

City of Appleton, Wisconsin



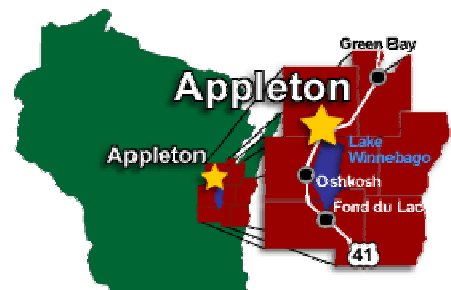
2015 ADOPTED BUDGET AND SERVICE PLAN

EXECUTIVE SUMMARY

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





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

OFFICE OF THE MAYOR

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October 1, 2014

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

Dear Appletonians:

I present to you the 2015 Budget and Service Plan, including the five-year Capital Improvement Plan. As always, our goal in putting this budget together was to provide you a balanced budget that continues to allow for high-quality, efficient service while preparing Appleton for long-term success through strategic investments in our community.

Appleton has many of the desirable elements people are looking for when choosing a place to live, work and invest in. We remain one of the safest cities not only in Wisconsin but also in the country. We are a clean city with well-maintained infrastructure and parks. Appleton is easily navigated on foot on our sidewalks and developing trail system and we are becoming more bike friendly with the implementation of our bike plan. And, we have a good public transportation system with Valley Transit. We are also the center of many cultural activities; a world class performing arts center which happens to be the home of a very successful Fox Cities Symphony; one of the largest and most successful farmer's markets in the state and special events like the Mile of Music and Octoberfest as well as others throughout the year. All of these elements together make Appleton a special place and positions us to take advantage of the growing trend of renewed urban living occurring all across the country.

While the recovery has been slow, we are seeing signs that the economy is starting to bounce back with building permits starting to return to pre-recession levels. All of this is important because it is the creation of new tax base that generates the revenue that enables the City to continue to provide the level of services our citizens want and expect. In today's economy, private sector investment is competitive and measured. Therefore, as a City we must move forward, confident in our planning and willing to demonstrate our commitment to invest in our own future.

CAPITAL PLANNING

A major focus of this budget is the capital planning focused on our downtown. The 2014 Budget contained a Capital Improvement Project (CIP) titled Washington Square that focused on continued planning for the Library, City Hall, and projects associated with the future demolition of the Blue Parking Ramp. As we have continued down the path of planning for those projects, we have changed the name of that CIP to Downtown Development as it is taking a broader perspective on the future of Downtown Appleton. Included in this CIP are funds for the Library project, implementation of recommendations coming out of our Downtown Parking Study, a Downtown Traffic Study and

implementation, as well as an update to the City's Downtown Development Plan. Let me add a few details to each of these elements.

Library – The CIP includes \$30 million for a new library. Five million is budgeted in 2015 for site acquisition and architectural plans with \$12.5 million in each of the succeeding years for construction. The \$30 million does not include funds for Parks and Recreation space in the new building. I believe there are many other more economical solutions to accommodate Parks and Recreation programming in the community. The \$30 million also does not include funds for the space needed to co-locate the Outagamie Waupaca Library System (OWLS) offices. While the co-location of the OWLS offices with the Appleton Public Library (APL) is important to the efficient operation of not only APL but also to OWLS, other sources of funding for this space need to be secured. The \$30 million included in this CIP anticipates a \$7 million contribution, contingent upon the currently proposed site, to be raised by Friends of APL fundraising effort.

Parking – While the results and recommendations from our 2014 Downtown Parking Study have yet to be delivered, I have included \$250,000 in 2015 to begin implementation of some of the anticipated recommendations. It is important to remember that the study has included other key stakeholders in the downtown affected by parking such as the YMCA, Lawrence University, and Outagamie County, as well as the possibility of a new library and exhibition center. Funds shown in future years anticipate some form of cooperative and shared parking solutions as our downtown continues to develop. Funds are also shown in 2018-2019 for the demolition of the existing Blue Parking Ramp.

Traffic – As the final recommendations of the Downtown Parking Study become public and the library and exhibition center projects move forward, changes in the downtown traffic patterns will need to be considered and addressed and these projects provide an opportunity to address existing problems. I have included \$105,000 in 2015 for a downtown traffic study with funds for implementation in future years.

Downtown Plan – As the City considers major investment in public structures, it is important that we update our vision for private investment in our downtown to further increase the tax base. Many economic development studies from around the country have shown there to be a multiplier of private investment for each dollar of public investment made. A clear indication of what the community wants and expects in private investment will accelerate the return. I have included \$35,000 in 2015 to be matched by \$35,000 from Appleton Downtown, Inc. to update the City's future downtown plan.

Through the recession beginning in 2008, the City has been very frugal with the amount of debt it has incurred. This has allowed us to pay down our debt to historically low levels. It also means that our debt service (principal plus interest) is also historically low. Needless to say, Appleton has a lot of capacity for additional debt without the risk of harming our good credit. Compared to many cities our size in Wisconsin, we have less than half the annual debt service and a fraction of the overall debt.

DEBT SERVICE

The City issued no general obligation debt in 2013, instead using a combination of general fund balance and delayed borrowing to fund 2013 projects. In 2014, \$6,525,000 of general obligation notes were issued to fund both the 2014 projects as well as those from 2013 that were not previously financed. The 2015 Budget includes \$11,527,653 of general obligation borrowing to fund capital projects, including \$5,000,000 for the first phase of the library building construction.

As mentioned previously, the portion of the tax levy designated for debt service in the 2015 Budget continues to stay at historically low levels at \$2,724,872. This reduced debt service burden positions the City favorably in anticipation of financing larger projects in the future.

