I allocated \$30,000 in the Human Resources (HR) Department budget for temporary help. HR is in the best position to determine what resources are available at any given time. If a department requests temporary personnel, HR can first determine if we have capacity in our current workforce, then seek out temporary help from outside resources if needed.

RECYCLING CARTS/BULKY OVERFLOW SERVICE

In an effort to meet our key strategy of sustainability as an organization and a community, the Common Council previously approved providing automated recycling carts to all residential property taxpayers to encourage recycling within our community. As outlined in the February 17, 2012 memo to the Municipal Services Committee, our overall goal is to reduce the amount of refuse going to the Outagamie County Landfill, which should ultimately reduce our annual tipping fee expenses and prolong the life of the landfill. To ensure ongoing support for this program, and to address anticipated maintenance costs for the recycling carts, I have included a \$3/quarter/ residential property fee to serve as a revenue source to offset the initial and future costs of the program. In addition, as previously approved by the Common Council, this budget reflects the elimination of the free overflow collection to promote better consumer choices through a more fee-for-service based program. Because of the changes in overflow collection that will begin in 2013, an Operator I position along with the need to purchase a new vehicle in DPW has been eliminated.

INFRASTRUCTURE PLANS

To achieve a balanced budget, we also made changes to our infrastructure plans, including:

Delayed infrastructure (with a resulting savings of):

- Move Glory Lane reconstruction to 2014 (\$214,995)
- Move Intertech Court reconstruction to 2014 (\$82,733)
- Move East South River Street reconstruction to 2014 (\$259,347)

TIF # 2 Use for Infrastructure:

These costs will be recorded in the Tax Incremental District # 2 budget (page 210) in accordance with provisions of the Wisconsin Statutes. Wisconsin Statutes allow the Tax Incremental District to remain open with use of the increment to fund affordable housing and other items which would improve the City's housing stock. This can include projects which enhance the conditions in the neighborhood. Use of the increment in this way is subject to the Common Council adopting an authorizing resolution.

These changes will allow us to (with a resulting savings of):

- Move Washington Street reconstruction to TIF # 2 (\$229,454)
- Move one block of Harriman Street reconstruction to TIF # 2 (\$99,100)
- Move green dot sidewalk repairs in LMI areas to TIF # 2 (\$10,299)

DEBT SERVICE

As a City we have not incurred general fund debt since 2009. This has allowed the City to use tax levy dollars for operations that would have been used for debt service. In the 2013 budget the levy for debt service for the 2012 debt issue was consciously kept low (\$420,368). It is anticipated that the levy needed for overall debt service in 2014 will increase by approximately \$800,000 or 26%. However, we do hope to reduce the size of the 2013 debt issue by using unassigned fund balance (as noted on page 39) by \$1.6 million which would in return reduce the above increases.

CARRYOVER FUNDS

This 2013 proposed budget also includes a number of requests to carryover anticipated unused funds in 2012 to fund specific items in 2013. As mentioned earlier, the 2013 budgets for each department include a 1% cost of living increase for all employees not covered by collective bargaining agreements. Employees may also earn up to an additional .5% for exceeding their goals or 1% for exceptional performance. The performance adjustments will be paid in a lump sum and will not become part of the employee's base pay. The total cost of the increases for the general fund is planned to come from the existing balance in the wage reserve contingency fund (\$148,370) which will again be requested to be carried over to 2013 for this purpose and other unanticipated changes such as changes in individual's health insurance plan status from single to family.

This budget includes \$28,000 for the Fox Cities Chamber of Commerce *Ignite Fox Cities* campaign. A total of \$72,000 is requested for this campaign, which is based on a \$1 per capita contribution. We recognize that for us to compete globally in a time of intense global competition, we need to look at our approach to economic development differently and objectively. Therefore the \$10,000 budgeted for 2012 for a strategic marketing plan plus \$34,000 anticipated vacant salary dollars from 2012 will be requested for carryover to add to the \$28,000 in the 2013 budget.

In Technology Services we looked at the anticipated training needs and expenditures for the remainder of 2012 and budgeted less in 2013 with the expectation that approximately \$10,000 would be carried over from 2012 for use in 2013.

This budget also assumes that the unused contingency funds in the Unclassified section of the budget will be carried over from 2012 to 2013. Therefore no new funds are budgeted in 2013. Anticipated balances in our contingency funds are estimated to be:

- Time Warner Cable PEG Access Settlement Funds (\$88,672)
- State Aid Contingency (\$1,076,140)
- General Contingency (will carryover whatever final balance is) (\$452,700)
- Fuel Contingency (\$137,315)
- Wage Reserve (\$148,370)

COMMUNITY AND ECONOMIC DEVELOPMENT

As mentioned, this budget includes funds to participate in the Ignite Fox Cities campaign. Additionally the staff will prepare an Economic Development Strategic Plan for the City. Capital budget items include:

- Exhibition Center – \$2,773,356 in support of the community's efforts to build an exhibition center in downtown Appleton. City participation will include land acquisition and

infrastructure improvements. The proposed center will house 30,000 - 35,000 sq. ft. of exhibition space and is projected to generate \$8.4 million per year in economic activity. It is important that we continue to move forward with this project in order to provide a full service convention center that will attract commerce and trade shows positioning the Fox Cities as a top tier Midwest destination for regional conventions.

- Industrial and Business Park Development – Funds are included for maintenance, marketing and miscellaneous infrastructure for the City's Northeast Business Park and Southpoint Commerce Park (\$38,285) and to repurchase lots in the Northeast Business Park that are not in compliance with the protective covenants for construction (\$200,000).

FISCAL

- Taxes – Overall, this budget includes a decrease in levy-related expenditures of .19%; and a slight increase of .81% in revenues, resulting in a tax levy decrease of .93%. The decrease in the levy, coupled with the overall loss in the City's tax base of 3.04% on an equalized basis, results in an increase of 2.1% or \$.17 in the equalized value mill rate (\$8.29 in 2012 vs. \$8.12 in 2011). However, since assessments are currently estimated at or above 100% for all counties, the average assessed mill rate decreases \$0.12 or 1.47% (\$8.02 in 2012 vs. \$8.14 in 2011). City and State imposed levy restrictions are met by this budget.
- Debt and Fund Balances – Despite the difficulties in the economy, 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. We have also maintained up to 1% of the 2013 General Fund Budget by replenishing \$122,200 in the reserve for contingencies (\$574,900). As mentioned, reserves remain intact for state aid changes (\$1,076,140) and the fuel contingency (\$137,315) and are requested to be carried over from 2012.

UTILITIES

- Water – This budget continues to focus on replacing aged distribution and transmission mains (\$2,386,176). 2013 will be the first year to replace the existing radio-read water meters to an Advanced Metering Infrastructure (AMI) reading system (\$1,712,040). This project will take at least four years to complete. Based on EPA requirements, the water plant will incorporate the ultraviolet light process into the existing treatment process (\$4,620,000). The improvements will reduce chemical and energy costs upon completion of the project. This project replaces the originally planned 2012 secondary membrane project. On the revenue side, if eligible, the City will be seeking an inflationary rate increase (approximately 3%) through a simplified rate application process in April 2013.
- Wastewater – Wastewater collection system capital improvements include typical reconstruction projects in concert with road improvements (\$2,022,930). Utility capital improvements include a bar screen replacement that will minimize the amount of undesirable material entering the plant and ensure operational reliability. We continue to monitor the new NR 217 rule and the Total Maximum Daily Load (TMDL) legislation as they relate to phosphorous reduction criteria that will have significant implications to the Wastewater Utility. In 2013, the TMDL study will provide a comprehensive evaluation of existing treatment capabilities and provide recommendations for treatment improvements or technologies that effectively decrease phosphorus levels. The information compiled within the study will be utilized to determine the most cost effective path of compliance and the basis for future capital planning. There is no change in the Wastewater rates in the 2013 Budget.
- Stormwater – This budget reflects significant funding for the Theodore Street Phase 2 Flood Storage project (\$7,249,648) along with the Reid Golf Course detention pond project (\$291,000), the Wastewater Treatment Plant storm interceptor (\$1,827,386) and other

infrastructure (\$1,796,021) as we continue to implement the Citywide stormwater management plan. There is an increase in Stormwater rates starting 7/1/13 from \$125 to \$155 per ERU as approved by the Common Council on June 15, 2011 for future rate planning.

PERSONNEL

In addition to the previously mentioned increases for employees not covered by a collective bargaining agreement, union contracts in place for Police and Fire represented staff for 2013 call for wage increases of 1% on June 1 and 3% on December 1. The Valley Transit contract is currently under negotiations.

The 2013 Executive Budget contains both additions and reductions in part-time and full-time positions, as well as reclassification of certain positions.

Personnel changes previously approved by the Common Council included in this budget are:

- Replace three Park and Recreation Program Supervisors with one Recreation Manager and two Recreation Programmers to gain operational efficiencies and reduce costs.
- Elimination of one DPW Sanitation Operator I related to the change in overflow collection beginning in 2013.
- Reduction of a full-time Grants Manager position in the Finance Department down to a .5 FTE in the face of declining CDBG and other grant revenues. Cooperatively, the Finance Department and Community and Economic Development Department developed a plan to segregate responsibilities for CDBG in order to take advantage of applicable expertise and deliver services in the most effective and efficient manner.
- Addition of one part-time and two full-time bus drivers in Valley Transit related to a new route serving the downtown and riverfront including Eagle Flats.
- Increase funding of the Golf Course Specialist position from .70 to .85 FTE.

Additional personnel changes contained in this budget include:

- Upon the retirement of the current Deputy City Clerk, the position, which includes staff supervision among its responsibilities, will be re-defined and the staff supervision duties eliminated. Supervisory responsibilities of the former position will be assumed by the City Clerk.
- Due to efficiencies gained through the Automated Materials Handling System (AMH) at the Library, eliminate a part-time Page Clerk position.
- Add funding to the Library Volunteer Coordinator's position to bring it up to a .5 FTE part-time position. The position is also partially funded by a grant from the Friends of the Appleton Public Library.
- Reduce the Public Health Nurse positions .20 FTE due to the loss of applicable grant funding.
- Eliminate a vacant part-time Bus Driver position in Valley Transit due to the overlap of the Downtown Trolley route with the new route servicing the downtown and riverfront. With the Trolley servicing the same area during its operating season, the position was no longer necessary.