CONTINGENCY FUNDS

The 2015 Budget also includes both increases and decreases to established contingency funds as well as the anticipated carryover of unused funds from 2014 into 2015:

- The 2015 Budget includes a 1.5% cost of living increase for all employees not covered by collective bargaining agreements. The funding for this increase is included as an increase to the wage reserve contingency fund (\$294,729). Employees may also earn an additional amount through the City's pay-for-performance compensation plan. Any additional amounts earned through the plan are anticipated to be funded through any existing balance in the wage reserve contingency fund at the end of 2014, which will again be requested to be carried over to 2015, as well as any surplus funds from 2014 operations.
- \$35,000 of the reserve established from the settlement with Time Warner Cable will be used in 2015 for the annual software maintenance charge for the recording system that has been installed in the Council Chambers. This system both streamlines the preparation of documents (i.e., agendas and minutes) and makes audio and video recordings of committee and Council meetings available to the public.
- All unused contingency funds in the Unclassified section of the budget are again anticipated to be carried over from 2014 to 2015. Estimated balances in our contingency funds available for carryover at the conclusion of 2014 include:

Time Warner Cable PEG Access Settlement Funds	\$89,981
State Aid Contingency	\$849,107
Operating Contingency	\$402,298
Fuel Contingency	\$137,315
Wage Reserve	\$148,370

COMMUNITY AND ECONOMIC DEVELOPMENT

The Community and Economic Development Department will implement recommendations from the Economic Development Strategic Plan (\$30,000). This budget includes \$10,000 to partner with the Fox Cities Regional Partnership and \$62,000 to support local and regional community and economic development activities. Capital budget items include:

- Industrial and Business Park Development – Funds are included for maintenance, marketing and real estate commissions for the City's Southpoint Commerce Park (\$30,400) and to repurchase lots in the Northeast Business Park that are not in compliance with the protective covenants for construction (\$200,000).
- TIF Districts – TIF District 8 includes \$357,000 of funding to support the next phase of Eagle Flats, which will be secured by an amendment to the Development Agreement.
- Economic Development – The goal of the Appleton Redevelopment Authority is to provide for redevelopment activities throughout the City in order to maintain and enhance viable residential, commercial and industrial development. In order to meet this goal, \$350,000 is included for site acquisition and project implementation. Also, as mentioned earlier, included is \$35,000 to update the Downtown Plan which was originally adopted by Council in January of 2007, following a year-long planning process, and was then incorporated into the Comprehensive Plan in 2010.

FISCAL

- Taxes – Overall, this budget includes a small increase in levy-related expenditures of 1.29%, which is partially offset by an increase in revenues, resulting in a tax levy increase of 1.10%. The increase in the levy, coupled with the overall decrease in the City's assessed value of 1.42%, results in an overall increase of 2.55% or \$.21 in the assessed value mill rate (\$8.35 in 2014 vs. \$8.14 in 2013). However, due to a citywide reassessment completed in 2014 which brought total City assessed values closer to market values, on an equalized value basis, the mill rate actually decreased slightly (.11%) from \$8.48 in 2013 to \$8.47 in 2014. City and State imposed levy restrictions are met by this budget.
- Debt and Fund Balances – The City's established debt and fund balance policies will be met by this budget providing confidence in the continuation of the City's outstanding bond ratings and financial stability. We have also maintained the reserve for contingencies (\$402,298) within policy guidelines. The reserve for fuel contingency (\$137,315) remains intact and is anticipated to be carried over from 2014. The reserves for state aid changes and for PEG access (\$849,107 and \$89,981, respectively, after planned use in 2014) are also planned to be carried over to 2015.

UTILITIES

- Water – A new water tower is planned for construction near the Municipal Service Building (\$2,900,000) to replace the aging Oneida Street tower. The Oneida Street tower, erected in 1952, has significant corrosion and the DNR is requiring major rehabilitation or replacement. The new one million gallon tower will have twice as much storage capacity as the Oneida Street tower and will better serve the needs for water distribution north of the Fox River and south of Highway 41. This budget also continues to focus on replacing old distribution and transmission mains, earmarking \$2,744,389 for the replacement of aging water mains. The multi-year project to replace the existing radio-read water meters to an advanced metering infrastructure (AMI) reading system continues into 2015. The cost to continue those replacements is budgeted at \$1,783,832. Significant operations and maintenance expenses in 2015 include the painting of a softener basin at the filtration facility estimated to cost \$225,000, and the completion of a rate study in the second half of the year (\$40,000) to determine future funding needs. The results of the study would be submitted to the Public Service Commission for consideration in late 2015.
- Wastewater – Collection system capital improvements in the 2015 Budget include reconstruction projects in concert with road improvements totaling \$2,725,712. Utility capital improvements include upgrades to two lift stations (\$205,000) and three projects to replace aging equipment at the treatment plant (\$270,000). The Utility continues to monitor the new NR 217 rule and the Total Maximum Daily Load (TMDL) legislation as they relate to phosphorus reduction criteria that will have significant impact on the Wastewater Utility. A TMDL study is underway and will be completed in 2015. It will provide a comprehensive evaluation of existing treatment capabilities and provide recommendations for future capital planning for treatment improvements or technologies that will decrease phosphorus levels. There are no planned rate increases for 2015.
- Stormwater – This budget reflects funding for the West Wisconsin Avenue flood reduction project (\$1,000,000) and the Wastewater Treatment Plant storm interceptor (\$2,450,000), along with other infrastructure (\$2,351,124) as we continue to implement the City-wide stormwater management plan. There are no planned rate increases for 2015.

PERSONNEL

The 2015 Executive Budget contains additions to 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:

- Addition of funding to the Library Assistant – Hmong/Hispanic outreach position to bring it from a .5 FTE position to full-time.
- Addition of .15 FTE to the Golf Course Superintendent position, bringing the position up to full-time.
- Reorganization of positions in the Parking Utility replacing part-time Parking Enforcement and Ramp Cashier positions with a full-time Parking Enforcement/Ramp Attendant position; net increase of .10 FTE.
- Addition of .2 FTE to a Public Health Nurse position; this position is now .8 FTE and provides on-site nursing services at Oneida Heights and is fully supported by a grant received by Oneida Heights.

Personnel changes not yet approved by the Common Council, but contained in this budget include:

- Addition of one sworn Officer to serve as a Forensic Investigator concentrating on cybercrimes involving the use of computers, cell phones and other types of technology.
- Funds for the replacement of Canine Officer Syrt (\$18,500). In previous years these funds have been raised through donations.
- Addition of a .75 FTE Clubhouse Manager at Reid Golf Course to oversee golf operations, replacing the previously contracted service provider.

Further details can be found under the major changes program narratives in the respective budgets.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2015 Capital Improvement Projects (CIP) are as follows:

- Public Works traffic enhancements include street lighting and traffic camera program expansion (\$92,727).
- The Prospect Avenue bridge over Jackman Street is scheduled for replacement in 2015. The application for State funding was approved and State construction funds are designated for this project in 2015. The City's share of the cost is estimated to be \$1,129,365. The remaining costs will be funded by the State.
- Information Technology projects include improvements in disaster recovery by investing in technology that allows complete offsite backup and recovery of all critical systems (\$150,000); replacement of servers in order to remain on our current hardware (\$35,000); and continuation of the City's efforts toward "mobile first" technology by developing mobile applications that will be linked to the City's website (\$40,000). Additionally, \$125,000 is included for a consultant to assist the City in the initial phases of the migration from the iSeries mainframe to an ERP environment.

- Facilities improvements include HVAC upgrades (\$220,000), safety and security upgrades (\$140,000), grounds and hardscape improvements (\$520,000), roof replacements (\$505,000), and lighting upgrades (\$175,000). Additionally, \$355,000 has been budgeted to replace 810 feet of floor drains at the Municipal Services Building. Several repairs have been made to maintain the drains and ensure safe working conditions over the past several years. Unfortunately, the drains, and the concrete on both sides of the drains, have deteriorated to a point where further repairs would be futile and replacement has become necessary.
- Quality of Life improvements focus on maintaining our parks by replacing outdated playground equipment and installing rubberized playing surfaces in our existing parks (\$175,000), making renovations to an aging Erb Pool (\$125,000), and resurfacing or adding new tennis courts (\$160,000) in the parks. Additionally, the cost of potential land acquisition for a community park on the southeast side of the city (cost to be shared with surrounding communities) has been included in the 2015 Budget (City share estimated at \$200,000).
- Public safety investments include the second year of a multi-year project to upgrade the emergency vehicle signal pre-emption equipment (\$125,860) to improve safety at signal-controlled intersections during emergency calls; replacement of outdated amplifiers, speakers, and radio system wiring at the City's six fire stations to improve communication within and between stations (\$65,000); and repairs to the training tower at Fire Station #6 (\$30,000).

CONCLUSION

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

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

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

Sincerely,



TIMOTHY M. HANNA
Mayor of Appleton

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

COMBINED SUMMARY OF EXPENSES - ALL FUNDS

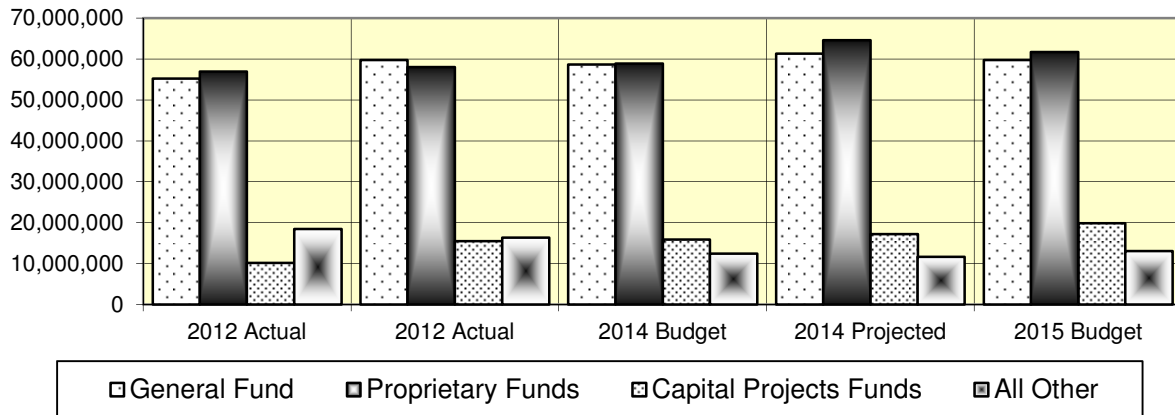
The City of Appleton follows the accounting methodology known as fund accounting, whereby revenues and expenditures are categorized by fund. Each individual fund represents a specific purpose or activity. Fund accounting is a means of separating and tracking those revenues and expenditures related to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

Table 1: TOTAL EXPENSES – ALL FUNDS ¹

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2014 Budget
General Fund	\$55,227,154	\$59,761,268	\$58,693,998	\$61,328,420	\$59,728,505
Debt Service Funds	10,154,974	6,635,151	5,090,815	5,090,815	5,196,295
Special Revenue Funds	8,288,016	9,700,363	7,352,483	6,550,815	7,852,347
Capital Projects Funds	10,156,500	15,486,538	15,821,336	17,154,991	19,881,254
Enterprise Funds	45,534,182	47,979,803	49,469,156	50,014,890	51,888,879
Internal Service Funds	11,400,218	10,042,062	9,465,966	14,628,107	9,826,162
Permanent Funds	0	0	0	35,355	0
Total – All Funds	\$140,761,044	\$149,605,185	\$145,893,754	\$154,803,393	\$154,373,442

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.

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

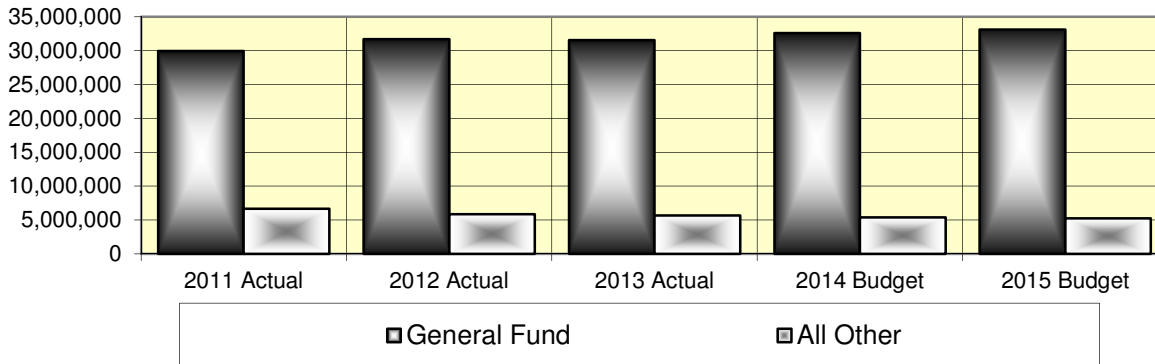
PROPERTY TAXES

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

	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
General Fund	\$29,942,488	\$31,728,652	\$31,582,130	\$32,622,637	\$33,145,306
Debt Service Funds	3,852,111	3,070,688	3,100,722	2,825,388	2,724,872
Special Revenue Funds	2,310,000	2,310,000	2,070,188	2,050,913	2,047,968
Capital Projects Funds	500,000	500,000	500,000	500,000	500,000
Total – All Funds	\$36,604,599	\$37,609,340	\$37,253,040	\$37,998,938	\$38,418,146

Fig. 2: PROPERTY TAX LEVY BY FUND



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

CERTIFIED APPORTIONMENT OF PROPERTY TAXES

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

Of the total 2014 property tax levy (payable in 2015), approximately 34% is levied for various City operations as illustrated in Table 3 and in Figure 3 following. Another 38% is levied by the Appleton, Menasha, Kimberly and Freedom school districts, 19% by Outagamie, Calumet, and Winnebago counties, 5% 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.