It is important to note that most of these changes will be accomplished through attrition due to vacancies created by either retirements or other circumstances. Further details can be found under the major changes program narratives in the respective budgets.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2013 CIP are as follows:

- Public Works traffic enhancements include street lighting, traffic grid and traffic camera program expansion (\$152,692).
- The Prospect Avenue over Jackman Street bridge has a weight limit posted and is in degraded condition. Design of this project is set for 2013 (City share: \$137,575). This project receives 80% funding from the State and the construction is planned to take place in 2015. Design for the Lawe Street project over the power canal will also take place in 2012 - 2013 (City share: \$25,030). Design for South Island Bridge will take place in 2013 - 2014 (City share: \$49,260). The State is also participating at 80% of these projects and construction is anticipated to take place in 2013 - 2016.
- Technology needs include advancements in bandwidth and video to the desktop, along with web-based applications. The cost of this technology is \$400,000 with a ten-year life expectancy. Other technology upgrades include firewall and security (\$40,000), phone upgrade (\$35,000), camera system upgrade (\$68,000), and the third year of a three-year Enterprise License Agreement with our GIS software vendor (\$50,000).
- Facilities improvements include HVAC upgrades (\$165,000), fire protection (\$185,000), grounds improvements (\$100,000) and roof replacements (\$485,000). Library meeting room and security cameras are also included (\$185,000).
- Quality of Life improvements focus on maintaining playground equipment at our existing City parks (\$90,000), Erb Pool/Pavilion renovations design (\$185,000), Pierce Park band shelter improvements (\$150,000), Appleton Memorial Park concession/restroom/walkway construction for the Miracle League Field (\$330,000), skate park design (\$35,000), and various tennis courts maintenance (\$140,000).
- Public safety investments include funding to replace all of the Police and Fire Departments wideband analog portable radios with P25 compatible narrowband digital radios in accordance with Federal Communication Commission (FCC) mandate (\$1,230,625). Replacement of the Fire Department self-contained breathing apparatus (\$527,900) is also included in the 2013 Budget.


CONCLUSION

In these times of constant change and uncertainty it is important to remember that the one thing that doesn't change is the City's mission of meeting the needs of the community and enhancing the quality of life. Our citizens demand that we continue to meet that mission at the same time they demand that we not further burden them to do so. This means that we must continue to find ways to be more efficient with the resources that our citizens entrust to us and to look for ways to permanently reduce our overhead while minimizing the impact on the services that our citizens have come to expect from the City. This is a trend that I believe needs to continue into the future whether we are in good times or not so good times. But it is even more important today as we continue to face a challenging and uncertain economic future.

It is my great honor to say thank you to our department directors and all of our employees for their ongoing dedication and selfless service to our organization and our community. In particular, I would like to recognize Finance Director Lisa Remiker, Deputy Director Tony Saucerman, John Hoft-March, Kelli Rindt and Stephanie Rogers for the many hours they have spent preparing this document, along with the incredible job they do each day to keep our city in excellent financial condition. They deserve a great deal of credit for the jobs they do on a daily basis on behalf of our community.

The City of Appleton continues to balance sound financial conditions with providing the basic essential needs of our City despite challenges faced in the local and national economy. Together we will continue our dedication to meet the needs of our community and enhance the quality of life. Appleton is a viable, strong community that can weather these stressful times.

Sincerely,



TIMOTHY M. HANNA
Mayor of Appleton

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

COMBINED SUMMARY OF EXPENSES - ALL FUNDS

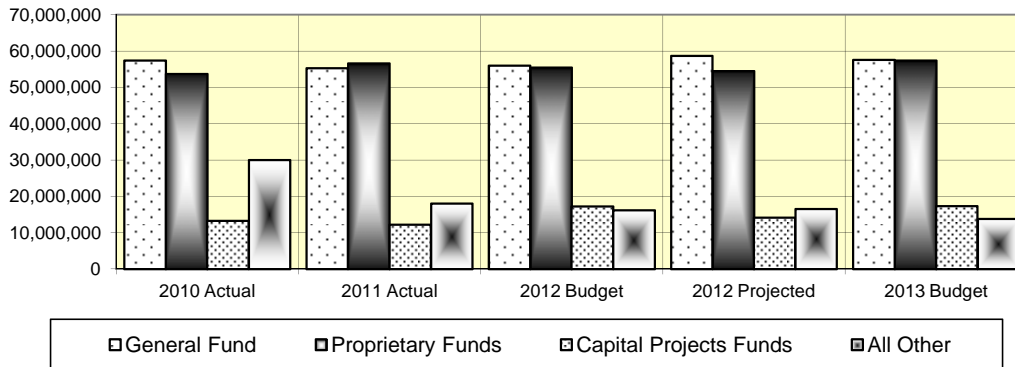
The City of Appleton follows the accounting methodology known as fund accounting, whereby revenues and expenditures are categorized by fund. Each individual fund represents a specific purpose or activity. Fund accounting is a means of separating and tracking those revenues and expenditures related to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

Table 1: TOTAL EXPENSES – ALL FUNDS ¹

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
General Fund	\$57,358,211	\$55,230,280	\$55,937,332	\$60,227,429	\$57,489,592
Debt Service Funds	8,615,153	8,571,674	7,782,441	7,782,441	6,152,608
Special Revenue Funds	21,432,292	9,460,702	8,387,204	8,728,596	7,642,994
Capital Projects Funds	13,266,450	12,194,344	17,222,361	14,186,637	17,296,750
Enterprise Funds	45,144,718	45,630,301	46,566,451	45,485,934	48,166,596
Internal Service Funds	8,569,029	10,943,925	8,876,044	9,031,967	9,188,936
Permanent Funds	1,000	900	0	0	0
Total – All Funds	\$154,386,853	\$142,032,126	\$144,771,833	\$145,443,004	\$145,937,476

¹ Enterprise funds are shown net of capital investments, which are capitalized and depreciated

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; Facilities, Grounds and Construction Management; Other Post Employment Benefits; and Risk Management Funds). Debt Service Funds account for the payment of interest and principal on general long-term debt, Special Revenue Funds account for various revenue sources that 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 to generating investment income to support expenditures for a specified purpose. The unusually high level of expenditure in Special Revenue Funds in 2010 is the result of the closure of Tax Incremental Financing (TIF) District # 4, which transferred funds to an escrow account to pay for future infrastructure investment within the district (\$4,100,000) and distributed the remaining cash balance to the participating tax entities according to the applicable percentages of the tax rate (City \$2,805,277, other taxing entities \$5,008,865).

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

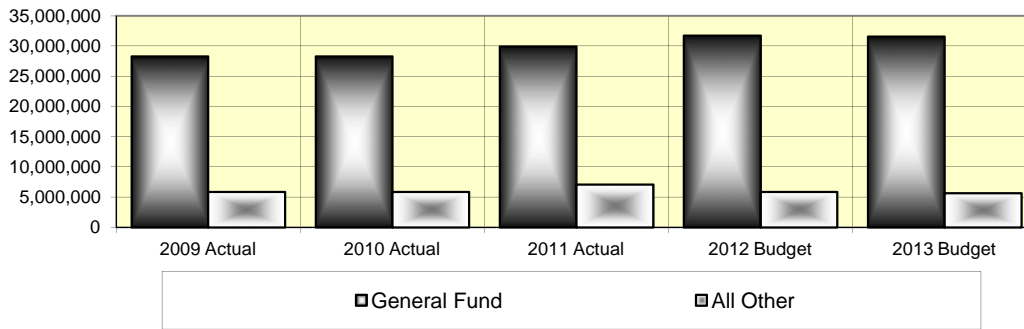
PROPERTY TAXES

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

	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013 Budget
General Fund	\$28,262,315	\$29,497,480	\$29,942,488	\$31,730,601	\$31,584,761
Debt Service Funds	3,240,038	3,533,999	3,852,111	3,070,688	3,100,722
Special Revenue Funds	2,647,850	2,822,000	2,310,000	2,310,000	2,075,188
Capital Projects Funds	0	0	900,000	500,000	500,000
Total – All Funds	\$34,150,203	\$35,853,479	\$37,004,599	\$37,611,289	\$37,260,671

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. The General Fund increase since 2011 is due to stagnant or declining state support.

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 2012 property tax levy (payable in 2013), approximately 33% is levied for various City operations as illustrated in Table 3 and in Figure 3 following. Another 37% is levied by the Appleton, Menasha, Kimberly and Freedom school districts, 18% by Outagamie, Calumet, and Winnebago counties, 7% by Fox Valley Technical College (WCTS), and 1% by the State of Wisconsin. The remaining 3% 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.

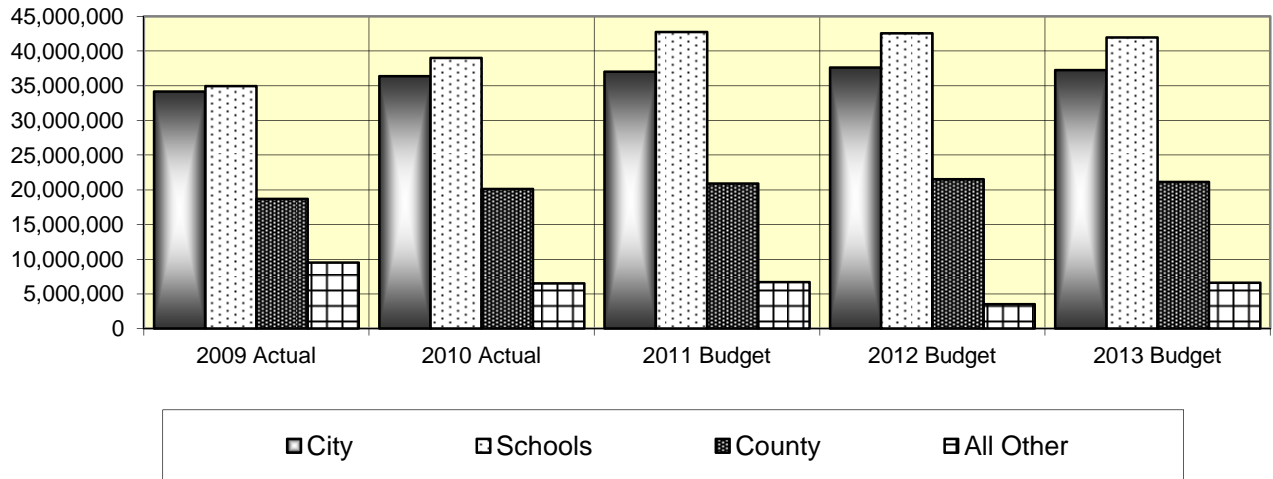
CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

Table 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES *

Apportionment	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget
City	34,150,080	36,354,677	37,004,526	37,611,289	37,260,671
WTCS	7,331,505	7,918,742	8,353,838	8,294,937	8,853,045
Schools	34,933,078	39,006,781	42,718,673	42,541,871	41,942,408
State	799,486	812,733	823,345	814,098	789,372
County	18,714,735	20,145,801	20,916,513	21,151,329	21,143,919
TIF Districts	7,770,070	3,941,390	3,720,126	3,995,673	3,896,970
Total - All Portions	\$ 103,698,954	\$ 108,180,124	\$ 113,537,021	\$ 114,409,197	\$ 113,886,385
Less State Credits	6,351,872	6,161,669	6,186,432	9,197,393	6,916,444
Net Tax Levy	\$ 97,347,082	\$ 102,018,455	\$ 107,350,589	\$ 105,211,804	\$ 106,969,941

* Amounts shown are the certified levies for each entity for each budget year. Actual amounts collected may vary.

Fig. 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES



TAX LEVY

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

Tax Levy	2009	2010	2011	2012	2013
City	7.9594	7.9463	8.0496	8.1510	8.0311
WCTS	1.7088	1.7308	1.8172	1.7977	1.9082
Schools	8.1328	8.5013	9.2858	9.2081	9.0263
State	0.1724	0.1712	0.1733	0.1704	0.1644
County	4.3729	4.4107	4.5338	4.5789	4.5627
Gross Tax Levy	\$ 22.3463	\$ 22.7603	\$ 23.8597	\$ 23.9061	\$ 23.6927

Outagamie County/Appleton Area School District only.