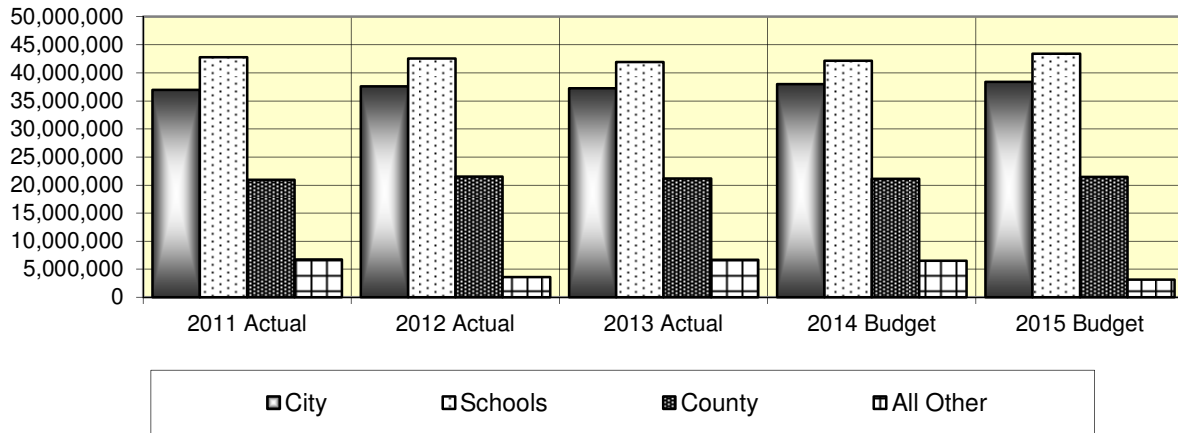
CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

Table 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES *

Apportionment	2011	2012	2013	2014	2015
City	37,004,526	37,611,289	37,260,671	\$37,998,938	\$38,418,146
WTCS	8,353,838	8,294,937	8,853,045	8,840,333	5,096,025
Schools	42,718,673	42,541,871	41,942,408	42,195,792	43,375,387
State	823,345	814,098	789,372	784,434	797,052
County	20,916,513	21,151,329	21,143,919	21,086,515	21,437,002
TIF Districts	3,720,126	3,995,673	3,896,970	3,595,830	3,954,962
Total - All Portions	\$ 113,537,021	\$ 114,409,197	\$ 113,886,385	\$ 114,501,842	\$ 113,078,574
Less State Credits	6,186,432	9,197,393	6,916,444	6,776,579	6,748,872
Net Tax Levy	\$ 107,350,589	\$ 105,211,804	\$ 106,969,941	\$ 107,725,263	\$ 106,329,702

* 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	2011	2012	2013	2014	2015
City	8.0496	8.1510	8.0311	8.1358	8.3495
WCTS	1.8172	1.7977	1.9082	1.8928	1.1075
Schools	9.2858	9.2081	9.0263	9.0137	9.4139
State	0.1733	0.1704	0.1644	0.1628	0.1672
County	4.5338	4.5789	4.5627	4.5168	4.6687
Gross Tax Levy	\$ 23.8597	\$ 23.9061	\$ 23.6927	\$ 23.7219	\$ 23.7068

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 – 2015 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 5.5% increase in net new construction from 2011 to 2015, while the tax levy has increased by 3.8%.

Table 5: TOTAL FULL TIME EQUIVALENT EMPLOYEES

DEPARTMENT	2012	2013	2014	2015
Legal Services	8.67	8.67	8.67	8.67
Finance Department	8.85	8.85	8.85	8.80
Homeless & Block Grants	0.95	0.50	0.50	0.58
Fire Department	96.00	96.00	96.00	96.00
Health Department	12.36	12.36	12.55	12.55
Health Grants	1.89	1.64	1.66	1.66
InformationTechnology	12.00	12.00	11.00	11.00
Library	44.50	45.00	46.00	46.00
Mayor's Office	2.00	2.00	3.00	3.00
Facilities Management	19.88	10.23	10.23	10.23
Facilities Capital	0.40	0.40	0.40	0.40
Parks & Recreation	5.45	15.05	15.00	14.98
Reid Golf Course	1.53	1.73	1.93	2.67
Human Resources	6.15	6.15	6.15	6.15
Risk Management	2.98	2.98	2.98	2.98
Community Development	18.13	18.13	18.13	18.13
Housing & Community Devel.	1.00	1.00	1.00	1.00
Police Department	133.00	134.00	136.00	137.00
Public Works	62.49	62.08	62.58	62.58
Sanitation	17.89	16.99	17.49	17.49
CEA	15.11	15.01	14.51	14.51
Parking	11.17	11.18	11.28	11.28
Capital (TIF, Subdivision, etc.)	2.42	2.79	2.27	2.27
Stormwater Utility	18.98	19.67	19.67	19.67
Water Utility	36.64	36.71	37.73	37.73
Wastewater Utility	29.93	29.21	28.71	28.71
Valley Transit	51.83	54.13	54.13	54.13
Total Regular Employees	622.18	624.43	628.38	630.13

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 added in 2015 are a .75 FTE Clubhouse Manager for the Reid Golf Course and an entry level Police Officer.

Other revisions that were approved by Council during 2014 include the addition of a .5 FTE Library Assistant – Hispanic Outreach position at the Library, a .2 FTE increase in reimbursed Public Health Nurse hours in the Health Department, a .15 FTE increase in the Golf Course Superintendent position, and creation of a full time Parking Enforcement/Ramp Attendant position in Parking from a .5 FTE Parking Enforcement position and a .4 FTE Ramp Cashier.