The City Assessor is charged with maintaining assessments of the value of property in Appleton at or near 100% of market value. 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 – 2013 BUDGET
EXECUTIVE SUMMARY**

Assessed values are reported to the State, which in turn 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. In the case of the City of Appleton, since we are located in three counties, the equalized values are also used to distribute the tax levy to various portions of the city. This gives rise to the multiple tax rates (“mill” rates; there are currently eight) we have in Appleton, which vary by the county and school district in which the property is located.

If the total property remains stable (i.e. net new construction - new construction less properties razed or converted to non-taxable status - equal to zero), increases in the levy will result in increased assessed rates. Appleton has had a 6.8% increase in net new construction from 2009 to 2013, while the tax levy has increased by 9.1%.

Table 5: TOTAL FULL TIME EQUIVALENT EMPLOYEES

DEPARTMENT	2010	2011	2012	2013
City Attorney & Clerk	8.67	8.67	8.67	8.67
Finance Department	9.85	8.85	8.85	8.85
Homeless & Block Grants	0.85	0.95	0.95	0.50
Fire Department	98.50	97.00	96.00	96.00
Health Department	12.86	12.61	12.36	12.36
Health Grants	3.34	3.39	1.89	1.64
Technology Services	15.00	12.00	12.00	12.00
Library	45.50	45.00	44.50	44.50
Mayor's Office	3.00	2.00	2.00	2.00
Facilities Management	7.76	19.82	19.88	10.20
Facilities Capital	1.00	0.40	0.40	0.40
Parks & Recreation	32.22	5.45	5.45	15.05
Reid Golf Course	1.70	1.55	1.53	1.73
Human Resources	6.15	6.15	6.15	6.15
Risk Management	2.98	2.98	2.98	2.98
Community Development	14.90	17.88	18.13	18.13
Housing & Community Devel.	2.00	2.00	1.00	1.00
Police Department	134.50	133.00	134.00	134.00
Public Works	53.92	62.01	62.49	62.08
Sanitation	19.79	18.89	17.89	16.99
CEA	15.11	15.11	15.11	15.01
Parking	11.47	11.47	11.17	11.18
Capital (TIF, Subdivision, etc.)	5.98	4.16	2.42	2.79
Stormwater Utility	17.75	18.73	18.98	19.67
Water Utility	37.76	36.51	36.64	36.71
Wastewater Utility	29.28	29.42	29.93	29.21
Valley Transit	52.65	52.65	51.83	53.83
Total Regular Employees	644.47	628.64	623.18	623.63

The chart above shows the total regular, full time equivalent number of employees. It does not include part time and temporary employees not eligible for health insurance or other fringe benefits. Positions eliminated for 2013 are a .5 FTE Library Page Clerk, offset by additional hours for part time shelvers and conversion of a 10 hour per week grant funded volunteer coordinator position to a partially grant funded 20 hour per week position, one part time driver at Valley Transit, one Public Works Operator I with the elimination of regularly scheduled free overflow refuse pickup, and reduction of a full time grants administration position in Finance to .5 FTE and grant funded public health nursing hours by the equivalent of .196 FTE, both due to available grant funding.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

Other revisions that were approved by Council during 2012 include the addition of two full time and one part time driver positions at Valley Transit to staff the new “Link” downtown route, a .15 FTE increase in the Golf Supervisor position (to .85 FTE), and replacement of three Recreation Program Supervisor positions with a Recreation Manager and two Recreation Programmer positions.

GENERAL FUND SOURCES OF REVENUE

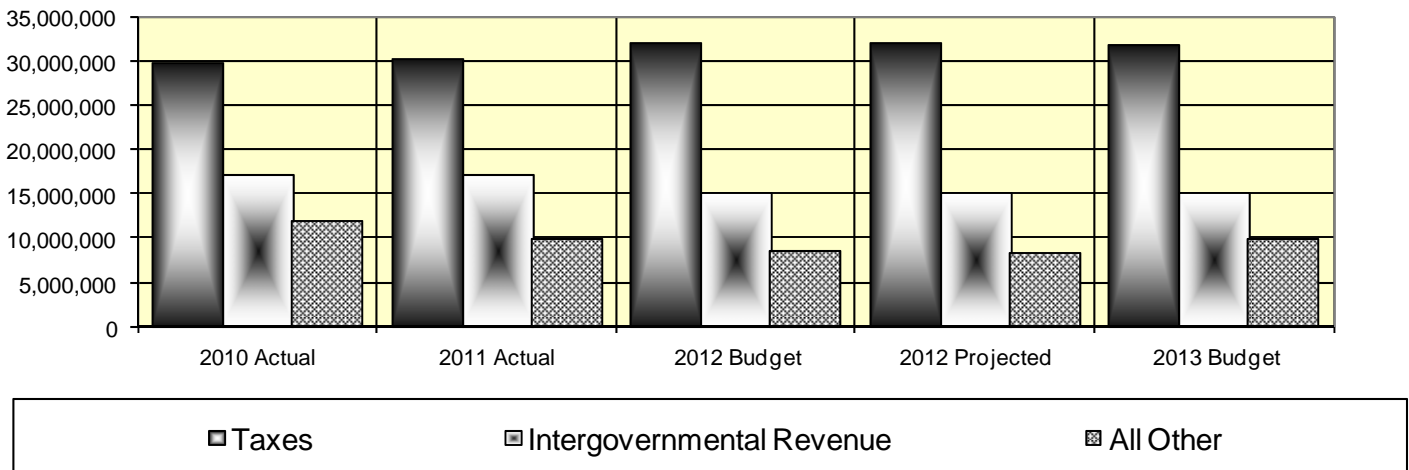
The General Fund, which accounts for the day-to-day functioning of city government, is supported by revenue from a variety of sources, including the property tax.

Table 6: GENERAL FUND SOURCES OF REVENUE

Source	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Taxes	29,909,926	30,340,877	32,122,601	32,122,601	31,975,061
Intergovernmental	17,165,081	17,199,561	15,131,485	15,198,592	15,180,080
Licenses and Permits	991,502	895,927	860,925	870,925	886,025
Special Assessments	1,013,439	1,786,373	948,900	948,900	1,126,000
Fines and Forfeitures	356,971	359,662	350,000	350,000	370,000
Interest Income	1,532,028	1,600,991	1,813,483	1,613,483	1,670,218
Charges for Services	1,384,728	1,220,147	1,306,999	1,206,999	1,212,649
Other Revenue	2,040,447	1,629,099	1,491,289	1,437,180	2,332,706
Total General Fund	54,394,122	55,032,637	54,025,682	53,748,680	54,752,739
Other Financing Sources	4,555,592	2,381,253	1,742,950	1,742,950	2,254,029
Total Revenue & Other	58,949,714	57,413,890	55,768,632	55,491,630	57,006,768

The largest single source of funding for General Fund operations is the property tax, which, with payments in lieu of property tax of \$390,300, will provide \$31,975,061 or approximately 56% of revenues in 2013. The next largest is intergovernmental transfers, of which \$9,702,850 is from the State government under the State Shared Revenue program, an increase of .08% from 2012, following a 12.95% reduction in 2012 from 2011. Overall, Intergovernmental Revenue, which also includes State aids for street reconstruction, accounts for approximately 27% of revenues. The remaining 17% of revenues will come from various other sources, as illustrated above. The 2013 budget is balanced with the planned use of \$482,824 of a reserve established for state aid changes (\$603,616 remains after this planned use).

Fig. 4: GENERAL FUND SOURCES OF REVENUE



CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

GENERAL FUND EXPENDITURES

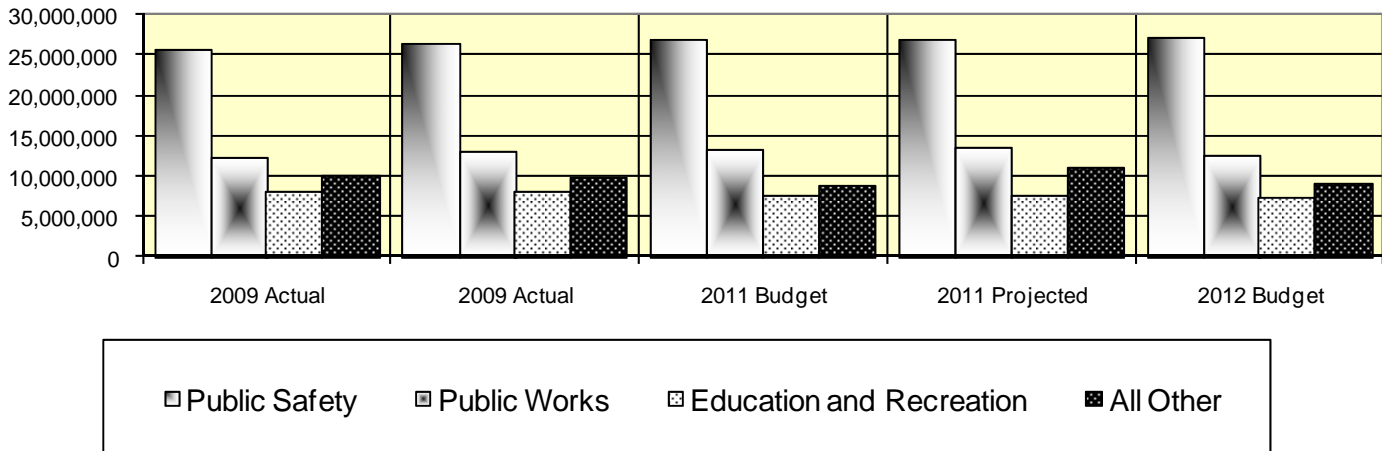
The General Fund accounts for the day-to-day functioning of city government, including maintenance of certain City-owned facilities and street maintenance and reconstruction projects.

Table 7: GENERAL FUND EXPENDITURES

Expenditures	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
General Government	6,523,869	6,728,675	6,732,668	9,597,115	6,557,038
Community Development	1,616,473	1,600,050	1,633,606	1,633,606	1,624,050
Education and Recreation	8,029,094	7,104,280	7,201,073	7,253,984	7,265,253
Public Works	12,982,349	12,911,573	12,611,053	12,740,231	13,709,157
Public Safety	26,549,473	26,444,183	27,195,462	27,409,983	27,740,625
Total Expenditures	55,701,258	54,788,761	55,373,862	58,634,919	56,896,123
Other Financing Uses	1,656,953	441,519	563,470	1,592,510	593,469
Total Expenditures & Other	57,358,211	55,230,280	55,937,332	60,227,429	57,489,592

The largest single expenditure for the General Fund is for public safety, which in 2013 accounts for approximately 48% of General Fund expenditures. Of that total budgeted expenditure, approximately 57% is for police protection, 39% for fire protection, and the balance for public health. The next largest portion of the budget (approximately 24%) 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 11% and 13% 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.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
The Common Council	126,277	103,560	111,170	111,170	137,469

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

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. In April of 2012, the number of districts in the City represented by alderpersons declined by one to 15 as the result of redistricting. Because statutes provide for elected representatives to serve their full terms, one district is being represented by two alderpersons simultaneously. This will continue until April, 2013, when one of the representatives will have completed his term.