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

GENERAL FUND SOURCES OF REVENUE

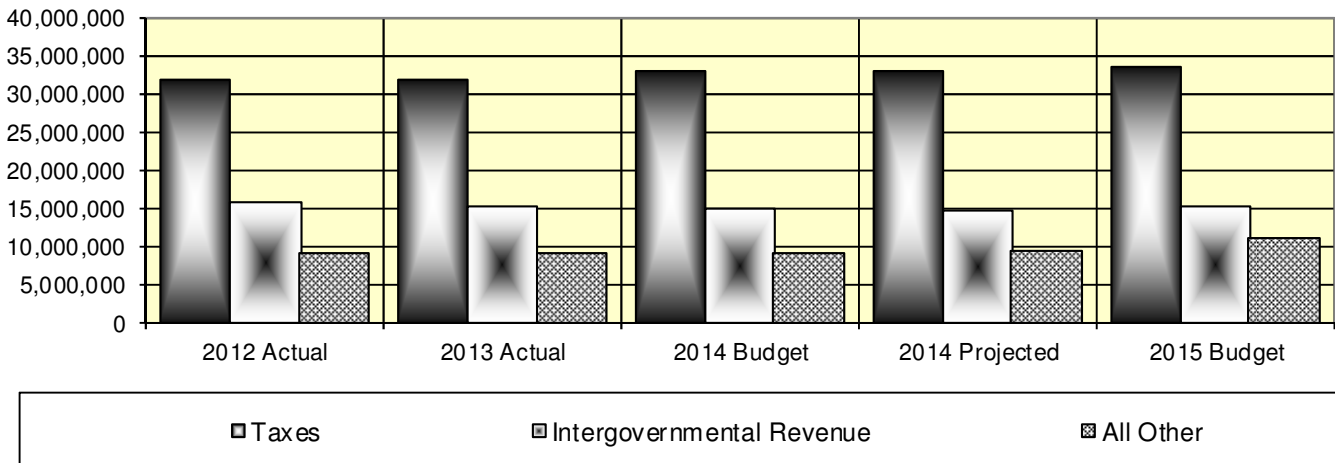
The General Fund, which accounts for the day-to-day functioning of city government, is supported by revenue from a variety of sources, including the property tax.

Table 6: GENERAL FUND SOURCES OF REVENUE

Source	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Taxes	32,116,087	31,990,198	33,022,937	33,022,937	33,552,806
Intergovernmental	15,900,288	15,454,279	14,871,503	14,877,028	15,294,977
Licenses and Permits	1,018,228	1,086,494	931,680	931,680	1,011,300
Special Assessments	1,040,514	1,128,596	1,219,259	1,219,259	596,500
Charges for Services	1,367,706	1,210,888	1,276,595	1,277,695	1,262,843
Interest Income	1,226,854	164,575	1,678,452	1,678,452	2,675,500
Fines and Forfeitures	384,340	334,540	370,000	370,000	350,000
Other Revenue	1,710,952	2,754,525	1,473,420	1,550,772	1,401,224
Total General Fund	54,764,969	54,124,095	54,843,846	54,927,823	56,145,150
Other Financing Sources	2,299,543	2,318,412	2,184,550	2,184,550	3,548,355
Total Revenue & Other	57,064,512	56,442,507	57,028,396	57,112,373	59,693,505

The largest single source of funding for General Fund operations is the property tax, which, with payments in lieu of property tax of \$407,500, will provide \$33,552,806 or approximately 56% of revenues in 2015. The next largest is intergovernmental transfers, of which \$9,740,329 is from the State government under the State Shared Revenue program, an increase of 0.04% from 2014 but a cumulative reduction of 12.5% since 2010. Overall, Intergovernmental Revenue, which also includes State aids for street reconstruction, accounts for approximately 26% of revenues. The remaining 16% of revenues will come from various other sources, as illustrated above. The 2015 budget is balanced with the planned use of \$35,000 of a reserve established for public education and government (PEG) access.

Fig. 4: GENERAL FUND SOURCES OF REVENUE



GENERAL FUND EXPENDITURES

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

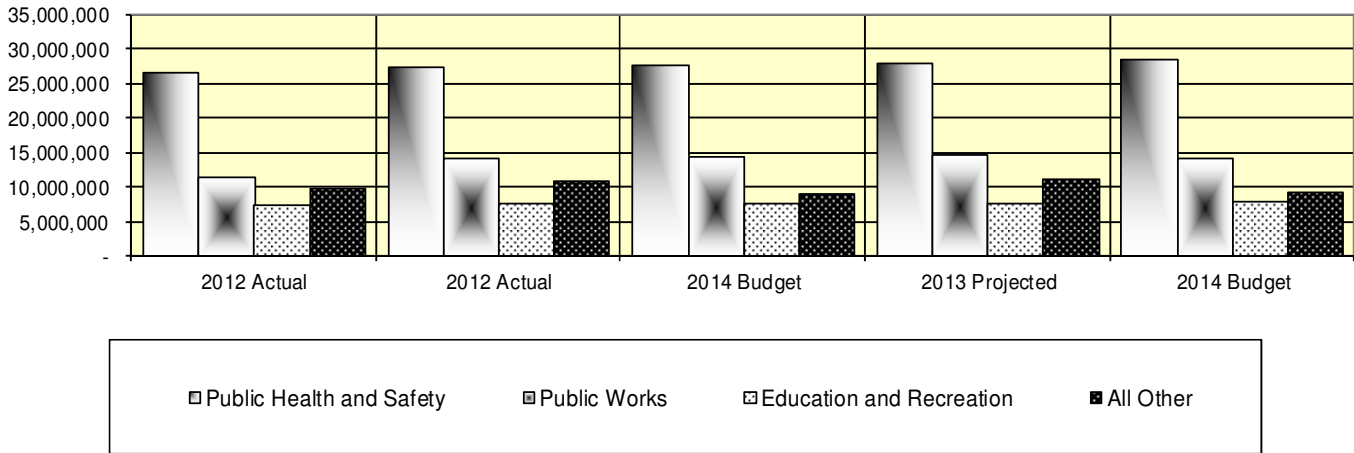
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Table 7: GENERAL FUND EXPENDITURES

Expenditures	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
General Government	6,674,733	6,679,402	6,526,034	8,645,672	6,836,387
Community Development	1,502,063	1,554,648	1,694,317	1,716,516	1,663,319
Education and Recreation	7,175,293	7,375,059	7,472,222	7,611,070	7,636,756
Public Works	11,629,737	14,125,236	14,505,907	14,641,137	14,352,181
Public Health and Safety	26,786,645	27,526,967	27,899,475	28,117,982	28,591,300
Total Expenditures	53,768,471	57,261,312	58,097,955	60,732,377	59,079,943
Other Financing Uses	1,458,683	2,499,956	596,043	596,043	648,562
Total Expenditures & Other	55,227,154	59,761,268	58,693,998	61,328,420	59,728,505

The largest single expenditure for the General Fund is for public safety, which in 2015 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.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
The Common Council	107,745	121,818	127,520	127,520	138,541

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 was

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

represented by two alderpersons simultaneously until April, 2013, when one of the representatives completed his term. 2014 is the first full year at the lower number of representatives.