The 2013 budget reflects the elimination of part time personnel expense related to taking minutes of committee and Council meetings that was added in 2012 and the addition of \$36,000 for operational costs associated with support, storage, training and use of a new meeting recording system. The new system will record both audio and video of all committee and Council meetings and will offer agenda and report management and the ability to post the videos to the City website. Costs associated with the system will be funded through the contingency established by a settlement with Time Warner Cable over franchise fees.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
The Mayor's Office	317,020	263,765	263,746	263,746	262,307

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 City Guide 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 Urban Alliance and the East Central Wisconsin Regional Planning Commission

There are no major changes in the 2013 budget for the Mayor's Office.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Parks, Recreation & Facilities Management	2,179,498	3,928,352	2,476,813	2,486,062	2,486,415
Facilities Capital Projects	2,079,440	1,211,860	445,590	532,583	1,671,212
Energy Efficiency & Conservation Grant	270,012	419,788	0	0	0
Parks and Recreation	3,520,097	2,911,234	2,981,047	2,983,128	3,069,804
Peabody Estate Trust	48,968	0	0	0	0
Balliet Locomotive Trust	0	0	300	300	300
Lutz Park Recreational Trust	888	0	0	75,000	13,400
Park Open Space Fund	73,187	30	0	207,000	0
Union Spring Park	0	0	500	500	500
Universal Playground	790	6,900	2,500	4,600	2,500
City Park Project	0	0	200	200	200
Miracle League Field	0	0	1,000	0	0
Parks and Recreation Capital Projects	794,955	140,447	100,000	100,000	0
Reid Municipal Golf Course	554,149	770,565	549,118	534,438	549,585

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

Parks, Recreation and Facilities Management

In the 2011 budget, the Forestry function of the Parks & Recreation department was moved into the Department of Public Works to better take advantage of the synergies between the work loads of the arborists, equipment operators and laborers and the responsibility for maintaining parkland, athletic fields, structures within parks, and other City-owned properties was transferred to the Facilities, Grounds & Construction Management department to centralize all maintenance of City-owned property. In the 2012 budget, the position of Parks & Recreation Director was eliminated and replaced with a Superintendent of Parks & Recreation under the direction of the Director of Parks, Recreation & Facilities Management. In the 2013 budget, the staff engaged in parks grounds maintenance will be charged directly to the Parks and Recreation department to streamline department management. All prior periods have been restated to reflect this change. Specific activities of the Parks & Recreation department are discussed below.

Facilities and Construction Management

Facilities and Construction Management is an internal service fund charged with maintaining the City's physical properties and with oversight of contractors performing maintenance or construction work on its behalf.

In addition to the routine maintenance of all City-owned properties, the 2013 budget includes security upgrades at various park pavilions (\$14,000), cabinet replacement at Fire Station # 2 (\$13,000), and repainting the shower / changing room areas at Mead Pool (\$15,000). It also reflects a reallocation of the Director's time from 60% Facilities and Construction Management to 25% FCM / 30% Parks & Recreation / 5% Reid Golf.

Facilities Capital Projects

The Facilities Capital Projects fund accounts for expenditures related to City facility construction and major facilities improvements not accounted for separately in the City's enterprise funds. Projects planned for 2013 are:

- Erb Pool/Pavilion; design for planned 2014 construction (\$185,000),
- Pierce Park Band Shelter repairs (\$150,000),
- Appleton Memorial Park west restroom / concession building & walkways (\$330,000),
- Roof Replacements at Municipal Services Building (MSB), partial, and Mead Pool pump house (\$340,000),
- Grounds Improvements; pavement replacement, south side of MSB site (\$100,000),
- Fire Protection at Fire Station # 2 (\$35,000),
- Tennis Courts; remove City Park courts, replace Summit Park courts (\$140,000),
- HVAC Upgrades; boiler replacement at MSB (\$45,000),
- Library keyless entry system, interior wall construction, & meeting room wall replacement (\$130,000),
- Skate Park design (\$35,000),
- City Hall campus planning (\$40,000), and
- Playground Equipment (\$90,000).

Other projects under the supervision of the Parks, Recreation & Facilities Management Department are budgeted in the various enterprise funds.

Parks and Recreation Department

The Parks and Recreation Department (APRD) is responsible for administering City recreational programs. Specific objectives of the department include:

- Providing administrative services and support staff for the management of the recreation, aquatics and golf course divisions of the department
- 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

As explained above, the 2011 budget transferred a number of responsibilities of the Parks & Recreation department to other departments to consolidate responsibility for similar functions and improve efficiency. In

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

making these changes, the Parks and Recreation department moved to City Hall and the former Parks and Recreation building in Appleton Memorial Park became the home of the Facilities, Grounds & Construction Management Department. This move facilitated “one stop shopping” for customers who have multiple City transactions to handle (e.g. park pavilion rentals, park program sign-ups, tax payments, city services bill payments, etc.).

The 2012 budget took this consolidation a step further and eliminated the position of Parks & Recreation Director and established that of Superintendent of Parks & Recreation under the direction of the Director of Parks, Recreation & Facilities Management. The 2013 budget reflects charging grounds maintenance staff directly to Parks & Recreation (prior periods have been restated) and allocation of 30% of the Director of Parks, Recreation and Facilities Management’s time.

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. \$48,968 was spent in 2010 to install security lighting in the park. No projects were undertaken in 2011 and none are are planned for 2012 or 2013.

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.

Renovations to the boat launch, shoreline stabilization, and work on the bathroom facilities were completed in 2009. Part of this work was paid for from a \$285,015 grant from the state Department of Natural Resources awarded in 2006 for work on the boat landing and shoreline restoration. \$75,000 was budgeted in 2011 to construct an open air gazebo near the fishing pier, providing a focal point for the park and recognition of the Lutz family for their support of the park. Due to project delays, the budget for gazebo construction was carried over to 2012. There are no further projects planned for 2013.

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 2012, this fund will be used for the City’s share of land acquisition (\$100,000) for a regional park on the city’s south side (jointly with the City of Menasha and the Town of Harrison) and the reacquisition of the WE energies property adjacent the site of the former water treatment plant along the riverfront (\$107,000). The reacquisition of this parcel has been budgeted for several years but has been delayed by the need for the State Department of Natural Resources to provide a closure letter to WE Energies prior to the property transfer.

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.

Project City Park

To account for moneys received from private donations to finance the maintenance of the central plaza in City Park (donated by Appleton Papers in 2007) and the corresponding expenditures.

Universal Playground

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

Miracle League Field

This fund provides for maintenance of the Miracle League Field. The Miracle League Field was available in June 2010 for the initial season. Installation of the rubberized playing surfacing and final landscaping were completed in September, after the summer program had ended. Limited expenditures are anticipated in 2012 due to the recent construction of the facility.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

Park and Recreation Projects

This fund provides for a variety of Parks and Recreation capital needs. The 2012 budget provided for reconstruction of the Telulah park entrance road and connection to the Newberry trail (\$100,000). This project was originally planned for 2010 but has been rescheduled due to delays in the development of the RiverHeath project adjacent to the park, which will necessitate redesign of access roads and trail connections. It is expected that this project will be carried over to 2013.

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 average number of rounds played at Reid Golf Course continues to remain the same or slightly lower than previous years, consistent with national and local trends, but will decline in 2013 with closure of a part of the course for construction of two stormwater detention ponds. The 2013 budget reflects the addition of an allocation of 5% of the Director of Parks, Recreation & Facilities Management's time (\$6,402) and a .15 FTE increase in the Golf Course Specialist position (to .85 FTE from .7, \$4,727). It also includes one time expenses of \$15,000 and \$10,000 for replacement of, respectively, the clubhouse flooring and counter.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Finance Department	960,751	904,666	891,996	891,996	882,987

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
- Coordinating all aspects of budget preparation, including a five year capital plan
- Facilitating the City's centralized purchasing function for common use items and pursuing local and regional purchasing opportunities

This budget includes a reduction in bank investment fees as a result of the Accounting Manager taking on greater responsibility for management of short term investments and of a new banking services contract being bid in 2012.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Unclassified City Hall	3,378,753	2,756,233	2,544,768	4,679,265	2,452,087
Room Tax Administration	350,315	369,731	363,000	377,250	382,000
Housing, Homeless & Block Grants	1,170,040	637,316	345,276	345,276	309,276
Other Post Employment Benefits	0	59,437	61,435	73,609	102,290

Unclassified City Hall

Included are various expenditures that are not program or department-specific. Examples include reserves and contingencies, City Center facility expenses, and miscellaneous expenditures such as insurance and retiree pension payments.

Salary adjustments to be covered from the wage reserve normally consist of General Fund non-represented staff performance adjustments, salary adjustments for any unsettled union contracts, and fluctuations in the cost of health insurance. The 2011 and 2012 budgets included no cost of living increases or performance adjustments for any employees other than those permitted union representation under the state's budget repair bill (Act 10) passed in 2011, therefore no money has been budgeted for the wage reserve in either year and the balance has been carried over. The 2013 budget includes a 1% COLA for all non-represented employees and a 0.5% performance adjustment, which will be dependant on individual employee performance with respect to job-related goals and will not become part of the employees' base pay. We will be requesting to carry over all available funds (currently \$148,370) from 2012 to 2013 for the performance adjustment.

The other contingencies include:

- \$59,585 is approved to be used in 2012 for purposes of recording and providing access to committee meeting minutes. This expense will be covered by the Time Warner Cable settlement which supports public education and government ("PEG") access. In 2013, \$36,000 is expected to be used for operational costs associated with making minutes more accessible. This expense is explained in more detail in the Common Council budget on page 72. After these expenditures, the balance remaining will be approximately \$104,000.
- \$1,076,140 State aid contingency (of which \$603,616 is expected to remain after planned 2013 use)
- \$ 574,900 one percent maximum of 2013 Budget according to policy
- \$ 137,315 fuel contingency

It is assumed that the Council will carry over remaining contingency account funds from 2012 to 2013, in addition to \$122,200 of new funds budgeted for 2013.

The 2013 budget includes the following:

- An increase in the expense allocation from Risk Management because those costs have increased due to losses experienced and to no longer having excess fund balance to apply to offset the cost of coverage,
- A reduction in severance pay for retirees and related fringe benefit costs from the current budget and prior years' actual expenses in anticipation of fewer retirements in 2013,
- An increase of \$41,478 in Facilities charges, which includes the condominium fees for City Hall, and
- An increase in the general fund support to Valley Transit of \$15,549.

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.