The 2015 budget continues to include operational costs associated with support, storage, training and use of a meeting recording system installed in 2013 (\$35,000). This system records both audio and video of all committee and Council meetings and offers agenda and report management and the ability to post the videos to the City website. Costs associated with the system will continue to be funded through the contingency established by a settlement with Time Warner Cable over franchise fees. The 2015 budget also adds parking permits for Council members (\$4,455), beginning after the April election.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
The Mayor's Office	252,007	251,895	349,363	349,363	341,135

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 material changes to the 2015 budget for the Mayor's Office.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Parks, Recreation & Facilities Management	3,989,405	2,464,207	2,572,134	2,584,275	2,656,604
Facilities Capital Projects	532,346	1,456,231	2,978,034	3,497,052	7,194,936
Parks and Recreation	3,067,003	3,143,640	3,211,827	3,226,265	3,342,348
Peabody Estate Trust	0	0	0	0	0
Balliet Locomotive Trust	0	0	300	0	300
Lutz Park Recreational Trust	75,610	0	3,650	0	0
Park Open Space Fund	0	0	200,000	0	200,000
Union Spring Park	0	0	500	500	2,020
Universal Playground	5,783		2,500	7,592	0
City Park Project	0	0	200	200	200
Miracle League Field	0	0	0		
Reid Municipal Golf Course	557,802	529,415	532,915	531,790	770,683

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 2015 budget includes an increase in part time labor to clean park pavilions, an increase in building maintenance service expense related to testing electrical systems at the water and wastewater utilities, and additional building repair, maintenance, and janitorial expense related to the Scheig Center at the Appleton arboretum in Memorial Park.

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The Scheig Center had been operated by a non-profit organization that has ceased to exist, returning operation of the Center to the Parks department and maintenance to Facilities.

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 2014 are:

- Downtown development; planning and land acquisition for Library construction, (\$5,000,000)
- City Park fountain repairs, (\$30,000)
- Grounds improvements, (\$25,000)
- Hardscape infrastructure improvement, (\$330,000)
- HVAC system upgrades, (\$95,000)
- Library moveable partition wall, (\$30,000)
- Lighting upgrades, (\$75,000)
- Municipal Services Building floor drain, (\$355,000)
- Roof replacements, (\$450,000)
- Safety & security improvements, (\$140,000)
- Storage facilities, (\$50,000)
- AMP master plan, (\$25,000)
- Erb Park pool renovation, (\$125,000)
- Park ADA assessments, (\$75,000)
- Playground areas, (\$175,000)
- Tennis courts, (\$160,000)

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

The 2015 budget reflects increased facilities maintenance expenses related to maintenance and operation of the Scheig Center and Memorial Park Gardens which had been operated by a non-profit organization that has ceased to exist. The Parks and Recreation budget also includes anticipated rental income and donations for the Scheig center, which had previously been received by the Center's operator.

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 have been undertaken since 2010 and none are planned for 2015.

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.

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2012 expenditures were 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. This was the last major component of the park master plan adopted in 2004, which also included renovations to the boat launch, shoreline stabilization, and work on the bathroom facilities. The work on the boat landing and shoreline restoration was also supported by a \$285,015 grant from the State Department of Natural Resources that was awarded in 2006.

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. The 2014 budget was to be used for the City’s share of land acquisition (\$200,000) for a regional park on the city’s south side (jointly with the Town of Harrison). Since that project has not advanced, the purchase is being re-budgeted for 2015. The reacquisition of the WE energies property adjacent to the site of the former water treatment plant along the riverfront (\$107,000) has been planned 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. A funding request will be submitted when acquisition of this property is available.

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. As stipulated in the memorandum of understanding that established this fund in 2004, this fund will terminate on January 1, 2015 and any remaining money will be distributed to the Community Foundation of the Fox Valley Region.

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. No projects are anticipated in 2014.

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.

With the 2015 budget, responsibility for customer service operations, including all concessions and the pro shop, will be assumed by the Parks, Recreation and Facilities Management department. Through 2014, customer service was provided by a contractor under a management agreement with the City, while the Parks, Recreation and Facilities Management department was responsible for course maintenance and capital improvements. The decision to self-operate the course opens the possibility for greater integration of golfing programs with other programs of Parks and Recreation. The 2015 budget adds a .75 FTE Clubhouse Manager position (\$51,656) and increases the budget for part time staff during the golfing season (\$52,590) for clubhouse customer service staff.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Finance Department	860,871	875,888	901,566	904,172	864,998

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:

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- 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

The reduction in the 2015 budget reflects turnover in several senior department positions.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Unclassified City Hall	3,640,319	4,485,673	2,221,872	4,087,765	2,652,280
Room Tax Administration	370,698	384,751	382,000	382,000	382,000
Housing, Homeless & Block Grants	400,099	350,511	466,885	467,143	468,128
Other Post Employment Benefits	101,199	328,799	105,000	105,000	160,000

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. 2011 and 2012 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 the balance was carried over. 2013 included a 1% COLA for all non-represented employees and a 0.5% performance bonus, which was awarded based on individual employee performance with respect to job-related goals and did not become part of the employees' base pay. The 2014 budget included a 2% COLA for all non-represented employees, provided they demonstrate at least satisfactory performance relative to job-related goals. Performance adjustments in addition to the COLA were awarded based on individual employee performance as either an addition to base pay or as a lump sum, depending on the employee's positioning within his or her pay grade and were funded from available reserves at the end of 2013. The 2015 budget includes a 1.5% COLA for all non-represented employees. All available funds (currently \$148,370) in the wage reserve are requested to be retained for the performance adjustment, contract settlements, and position re-evaluations, in addition to the 2015 budget of \$294,729. Additional funding for performance adjustments is expected to be requested from available general fund balance in excess of amounts required by policy, but any such amount will not be determined until completion of the 2014 audit.

The other contingencies include:

- \$89,981 Time Warner Cable settlement, which supports public education and government ("PEG") access. This is the balance remaining after the projected use of \$35,922 in 2014 and the budgeted use of \$35,000 in 2015.

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- \$849,107 State aid contingency. This is the balance remaining after the projected use of \$237,333 in 2014.
- \$ 402,298 Operating contingency (one percent maximum of 2015 Budget according to policy). This is the balance remaining after the projected use of \$125,100 in 2014.
- \$ 137,315 fuel contingency

It is assumed that the Council will retain all remaining contingency fund balances.