Housing, Homeless and Block Grants

The following grant funded programs, with their specific objectives, are intended to benefit low and moderate income households and eliminate slum and blight:

- Community Development Block Grant (CDBG)

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

- Create and maintain decent and affordable housing opportunities for low-income residents
- Strengthen community services by offering new and improved access for low-income residents
- Expand economic opportunity through financial counseling and business revitalization activities
- Improve various public facilities throughout Appleton to create better availability/accessibility
- Continuum of Care/Supportive Housing Program (COC/SHP) # 1 and # 2
 - Provide for adequate and successful operation of transitional and permanent supportive housing programs
 - Provide for expansion and successful operation of Housing First programming
 - Improve the quality of life in central city neighborhoods with the planting of several urban street trees
- Neighborhood Stabilization Program (NSP) (All funds to be expended by December 2012)
 - Address blighted, foreclosed properties with demolition, rehabilitation and redevelopment activities
 - Create four new units of affordable rental housing and three new affordable single-family homes

During 2012, program administration moved to the Community and Economic Development Department, while the Finance Department will be responsible for the overall accounting/audit work, including the State single audit guidelines and compliance with OMB Circular A-133.

Due to personnel changes during 2011, grants have been administered by a contracted agency with oversight from the Finance Department. This program reflects hiring a .5 FTE Grant Accountant to insure compliance with state single audit guidelines and federal OMB Circular A-133, along with the requirements of the supportive housing rule codified at 24 CFR 583 and the HEARTH act. Grant administration dollars allowed do not cover the full cost of compliance requirements. The City has levied \$5,000 as a leadership partner and is requesting funding agencies to contribute a total of \$10,000. The City recognizes the significance of the supportive services provided by these agencies related to residential financial and social stability to insure Appleton is a thriving urban community.

Other Post Employment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) considers other post employment benefits, such as the ability of retirees to purchase City health insurance, as part of the compensation employees earn each year, even though these benefits are not received until after employment ends. Retired City employees can continue to purchase health insurance from the City until they become eligible for Medicare, for which they self-pay 100% of the required premium equivalent amount.

In a standard OPEB valuation, the GASB's guidelines require that the OPEB benefit be based on the value of the health care benefit. An implicit subsidy exists when retirees and current employees are covered together as a group, wherein the premium equivalent rate paid by the retirees may be lower than it would be if the retirees were rated separately. The final GASB statements declare that, even if the retirees pay 100% of the premium equivalent, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an OPEB.

The City is required to have an actuarial study every two years to update the OPEB calculation. City staff update the information in the off year. The last study was completed in 2011 for the year ended December 31, 2010 and the next will occur in early 2013 for the year ending December 31, 2012.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Information Services	1,642,249	1,381,127	1,629,895	1,810,895	1,637,108
Information Services Capital Projects	214,206	84,803	400,000	432,152	543,000

Information Services

The Information Services Department (IS) 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 iSeries mainframe computer, its attendant software, and the personal computer network, including computers installed in Police and Fire vehicles. Information Services also provides management, coordination

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

and support for the City's telephone and voicemail systems, Internet connectivity, and web pages, as well as coordination and support of various projects involving electronic technology (e.g., installation of security cameras and electronic locking systems).

In 2012, IS is in the process of studying the ramifications of replacing some PCs with “thin client” devices, a lower-cost alternative for locations in which computing power is less of an issue than network access, and migrating from our current Novell Systems-based network to one which is fully Microsoft-based.

A major effort beginning in 2013 will be planning for the eventual replacement of the mainframe computer and enterprise resource planning (ERP) software. It is expected to take up to five years to complete, which is approximately the expected remaining useful life of the computer.

Information Services Capital Projects

This fund provides for a variety of technology capital needs. For 2013, this fund will be used to account for the following:

- Replacement and upgrade of our network firewall (\$40,000),
- Completion of the upgrade of the phone system begun in 2012 (\$35,000),
- Replacement of existing security cameras (\$68,000, in addition to \$45,000 included in the Valley Transit budget for a total of 30 replacement & additional cameras on transit facilities), and
- Upgrade of the existing 100 MB switching network with one providing 1 GB to the desktop / 10 GB from certain locations to the network core (\$400,000).

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Human Resources	667,353	653,934	668,979	668,979	704,135
Risk Management Fund	1,503,110	1,760,721	1,251,903	1,386,403	1,455,077

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
- Strategic planning and organizational development

The department is also responsible for administration of the City's self-insurance program described below.

When the State government passed Act 10, the budget repair bill (BRB), it stripped all bargaining rights from employee unions, with the exceptions of Police, Fire and, later, Transit. Those contracts expired at the end of 2010 and new agreements were negotiated in 2011. The contracts with Police and Fire expire at the end of 2013, so negotiations with those bargaining groups will take place during 2013. The contract with Transit expires at the end of 2012 and negotiations have already begun.

Major initiatives for 2013 include implementing the compensation plan currently under development and working with the results of the actuarial study of City-provided health insurance.

The compensation study underway covers all non-represented positions, including positions that were previously represented (prior to the BRB). These formerly represented employees are being paid based on the collective bargaining agreements that expired at the end of 2010 and comparisons with other municipalities, rather than on a market/competitive basis. The completion of the comprehensive study will ensure positions are accurately and

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

fairly compensated based on market conditions, allow the elimination of the two-tiered pay schedule we currently administer, and allow employees to be included in the analysis of their positions.

The actuarial study was conducted with the assistance of our benefits consultant. The results of that study will help the City develop a strategy to comply with the requirements of the federal Health Care Reform Act. The goal of the study will be to provide tools for future planning and budgeting for medical insurance.

With the elimination of an administrative position in the Fire Department's 2012 budget along with the reorganization and elimination of positions in the customer service areas at City Hall, there are certain times during the year that additional help is needed in those areas. In order to address these needs, as well as others Citywide, \$30,000 for part-time wages and benefits have been added to this budget in 2013. The HR Department will monitor short-term departmental staffing needs (while also assessing the availability of light duty and other part time staffing) and work with the departments to supply the necessary staff to meet their needs.

Risk Management Fund

The mission of the this 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
- Development and administration of safety programs and related training

The increase in the 2013 budget is due to a number of factors, including an actuarial study, property appraisals, premium renewals, uninsured losses, and the Fox River clean-up.

An actuarial study needs to be done every other year to ensure that the Risk Management fund is adequately funded; a study was last completed in 2011. Property appraisals were previously provided as a value-added service by the insurance agent but are no longer. The appraisal will allow us to continue to verify that our properties are valued appropriately and are insured at an appropriate level.

Premium increases are a result of expected increases in rates based on initial estimates from all our carriers. The increases to our workers' compensation and uninsured losses are based on our 7 year average actual claim history. We have experienced a number of higher dollar workers' compensation claims throughout the City, as well as a couple of large liability claims. One of the individual claims, from an accident in 2010, will likely reach our excess level of \$175,000 during 2012. Due to these costly worker's compensation claims, a special one-time user charge (\$729,834) was approved in 2012 to help recover a portion of these costs and bring the Risk Management Fund closer to complying with its fund balance policy.

The Fox River clean-up is a source of potential liability for the City. The City is currently working with the government agencies involved to reach an agreement which would resolve the City's liability and remove the City from further litigation. The majority of the litigation costs are being reimbursed by insurance carriers, with 70% coming from CNA Insurance and 30% from Wausau Insurance. To date, \$1,648,296 in claims have been submitted and \$1,393,472 has been reimbursed. Reimbursement is slow but continues to be collected, with \$254,824 currently outstanding. Included in the 2013 budget is an allowance of \$15,000 for potential expenses that will not be reimbursed.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Legal Services	1,088,419	1,106,909	1,185,584	1,185,584	1,074,414
Tuchscherer Disability Trust	6,391	6,391	6,391	6,391	6,391

Legal Services

Legal Services encompasses three general areas: (1) representing the City in civil and quasi-criminal proceedings; (2) serving as legal advisor to the City, its agencies, officials and, in some instances, its employees, and (3) serving as the center of document retention and distribution for the City of Appleton.

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
- 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

As legal advisor to the City, Legal Services prepares documents and instruments, drafts legislation, renders formal and informal legal opinions, and performs such other services as required by law. Major efforts in 2012 included work with outside counsel on the Fox River clean-up, defending the City in a civil rights case filed by a criminal defendant after conviction based, in part, on results of a search executed by Appleton Police pursuant to a search warrant, representing the City in several imminent domain cases arising out of various construction projects, and working with the Finance department and outside bond counsel on the refinancing of the Performing Arts Center bond issue, saving an estimated \$1.6 million dollars over the life of the bonds.

In April 2012, at the completion of the elected Clerk's term and her retirement, the Clerk's position became appointed rather than elected and reports to the City Attorney. In 2013, the current Deputy City Clerk is expected to retire and the position, which includes staff supervision among its responsibilities, will be re-defined and the staff supervision duties eliminated. The overall estimated savings from this change is approximately \$8,700.

Fluctuations in the Legal Services budget are primarily the result of the number of elections scheduled in any given year, including Mayoral, Presidential, Congressional and State elections. In 2012, there were six elections (four regularly scheduled plus a recall election and a primary election for the recall). In 2013, there will be only two elections, resulting in a reduction in personnel and printing expense of approximately \$90,000.

Tuchscherer Disability Trust

To account for monies 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.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

COMMUNITY DEVELOPMENT

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Community & Economic Development	1,616,473	1,600,050	1,633,606	1,633,606	1,624,050
Housing and Community Development Grants	1,022,339	1,014,302	829,112	829,112	714,066
Industrial Park Land Fund	224,937	283,992	223,413	23,413	238,285
Community Development Projects	5,180	329,800	5,260,679	1,571,415	2,823,356
TIF # 2	97,756	89,616	7,685	7,685	788,694
TIF # 3	2,389,733	2,976,210	3,000,605	2,995,605	1,654,505
TIF # 4	11,914,142	0	0	0	0
TIF # 5	102,905	126,937	125,678	125,678	37,115
TIF # 6	3,468,445	2,530,366	2,764,734	2,802,577	2,577,171
TIF # 7	134,958	71,267	267,507	305,258	285,086
TIF # 8	7,081	875,793	977,495	3,006,911	108,983
Northeast Business Park Escrow	2,609,726	1,319,050	238,576	186,224	362,734

The efforts of the staff of the Community and Economic 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.

Community Development Department

Staff of the Community Development Department also 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 Community & Economic Development programs include:

- Marketing – The Marketing program is 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 – Business Retention activities are 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.
- Planning – This program deals with land use development coordination, local regulation administration, comprehensive planning promotion, and provision of technical information regarding development trends and projections. Specific near-term goals include promoting the philosophy of the VISION 20/20: Comprehensive Plan in all development reviews and via development of implementation plans and coordinating and implementing the Focus Fox River riverfront master plan to ensure a logical and sound utilization of the riverfront corridor.
- Geographic Information Systems (GIS) – This program continues the development of a standardized, coordinate-based and positionally accurate system of layered data for use by City staff and outside clients. The 2011 budget included the transfer of the GIS function from Technology Services to the Community Development department in a refocusing of GIS services from primarily internal to primarily external. The prior period's data was re-stated to reflect the change.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

- Diversity – This program is comprised of activities designed to create a fair, equitable, healthy and high-performing organization by encouraging and supporting diversity and inclusion in City employment and developing and implementing community education programs about diversity issues. This program and the position of Diversity Coordinator were transferred from the Mayor's Office in the 2011 budget. The prior periods' data was re-stated to reflect the change.
- Assessing – During 2012, the City Assessor's office was merged into the Community & Economic Development Department to enable the City Assessor to work full-time on assessing activities. The Deputy City Assessor position has also become an Assessor III position. All prior periods' data have been restated to reflect the change. The Assessor's Office will continue to reassess all property every 4 years to keep assessments near 100% of market value as required by state statutes, to maintain equity, and to provide for small increases. Major goals for 2013 are to complete the citywide commercial revaluation begun in 2012 and to begin the revaluation of all 23,500 residential properties scheduled for 2014. The Assessor's Office is being assisted by the Building Inspections Division of the department of Public Works. Building inspectors have been cross-trained to assist assessors in updating interior inspections, avoiding the need for separate assessing and inspections site visits and thereby reducing the expense to the City and the inconvenience to the homeowner. Overall, the City experienced a roughly 3% decline in equalized assessed value, caused by an approximate 5% decline in residential sales prices during 2011.

Housing and Community Development Grants

The following grant funded programs, with their specific objectives, are intended to benefit low and moderate income households and eliminate slum and blight:

- Community Development Block Grant (CDBG)
 - Provide sub-grants and loans to community organizations and individuals for the benefit of low to moderate income persons
- Homeowner Rehabilitation Loan Program (HRLP)
 - Improve Appleton's affordable single-family homes by rehabilitating twenty-four homes for LMI homeowners
- Rental Rehabilitation
 - Improve Appleton's affordable rental housing stock by rehabilitating seven units for low-income occupants
- Neighborhood Revitalization Program (NRP)
 - Improving the vitality of central city areas by addressing needs/concerns in NRP areas as applicable
 - Undertake research to evolve the current NRP design to facilitate more timely/effective improvements

In accordance with Council action taken during 2012, the Community and Economic Development department is now the lead on administering the programmatic portion of the CDBG program, though the Finance department continues in its accounting and auditing roles. The City received a 2011 CDBG award of \$565,033, which was an unexpected decrease of 16.45% from the 2010 award. The 2012 CDBG award is \$486,053 (for the period April 1 2012 - March 31 2013), a further 13.97% reduction. Given this trend, this budget reflects a further 10% reduction projected for the 2013 grant year.

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 infrastructure. This fund is utilized for these purposes outside of the industrial/business park areas developed through the tax incremental financing district(s).

The 2013 budget includes \$18,000 for advertising and \$12,400 for maintenance and marketing of the remaining 15 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. It also includes \$2,085 in labor in preparation for non-TIF infrastructure construction (paving on Eisenhower Dr) related to the further development of Southpoint Commerce Park, and \$200,000 in land purchases to repurchase lots in the Northeast Business Park that are not in compliance with the protective covenants for construction.

Community Development Capital Projects

This fund provides for a variety of community development investments.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

The 2013 budget will support the 3rd year of the GIS software licensing agreement begun in 2011 (\$50,000 / yr) and land acquisition and infrastructure improvements for an exhibition center to be built on land currently owned by Outagamie County in the downtown area (\$2,773,356). A further \$634,386 of concrete paving projects on streets surrounding the proposed site is budgeted in the DPW capital projects fund.

TIF District revaluation by Department of Revenue

The state Department of Revenue (DOR) modified the valuation process of Tax Incremental Districts in 2010, having detrimental impacts on TIF District Three for 2011 (reduction of \$7,709,170). Specifically, greater reliance is now being placed upon locally assessed values to ensure the increment captures local tax base changes in the specific area such as market appreciation or depreciation, new construction or demolition versus the global city/area economic adjustment the State made to these values in the past. The City experienced an adjustment in one year for valuation inefficiencies the State determined over the lives of these districts. These changes will have far reaching implications into the future for the City.

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 Drive 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.

Advances from the General Fund were fully repaid, with interest, in 2012. In accordance with S66.1105(g) of WI State Statutes, the City will extend the life of the district up to one year. The City will use at least 75% of the increment received to benefit affordable housing in the City and the remainder to improve the City's housing stock through improving streets and sidewalks in low to moderate income census tracts. The district will close in 2013 returning funds to taxing jurisdictions based on the 2012 tax rate. Since the rate is unknown at this time, the 2011 rate was preliminarily used as best estimate.

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 Evans Title building, the Appleton Retirement Community (formerly 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.

The City convened the Joint Review Board in 2011, which approved designating this district as distressed after suffering a reduction in valuation of \$15,445,800 due to state assessment procedure changes as discussed above and a decrease in value for Richmond Terrace. Additional decreases were related to market valuation and to two properties becoming tax exempt (Big Picture and Mission Church) but it is anticipated this will stabilize and valuations will hold moving forward.

In 2013, the General Fund will have a net advance of \$13,782,247 to TIF district # 3 as interest is accrued, not paid, each year.

TIF District # 4 - Northeast Business Park

Tax Incremental District # 4 closed in 2010, with funds segregated in a capital projects escrow account for the remaining cost of projects outstanding. The remaining cash balance was dispersed in 2010 to the participating tax entities according to the applicable percentage of the tax rate.

TIF District # 5 - West Wisconsin Avenue

This fund provides for commercial redevelopment of West Wisconsin Avenue between Gillett and Bennett Streets. There are no infrastructure or development projects planned for TIF # 5 in 2011. In 2010, TIF District # 5 returned \$23,898 to the General Fund on advances made during the early years of the district, which was the remainder of the outstanding balance of advances. No projects are planned for 2013.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

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 2013 Budget provides funding for maintenance and marketing of property (\$25,525). The balance of the budgeted expenses for this fund are for debt service on the money borrowed to finance capital investments, audit expense, a developer-funded tax incentive payment, and preparatory work for future infrastructure projects. TIF # 6 received an advance from the OPEB Fund of \$1,025,000 in 2010 and of \$275,000 in 2011, along with an advance from the Debt Service Fund of \$781,707 in order to meet debt service obligations. This was needed because of the state assessment procedure changes discussed above and to slower land sales and development than originally projected. The TIF District will pay back \$360,119 to the General Fund in 2013.

TIF District # 7 – South Memorial Drive / Valley Fair Mall

The area of South Memorial Drive from Calumet Street to State Highway 441 had deteriorated significantly over the ten years preceding creation of TIF # 7 in 2007. The abandonment of the Valley Fair Mall and the under utilization of various retail and service buildings led the City to create TIF District # 7 to provide targeted investments in this commercial corridor, in conjunction with the private market, while recapturing the cost of participation through the increased property tax revenues. The TIF District provides for a 22 year expenditure period to make investments to support the goals of the District, including eliminating blight and encouraging the rehabilitation of properties, enhancing the viability of the businesses, retention of businesses and attraction of new businesses, stabilizing and increasing property values and improving the overall appearance of public and private spaces. Projects completed to-date include the construction of a new Copps grocery store on the site of the former Valley Fair Mall, construction of a gas station / convenience store, and renovation of a movie theater.

The 2013 Budget provides for a developer-funded tax incentive payment of \$281,796.

TIF District # 8 – East Riverfront Development

The City of Appleton's Focus Fox River: A Master Plan identifies several redevelopment sites located along the banks of the Fox River, as well as the opportunities the opening of the Fox River Navigation System will provide the community. The City created Tax Increment Financing (TIF) District # 8 in 2009 to provide targeted investments in this area, in conjunction with the private market, while recapturing the cost of participation through increased property tax revenues. The District was amended in 2011 to incorporate the Eagle Flats property, formerly Riverside Paper mill. The TIF District provides for a 22 year expenditure period to make investments to support the goals of the District, including eliminating blight and encouraging the rehabilitation of properties, enhancing the viability of businesses, retaining businesses and attracting new businesses, stabilizing and increasing property values and improving the overall appearance of public and private spaces.

Three townhomes were constructed by the developer of the Riverheath Project and two residential buildings were completed in 2012 by Eagle Flats, including the 54 unit workforce housing and 70 units for Appleton Housing Authority residents.

The remediation, demolition and decommissioning of the private dam (raceway) of 935 E. John Street was completed in 2012 with funds from a 0% interest loan with the DNR (\$300,000), a Commerce Grant (\$600,000) and the \$500,000 escrow from Foremost Farms for the remediation of the site. A request for proposal was issued for the property with the goal of site transfer for redevelopment in 2013. While the City obtained title to the property in 2011, payment for the land is not due until 2013. Utilities, insurance and facilities charges are also budgeted for this property for 2013 until the property is sold.

Northeast Business Park Escrow

As noted above, TIF District # 4, closed in 2010, with funds segregated in this capital projects escrow account for the remaining cost of projects outstanding. The remaining cash balance in TIF # 4 was disbursed to the participating taxing entities according to the applicable percentage of the tax rate. In 2012, all remaining projects to be paid for by the escrow fund will be completed and in 2013 the remaining balance will be disbursed to the participating taxing entities and the fund will be closed out. \$130,222 will be returned to the General Fund.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

LIBRARY / TRANSIT

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Library	4,508,997	4,193,046	4,220,026	4,270,856	4,195,449
Library Capital Projects	111,432	404,492	0	0	55,000
Frank P. Young Memorial	1,000	900	0	0	0

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.

2012 accomplishments have included:

- Continued high library utilization – circulation expected to total some 1.4 M items in 2012; meeting room use was up 58% in 2010 over 2009, an additional 3% in 2011, and approximately 12 % in 2012; an average door count of approximately 49,000 patrons per month
- Utilized 3,379 volunteer hours in the first half of 2012 alone, augmenting the efforts of paid staff by the equivalent of \$16,913 worth of work
- Completed the Radio Frequency ID (RFID) project and rearranged service desks to encourage the use of self-checkout machines, resulting in an increase in the use of self-checkout to over 60% of items circulated

Major 2013 objectives include:

- Continue cooperation with schools & other community organizations
- Update long range plan
- Continue to 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 2013 budget includes the elimination of a .5 FTE Library Page Clerk position (\$22,749, partially offset by the addition of part time shelver hours, for a net reduction of \$11,975) as a result of efficiencies gained through the RFID system, the addition of a .5 FTE Volunteer Coordinator position partially supported by \$9,000 per year from the Friends of Appleton Library (FOAL, net increase of \$10,776), and an approximately 3% increase in materials acquisitions.

Library Capital Projects

This fund is used to account for various Library capital projects. In 2010 and 2011, this fund was used to pay for radio frequency identification (RFID) tags for materials and the equipment to process RFID tagged materials. Initially formulated as a four-year project, experience gained in 2010, the first year of materials conversion, led to a much accelerated project completed in 2011. This system has improved the efficiency of materials handling and will be portable to an eventual new library building.

In 2013, this fund will be used for the replacement of all of the Library's internal security cameras. Access to images from these cameras is strictly restricted to authorized Library staff and, in certain circumstances, to authorized law enforcement personnel. In addition, the Facilities Capital Projects Fund will be used to install an electronic keyless entry system, construct walls to provide proper secure access to various areas of the Library, and replace the lower level meeting room wall. As part of the overall replacement and upgrade of City security cameras project budgeted in the Technology Capital Projects Fund, the cameras on the outside of the building covering the parking lot will also be replaced.

Frank P. Young Memorial

This fund is used to account for assets restricted for purposes of generating investment income to provide for scholarships in Library Science. No award is planned for either 2012 or 2013 to allow earnings to accumulate.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Valley Transit	8,213,848	8,281,122	8,442,138	8,326,581	9,046,621

Valley Transit

Valley Transit exists to meet community mobility needs, support economic development, and enhance the quality of life by providing options for efficient and reliable transportation in the Fox Cities.