The 2015 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 (\$15,750),
- An addition to the wage reserve as noted above (249,729),
- A reduction in severance pay for retirees and related fringe benefit costs from the current budget and prior years' actual expenses based on anticipated retirements in 2015 (\$57,985), and
- An increase in the general fund support to Valley Transit (\$15,049).

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)
 - 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)
 - Address blighted, foreclosed properties with demolition, rehabilitation and redevelopment activities; 2012 was the final year in which Appleton received grant money for this program. Any further activity in this program will be funded solely by the proceeds of sales of rehabilitated blighted properties.
- Emergency Shelter Grant / Transitional Housing Program / Homeless Prevention Program (ESG/THP/HPP)
 - Prevent homelessness among City of Appleton residents through housing counseling and financial assistance
 - Provide essential services and adequate facilities for transitional housing program participants
 - Provide emergency shelter and associated services to persons experiencing homelessness

Due to City personnel changes in 2011, grants administration has been performed by a contracted agency with oversight from the Finance Department. This program reflects continuing to contract with an agency 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 Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. 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

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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. A study will be completed in early 2015 for the year ending December 31, 2014.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Information Technology	1,318,029	1,694,047	1,637,052	1,794,542	1,710,255
Information Technology Capital Projects	318,104	381,210	320,000	357,481	385,000

Information Technology

The Information Technology Department (IT) 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 Technology also provides management, coordination 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 2015, IT will continue the transition from dedicated network servers to servers in a virtual machine (VM) environment. The 2015 budget includes an increase in training expense to ensure that all staff have access to adequate technical training opportunities (\$18,000) and an increase in the budget for equipment replacement (\$20,000) to work towards re-establishing a four year replacement cycle for PCs. This budget also includes \$51,000 for the purchase of body cameras to be worn by Police officers. These will replace the video cameras currently installed in Police vehicles, which are coming to the end of their useful lives and would be replaced from this budget.

Information Technology Capital Projects

This fund provides for a variety of technology capital needs. For 2014, this fund will be used to account for the following:

- Continuation of the replacement/upgrade of existing security cameras (\$35,000),
- Establishment of a disaster recovery system (\$150,000), allowing complete offsite backup and recovery of all systems deemed critical,
- Replacement in normal rotation of the servers that run our computing environment (\$35,000),
- Development of mobile data applications (\$40,000), adopting a "mobile first" approach to the City's website and publicly accessible data, and
- Enterprise Resource Planning (ERP) system (\$125,000). This project began in 2014 with the selection of a consultant to guide the process and help to develop a request for proposal (RFP) to be sent to various software vendors. The consultant will assist in selecting the ERP system to install, with the major system installation work to begin in 2016. The ultimate goal is the replacement of the City's current mainframe computing environment with a more flexible, user friendly network-based system.

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	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Human Resources	639,795	675,800	686,334	694,188	694,034
Risk Management Fund	2,197,119	1,806,671	1,499,790	6,649,790	1,522,377

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 bargaining rights from all employee unions except Police, Fire, and Transit. New three year contracts with Police and Fire were negotiated to replace those that expired at the end of 2013. The previous Transit contract expired at the end of 2012 and two consecutive two year contracts were successfully negotiated.

All other formerly represented employees continued to be paid through 2013 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. Employees classified as non-represented prior to Act 10 continued to be paid on the basis of the non-represented position classification. During 2012 and 2013, HR staff worked with a consultant to complete a comprehensive compensation study, develop a new compensation plan, work and develop a performance evaluation and pay adjustment plan. The new compensation plan and performance adjustment plan ensure employees are fairly compensated based on market conditions and their performance relative to job specific goals.

Risk Management Fund

The mission of 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 2015 budget is due to a number of factors, including 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 is scheduled for 2015. 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 adequate level.

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The Fox River clean-up continues to be a source of potential liability for the City. The City has been working with the other agencies involved and in early 2014 submitted a consent decree to U.S. District Court capping the City's liability at \$5.2 million and removing the City from further litigation. The City has deposited that amount with the court and has been reimbursed by the various insurance carriers providing coverage. It is expected that the various paper companies involved in the case will appeal the consent decree, which will entail further legal fees for the City. The majority of the litigation costs have been reimbursed by insurance carriers and we expect that to continue. The 2015 budget includes an estimate of a further \$250,000 for legal fees related to the anticipated appeal and a projected reimbursement of all but \$15,000 of that expense. In total, \$184,981 is outstanding as of June 2014, much of which represents paralegal expenses incurred early in the case to organize documents and other materials. Due to the age of these receivables, an allowance for uncollectible accounts has been established of \$177,511.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Legal Services	1,314,650	1,074,237	1,198,370	1,284,165	1,083,706
Tuchscherer Disability Trust	6,392	6,391	6,392	6,392	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. In addition to representing the City in various lawsuits, workers compensation claims, and collections cases, major efforts in 2014 included work with outside counsel on the Fox River clean-up and working with outside counsel on excessive assessment suits brought by several retail establishments in the City. In anticipation of further developments in the excessive assessment suits, the budget for outside legal fees has been increased for 2015 (\$35,000).

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 2015, there will be only two elections whereas 2014 has four. The decrease due to the lower number of elections is approximately \$111,000.

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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.

COMMUNITY DEVELOPMENT

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Community & Economic Development	1,502,063	1,554,648	1,694,317	1,716,516	1,663,319
Housing and Community Development Grants	686,143	588,980	583,180	738,094	790,752
Industrial Park Land Fund	6,477	18,390	265,538	0	238,340
Community Development Projects	177,254	1,385,319	3533894	2,242,911	386,500
TIF # 2	7,518	783,511	770,063	0	0
TIF # 3	2,995,437	1,654,399	735,982	735,982	672,431
TIF # 5	133,379	37,009	41,050	41,050	93,725
TIF # 6	2,810,140	2,543,317	2,724,324	2,655,215	2,542,466
TIF # 7	289,521	265,415	255,041	262,699	323,575
TIF # 8	1,691,388	1,614,442	625,598	1,427,598	658,910
TIF # 9	0	1,025	12,104	183,951	22,882
TIF # 10		1,025	12,104	1,701	11,550
Northeast Business Park Escrow	186,201	357,850	0	0	0

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

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

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.
- 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.
- 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 was also made an Assessor III position. 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 2015 are to complete the City-wide project to update photographs of all approximately 26,000 properties and to inspect at least 3,500 homes to continue our 10 year inspection cycle of all 23,500 residential properties in the City. 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 an increase in equalized assessed value of 2.0%.