Significant 2012 events include:

- Bus ridership - through the first five months of 2012 ridership was up 5.7% over the same period in 2011;
- Valley Transit continues to face significant funding challenges every year and continues to actively seek and implement solutions to the challenges:
 - a two year Federal Surface Transportation bill, MAP-21, was passed by the U.S. Congress on June 30, 2012 which included language that allows Valley Transit as a public transit system operating fewer than 100 buses to continue to receive federal transit operating funds even though the urban area has exceeded 200,000 population as of the 2010 Census
 - The State budget for 2012 included a 10% decrease in transit funding which will continue into 2013
 - Valley Transit was unsuccessful in the efforts to get a Regional Transit Authority bill for the Fox Cities passed in 2012. The effort will continue in 2013
- Implemented recommendations made in the Valley Transit Operations Analysis Plan completed at the end of 2010, reconfiguring routes to better match riders' needs;
- Inaugurated Route 9 – The Link Bus Service – providing loop service to the downtown area and to the recently completed Eagle Flats senior residence along the power canal;
- Completed installation of the Intelligent Transit System (ITS), which provides live data about locations, on-time performance, and detours both by route and system-wide; the system was purchased with funding from an ARRA (American Reinvestment and Recovery Act) grant received in 2011.

The budget for 2013 reflects the following:

- A slight increase in fuel cost, budgeting at \$3.20 per gallon based on City projections and current usage;
- Elimination of one part-time driver position (\$23,823), based on experience with the “Link” route and its overlap with the downtown trolley;
- The addition of contracted security services at the Transit Center and in the immediate vicinity (\$15,000);
- Contract revisions with the providers of ADA and Connector services, whereby Valley Transit will supply fuel for the contractor’s vehicles in exchange for a lower per-ride fee; this enables Valley Transit to both purchase fuel at a lower price and avoid the fuel escalator clause of the paratransit contracts; and
- The continuation of the Appleton Downtown trolley and The Connector (formerly United Way Call-A-Ride) services. The local share of the trolley is funded by Appleton Downtown, Inc. The local share of The Connector is funded primarily by United Way, with additional funding provided by other local partners. All other costs for both programs are funded by federal and state grants.

PUBLIC WORKS

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Public Works	12,982,349	12,911,573	12,611,053	12,740,231	13,709,157
Sanitation	3,416,599	3,411,981	3,472,253	3,472,253	3,416,738
Safe Routes to Schools grant	51,468	34,968	0	0	0
Subdivision	1,342,479	1,346,806	1,661,662	1,661,662	2,017,675
Public Works Capital Projects	672,972	1,284,278	1,334,000	1,450,292	2,383,975
Parking	2,764,760	2,728,871	2,785,825	2,785,825	2,964,566
CEA	4,886,421	5,195,415	5,085,893	5,085,893	5,145,154
CEA Replacement	1,426,080	2,166,453	1,759,027	1,911,972	2,495,633

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

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 Stormwater Utility, 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 TIF districts and the Industrial Park Land Fund.

Major objectives included in the 2013 budget are the following:

- Implement new employee uniform and clothing policies,
- Work with Outagamie county to reconstruct Ballard Road from Wisconsin Avenue to Longview Drive,
- Work with Outagamie and Calumet counties to install traffic signals at the Coop Road/KK intersection,
- Complete the GPS pilot program.

Other significant items reflected in the 2013 budget are as follows:

- Paving the remaining portion of Washington St. from Oneida to Morrison; the rest of the street from Division to Drew was paved in 2012 but the portion in front of the Washington Place building was kept open to facilitate the demolition of the building
- \$20,000 is included to add street lighting on Banta Court under the College Avenue bridge.
- On-street bike lane marking - This budget includes the cost (\$49,000) to provide signage and pavement marking for on-street bike lanes. This is the third year of implementing a City-wide on-street bike lane plan.

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 ensure compliance with Department of Natural Resources requirements.

The 2013 budget includes two major operations changes intended to increase the volume of recyclables collected and decrease that of solid waste and, thus reducing tipping fees. First, overflow trash pickup, which is currently done once a month, will be eliminated in 2013, along with one Operator I position (currently being held vacant). Bulky overflow pickup (furniture, appliances, etc.) for all households in the week opposite recycling pickup will continue. Second, we will transition to automated pick-up residential recycling carts for use in single-stream residential recycling. Carts are 96 gallon wheeled bins and will be owned by the City and distributed to residents, similar to the automated pick-up trash cans. This budget includes a \$3 / quarter recycling surcharge, which will be used to finance the acquisition of the carts and, eventually, their continued maintenance. The purchase of 25,250 containers is budgeted in the Public Works Capital Projects fund at \$1,375,000.

Safe Routes to Schools Grant

This was a new program in 2009 and included two competitive grants awarded by the State of Wisconsin, the Safe Routes to Schools grant and the On-Street Bicycle Lane Plan grant. The Safe Routes to Schools grant was for \$71,426 and did not require a match while the Bike Lane grant funded 80% of a \$50,000 project, with the required 20% match (\$10,000) coming from property taxes. Neither of these grants is available any longer.

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 advances money for new subdivision development. The developer is required to obtain an irrevocable line of credit from which the City will have exclusive rights to draw all applicable costs. Upon completion of contracts and any other outstanding issues, the City will release the line. The 2013 budget includes no costs that will be drawn from developers' lines of credit. For ease of administration, all other expenditures in this budget will be administered by the City for immediate reimbursement by the developer, versus direct payment from the line of credit to the vendor.

CITY OF APPLETON – 2013 BUDGET EXECUTIVE SUMMARY

The budget for this capital projects fund fluctuates depending on the projects which are needed in any given year, their number, and their scale. The number of people electing five year plans to pay special assessments has increased, thereby reducing cash flow in this fund and necessitating a property tax levy of \$500,000 to comply with the fund balance policy as well as the City cost share of the concrete streets remaining under the previous program.

Public Works Capital Projects

This fund provides for a variety of Public Works capital needs. For 2013, this fund will be used to account for:

- Traffic signal equipment improvements (\$31,824),
- Expansion of the traffic camera program (\$58,614),
- Bridge improvements (\$221,895);
- Street lighting improvements (\$62,256);
- Concrete paving of streets in the vicinity of the proposed Fox Cities Exhibition Center (\$634,386); and
- Residential recycling containers, (\$1,375,000).

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 ensure 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 2011 budget included \$10,000 to develop and implement a marketing plan for a customer service based downtown parking system. Efforts for 2012 included advertising, signage, lighting, etc. (\$5,000 advertising, \$10,000 ramp LED information signage, & \$20,000 for decorative lighting), based on recommendations from the ad-hoc parking committee, which consists of a diverse cross-section of downtown businesses and customers. The 2013 budget continues that program with on-street way finding signage for the four ramps (\$20,000), decorative LED lighting on the ramps (\$20,000), and a pilot program to evaluate the feasibility of credit card usage at the Red ramp (\$4,760). The budget also includes:

- The release of Lot 9 to Outagamie County in relation to the agreement proposed for construction of the Fox Cities Exhibition Center (one-time revenue of \$22,737), and
- \$40,000 for structural analyses of the City's four parking ramps (a recurring project every 3rd year).

Central Equipment Agency (CEA)

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 2013 budget reflects:

- Moving the expense for maintenance of the fuel containment system from the Municipal Services Building general fund budget to better reflect the responsibility for that system (\$4,500),
- An increase in the CEA fleet size with the 2012 addition of a Prentice Loader in the Forestry program;
- An increase in fuel expense (up approximately \$25,120 from the 2012 adopted budget - Unleaded fuel is again budgeted at \$3.29 per gallon but diesel fuel is budgeted at \$3.51 per gallon versus \$3.36 per gallon in 2012, and
- A continuation of funding for 1.5 Serviceman positions, still without reducing the table of organization from 2.0, pending evaluation of the trial period.

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.

**CITY OF APPLETON – 2013 BUDGET
EXECUTIVE SUMMARY**

PUBLIC HEALTH & SAFETY

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Health Services	1,156,911	1,164,690	1,150,573	1,157,680	1,150,348
Health Services Grants	325,301	282,395	180,469	216,049	174,281

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. The personnel budget for this program reflects the planned retirement of the Public Health Nurse Supervisor in early April and a two week overlap with her successor.

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 body art 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 check-weighing, 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 2013 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 that offsets the additional cost of staff time to provide the service. Eight area communities now participate in the program, purchasing a total of 155 days of certification services, compared to 77 days in 2004, the first full year of the program. The rate for these services for 2013 is \$411 per day.

Health Services Grants

In addition to its various responsibilities described 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.

Early and frequent nursing intervention has been documented in research studies to positively impact the outcome of parenting and child development. In 2013, this program will provide approximately 15 women with prenatal care.

- 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 reached over 6,000 individuals in 2010 and over 2,000 in 2011 reflecting completion of H1N1 vaccine in early 2011 and completion of catch up to target groups for HPV, Menatna, Tdap, and Varicella vaccines. It is expected to serve approximately 1,000 in each of 2012 and 2013.

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- 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 public health emergencies which may result from bioterrorism or a naturally occurring event such as an influenza pandemic. 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.

The Public Health Preparedness funding for consortia within the State was significantly reduced in 2009, as the State redirected funding efforts to individual agencies and away from consortia, and that change is reflected again in this year's budget. In 2010, the three consortia within Northeast Wisconsin blended into one consortium serving 28 agency members, with Brown County serving as the fiscal agent of the larger consortium. 2012 funding for this effort was further reduced and the Education Specialist position, which had been held vacant following the departure of that individual, was eliminated and a .5 FTE Administrative Secretary position was reallocated back to the General Fund portion of the Health Department. Agreements have been reached with Manitowoc, Marquette, Waupaca, and Waushara counties to provide staff support for preparedness planning activities. The Cities of Oshkosh and Neenah, formerly participants in this arrangement, have recently merged their public health departments with that of Winnebago County and are participating as a group.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Police	15,289,849	15,250,205	15,576,658	15,663,175	15,894,399
Police Grants	237,695	88,210	90,000	103,432	109,500
Public Safety Capital Projects	71,654	0	1,664,000	76,500	1,697,525

Police

The Appleton Police Department is a community responsive law enforcement organization that strives to fight crime and solve community problems. The APD strives for excellence in police service by providing 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 2012 include:

- Retirement of the department's police dog, Mato, and purchase and training of a new dog, as well as training the canine handler,
- Receipt of multiple grants from the State of Wisconsin Department of Transportation related to traffic safety, including creating a multi-jurisdictional alcohol enforcement task force in Outagamie County, and
- Partnered with the National Alliance for the Mentally Ill (NAMI) Fox Valley in conducting a multi-jurisdictional training program on crisis intervention with the mentally ill for the twelve law enforcement agencies from Green Bay to Fond du Lac.

Specific objectives for 2013 include:

- Continue to evaluate radio equipment and infrastructure in anticipation of the Federal Communications Commission's (FCC) mandate to convert to the digital spectrum by 2013; and
- Continue to develop crime fighting and problem solving efforts through partnerships, monitoring law enforcement trends, improved communications, and developing collaborative efforts with other organizations and businesses in the community.

The 2013 Budget includes:

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- Improvements to the tip line service that includes crime analysis statistics and reports, as well as anonymous tip leads (\$2,434).
- Replacement of the voice-activated radio-dispatched alarm (VARDA) equipment that broadcasts the location of a compatible burglar alarm when activated (\$6,300), and
- Additional evidence storage shelving (\$9,600)

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 account for grants from the State of Wisconsin to assist the Police department in enhancing pedestrian and bicycle safety (\$4,000), alcohol and speed enforcement (\$35,000 each), and from the Federal Department of Justice Byrne Grant (\$11,332). The 2012 and 2013 grant budgets include anticipated funding through the Wisconsin Department of Transportation Highway Safety Grant, the Wisconsin Alcohol, Tobacco, Firearms and Explosives, and the Federal Department of Justice Byrne Grant.

Public Safety Capital Projects

This fund provides for a variety of Public Safety capital needs. For 2013, this fund will be used to account for replacement of all Police patrol and Fire portable radios with units meeting the recently developed P25 standard for communication between emergency responders (\$874,568) and replacement of all Police mobile radios (\$356,057, of which \$61,000 has already been paid into the CEA equipment replacement fund on the existing equipment, which will be used to offset a portion of the cost of the new mobile radios). Radio replacement had been budgeted for 2011, then was delayed and re-budgeted, first in 2012 and finally in 2013, due to pending decisions on the design of the narrow band radio system and selection of a vendor.

This capital projects fund also includes the replacement of all of the Fire department's self-contained breathing apparatus (SCBA) units (\$527,900). It is important to replace all SCBAs at the same time to ensure model consistency, efficient maintenance, and, most importantly, to make sure that all firefighters are using the same equipment to avoid confusion during an emergency response.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Fire	10,102,713	10,029,288	10,468,231	10,589,128	10,695,878
HazMat Level A	56,668	113,601	87,913	87,913	70,643

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 events in 2012 include:

- Work on three FEMA Assistance to Firefighters grant projects – thermal imaging cameras for all front line fire apparatus, installation of ten-year life lithium-ion battery powered smoke detectors for low to moderate income (LMI) households, and a \$1 million regional radio grant project for Outagamie County fire departments that is being administered by the Appleton Fire Department;
- Transitioned from individual department mutual aid agreements to the State of Wisconsin Mutual Aid Box Alarm System (MABAS), a systematic method of coordinating emergency response from multiple agencies; and
- Continued use of the closest unit dispatching concept based on the exact locations of vehicles, in which a computer aided dispatch system selects the appropriate type of fire apparatus that is closest to the site of the emergency to dispatch first.

In 2013 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

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- Providing a quality work environment which both encourages and enhances employee participation and growth

The 2013 Budget includes :

- Five additional sets of protective clothing for use in urban search and rescue (\$10,000), providing all 19 members of the search and rescue team with a set of protective clothing plus providing two spare sets; and
- Additional fitness equipment (\$3,000) for installation at various fire stations to augment existing equipment and, in some cases, replace equipment that is no longer functioning adequately.

Due to the elimination of an administrative position in the 2012 budget, there are times throughout the year that additional clerical help is needed to meet the workload. Similarly, with the reorganization and elimination of positions in the customer service areas at City Hall in 2012, there are certain times during the year that additional help is needed in those areas. In order to address these needs Citywide, additional funds for temporary help have been added to the Human Resources Administration budget in 2013. The H/R Department will then monitor short-term staffing needs (while also assessing the availability of light duty and other part time staffing) and work with the departments to supply the necessary staff to meet their fluctuating needs.

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.

Wisconsin Emergency Management, which is the State agency responsible for planning and responding to support hazardous materials incidents, has finalized contract extensions with the regional hazardous materials teams through June 30, 2013. Thereafter, regional hazardous materials teams throughout the State have been tasked to evaluate their current capacity and recommend changes to the existing structure. Hence, the future of the Northeast Regional Hazardous Materials Response Team is unclear at this time. Due to this uncertainty, it is not clear whether new funds will be provided to fund the program after June 30, 2013. However, there is accumulated fund balance available to fund operations during the second half of 2013. We will continue to provide services with these funds, as that is the intended purpose of the original grant dollars. Fund balance is a result of not having spent all grant proceeds in past years. If new funds are subsequently approved for this program, a budget adjustment will be requested to recognize the revenue at that time. However, as in past years, approximately \$25,000 is expected to be received to support the Radiological Field Services Team in both 2013 and 2014.

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 utilities, golf course, Valley Transit, and internal service funds), 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. The City has the top credit rating of Aaa on its G.O. debt and keeps borrowing below 20% of the legal debt limit as a matter of policy.

Debt Service Funds	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Debt Service Funds	8,615,153	8,571,674	7,782,441	7,782,441	6,152,608

There was no general obligation borrowing in 2011 due to available funds for the relatively small capital improvements plan and the delay of several of the 2011 projects until 2012. Due to cash flow issues in Tax

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Incremental District # 6, \$781,707 was levied in 2011 to fund debt service requirements. This was the Debt Service Fund Advance referred to in the TIF # 6 discussion above (the TIF will pay the debt service fund interest on the advance at 5% per year). In addition to issuance of 2012 G.O. notes to fund the capital plan, the City issued G.O. refunding bonds to retire two earlier loans from the State Trust Fund. The issuance of the refunding bonds saves over \$450,000 in future interest expense. The City also obtained a \$300,000 interest free loan from the Department of Natural Resources for environmental remediation work on a former industrial site being prepared for future development.

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.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Water Utility	16,252,155	16,949,977	17,511,050	17,765,930	18,416,722

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 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.

The 2013 Budget for treatment operations includes the following:

- Payment to Waverly and Darboy districts for Public Fire Protection levy assessed (approximately \$23,000) - There are small areas of the City served by other jurisdictions based on established service areas and/or most cost effective way to provide service; the utility pays the provider but bills consumers at City of Appleton rates regardless of who serves them.
- Funding to abandon an underground water tank (\$265,000) – The tank, located on Prospect Street, is no longer used and will be abandoned and filled prior to the property becoming park land. The project is planned to use fill materials expected to be available from other City projects to minimize the cost.
- Membership in Municipal Environment Group (MEG) – Water (\$2,000) - The City is currently a member of MEG - Wastewater, which is a non-profit collective group of public utilities that advocates for legislation that benefits community utilities.
- Increased payments for the Koch Warranty Agreement (\$37,500) - The Koch Warranty agreement has increased payment amounts in the final two years of the contract as well as a CPI adjustment on each quarterly payment.
- Increased personnel expense – The increase reflects the need for an additional 500 staff labor hours (a mix of regular and overtime hours) that will be needed during the Regulatory Upgrade and Process Improvements project for training and process testing.
- Televising the 42" main between the Lake Station and the connection into the distribution system (\$90,000) - Current records provide only a few specific measurements dating back to 1968, when S. Oneida St. was a rural two lane roadway, and need to be updated.
- Painting the first of two softener basins (\$200,000) - Painting is required based on the 2009 WDNR Sanitary Survey to protect steel components. The second softener will be painted in 2014 and the two projects will be bid at the same time in late 2013 to take advantage of anticipated beneficial pricing due to scale.

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The budget for treatment capital projects includes the following:

- Regulatory Upgrade and Process Improvements (\$4,620,000), including implementation of ultraviolet light disinfection as recommended by the Environmental Protection Agency (EPA), along with other process improvements;
- Powder Activated Carbon (PAC) Fire Monitoring System (\$140,000);
- Pressure Zone Control Valve Stations (\$38,000); and
- HVAC Upgrades (A/C MCC Room) (\$40,000).

The budget for distribution includes two new GPS units for water construction vehicles (\$2,000) and replacement of a hydraulic pipe saw (\$8,000). It also includes additional postage (\$4,000) for mailing 7,500 appointment requests for replacing residential meters and meter reading equipment. This project is expected to be completed in 2016. Infrastructure capital improvements are budgeted at \$4,098,216, which consists of \$2,386,176 for installation and reconstruction of water mains and \$1,712,040 for the first phase of water meter replacements.

A 10% rate increase was implemented on December 31, 2010. The water utility planned to make a request to the PSC for an inflationary increase of approximately 3% in mid-2012 but the Utility did not meet the PSC's requirements to apply for a simplified inflationary increase. Therefore, there was no rate increase in 2012 as had been included in the budget. If the utility qualifies in 2013, the simplified rate increase will be implemented at that point. No additional revenue from a rate increase has been included in the 2013 budget but \$5,000 for initial planning for a full rate study that will need to take place in 2014 in order to meet debt coverage ratios moving forward has been included.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Wastewater Utility	11,131,634	10,937,113	11,134,109	10,049,335	10,871,676

Wastewater Utility

The City of Appleton Wastewater Treatment Plant (WWTP) 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 wastewater utility budget includes funding for various necessary capital improvements in both treatment and collection systems. In addition to \$2,022,930 of infrastructure construction projects, the 2013 Budget includes the following:

- \$ 28,000 for replacement of the existing sewer camera (\$56,000 total, split with the Stormwater utility);
- \$500,000 for replacement of an existing 54" storm sewer at the WWTP, this is the amount by which the cost of replacement exceeds that of the alternative "cured-in-place" repair;
- \$150,000 to purchase additional ferrous chloride in order to evaluate opportunities for treatment optimization through manipulation of chemical feed rates;
- \$1,000,000 to replace bar screen # 2 with a 1/4 " mesh screen, similar to bar screen # 3, which was replaced in 2008;
- \$ 250,000 for facilities planning related to future compliance with more stringent phosphorous release limits under NR 217 regulations and lower Fox River Total Materials Daily Loading (TMDL) legislation;
- \$ 150,000 for the 3rd and final phase of installation of a fire protection system;
- \$80,000 for HVAC upgrades, replacing failing air conditioning condensers for the laboratory area; and
- \$145,000 for roof replacement on building B.

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The 2011 budget included a rate increase of 5%, effective July 1, 2011. A tiered rate system for special hauled waste from outside the service area went into effect January 1, 2010. No further rate increase is expected until 2015, when a rate increase of approximately 6% is projected to go into effect.

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget
Stormwater Utility	6,228,172	5,962,653	6,144,211	6,023,825	6,317,426

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 ensure 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 ensure 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. The Stormwater billing rate of \$108.88 / Equivalent Residential Unit (ERU, a measure of impervious surface area) was implemented on March 1, 2006 and remained in effect through June 30, 2010. A 15% increase, to \$125.00 per ERU took effect July 1, 2010. The 2013 budget includes a rate increase to \$155 per ERU to take effect July 1, 2013.

This budget reflects a relatively higher level of stormwater facilities construction (\$11,164,055), which includes the planned Theodore St. Phase 2 flood storage project at Appleton East High School (\$7,249,648). The 2013 budget also includes the Stormwater Utility's portion of the cost to replace the sewer camera (\$28,000, which is half of the total of \$56,000 split with the Wastewater Utility) an increase in training and software support (\$21,650 combined), which will allow staff to perform some of the stormwater modeling previously contracted out, reducing consulting fees \$187,300.