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 Program
 - 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

The Community and Economic Development department is the lead on administering the programmatic portion of the CDBG program, while the Finance department assumes the accounting and auditing roles. The City's 2013 award of \$523,133 was an 8% increase from the 2012 award. The 2014 CDBG award was a further slight increase (\$525,200 or 1%). The 2015 award is budgeted at \$500,000 pending notification from HUD.

For 2015, the Neighborhood Program includes \$3,000 of property taxes levied to make the services provided by this program accessible to all neighborhoods, not just those qualified as low to moderate income (LMI) by the federal department of Housing and Urban Development (HUD).

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 (TIF) district(s).

The 2015 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 \$2,140 in labor in preparation for non-TIF infrastructure construction 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.

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Community Development Capital Projects

This fund provides for a variety of community development investments.

The 2015 budget provides funding for the acquisition of various potential development sites as they may become available (\$350,000) and for a downtown development study (\$35,000) to update one which was done in 2006 and integrated into the Comprehensive Plan adopted in 2010.

Tax Incremental Financing (TIF) district revaluation by Department of Revenue

The state Department of Revenue (DOR) modified the valuation process of TIF districts in 2010, having detrimental impacts on TIF district # 3 for 2011 (reduction of \$7,709,170). Greater reliance is now placed upon locally assessed values to ensure the increment captures local tax base changes - such as market appreciation or depreciation, new construction or demolition - in the specific area, 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

TIF district # 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 has extended the life of the district for 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 closed in 2013 and returned funds to taxing jurisdictions after a close-out audit.

TIF District # 3 - Downtown

TIF 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 the state assessment procedure changes discussed above and to a decrease in value for the Richmond Terrace project. 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 2015, the General Fund will have a net advance of \$10,992,427 to TIF district # 3.

TIF District # 4 / Northeast Business Park Escrow

TIF district # 4 closed in 2010, with funds segregated in a capital projects escrow account for the remaining cost of projects outstanding and the remaining cash balance dispersed to the participating tax entities according to the applicable percentage of the tax rate. In 2012, all remaining projects to be paid for by the escrow fund were completed and in 2013 the remaining balance was disbursed to the participating taxing entities and the fund was closed.

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 district # 5 in 2015. 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.

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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 2015 budget provides funding for maintenance and marketing of property (\$33,000). 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, sidewalk construction, preparatory work for future infrastructure projects, and installation of gas & electric utility service. TIF district # 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 slower land sales and development than originally projected. The TIF district will receive an additional advance of \$141,094 from the General Fund in 2015.

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 district # 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 2015 Budget provides for a developer-funded tax incentive payment of \$320,000, along with debt service and audit expenses.

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 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 TIF 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 2015 budget includes funding to construct walkways and additional parking on Eagle Flats Parkway, along with boat tie-ups for daily users along the Fox River, to coincide with construction of the third Eagle Flats building, and for tax development payments to the developers of both Riverheath and Eagle Flats.

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. In 2014, the site was transferred to a developer for construction of townhomes.

TIF District # 9 – East Wisconsin Avenue

TIF district # 9 was created in 2013 and 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. Projects planned for the district include a product design and innovation center to support and accelerate its innovation and growth plans is being planned by Appvion. The innovation center is expected to assist Appvion with the retention of 78 highly skilled

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employees. Commonwealth Development Group was awarded WHEDA tax credits and will redevelop the Eagle Supply and Plastics site into 50 townhomes and apartments.

TIF District # 10 –West College Avenue

TIF district # 10 was created in 2013 and 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.

The largest building in TIF district #10 is the Marketplace Commercial Center. Built in 1964 and added to in 1988, it has experienced significant vacancies for several years. The largest vacant parcel in this district is the 12 acre former K-Mart site. The K-Mart store was demolished in 2008, leaving a blighted, vacant parcel. CVS Pharmacy vacated their 17,000 square foot building in 2009 and it remains unoccupied. These sites and buildings, being located along the gateway to Appleton, with easy access to U.S. Highway 41 and Appleton's downtown, are poised for commercial re-development/rehabilitation. The City continues to work cooperatively with the owners to analyze and consider options to provide appropriate development incentives for this area.

LIBRARY / TRANSIT

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Library	4,108,290	4,231,419	4,260,395	4,384,805	4,294,408
Library Capital Projects	0	54,884	0	0	0
Frank P. Young Memorial	0	0	0	35,355	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.

Recent accomplishments include:

- Continued high library utilization – circulation totaled 1.4 million items in 2013 and has maintained that level in 2014; meeting room use was up 10% in 2013 over 2012, to 4,183; and an average door count of approximately 46,400 patrons per month;
- Utilized 6,205 volunteer hours in 2013, augmenting the efforts of paid staff by the equivalent of nearly \$32,000 worth of work;
- Continued work to improve the website and online service delivery;
- Expanded outreach efforts with the addition of a full time specialist working with the Hmong and Hispanic communities;
- Expanded service by one hour on Sundays during the school year in 2014 ; and
- Successfully collaborated with agencies at the State and county levels to revise the Wisconsin statute governing library support and to ensure funding from Brown and Calumet counties for use of the Appleton library by residents of those counties.

Major 2015 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.

During 2015, Library staff will continue to work with Facilities Management staff, consultants, and architects to plan for construction of a new library. \$5M for the downtown development capital project is included in the Facilities Capital Projects fund. During 2014, a site overlooking the Fox River was selected, negotiations were

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begun to acquire the site, and a design concept was proposed. The budget for 2015 is for site acquisition and for building design. Other elements of the downtown development project are a traffic study (\$105,000, budgeted in the Public Works Capital Projects fund), a parking study (\$250,000, in the Parking Utility budget), and a downtown development study to update one that was completed in 2006 (\$35,000, budgeted in the Community Development Capital Projects fund).

Library Capital Projects

This fund is used to account for various Library capital projects. In 2013, this fund was 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. No projects are proposed for this fund for 2015.

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 was made since 2011 to allow earnings to accumulate. The Library is currently working with the Finance Department, the Community Foundation and the Friends of Appleton Public Library to establish the policies for this fund to be managed by the Community Foundation to provide a more valuable scholarship while continuing to fulfill Mr. and Mrs. Young’s wishes. This will be completed and the balance transferred by the end of 2014.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Valley Transit	8,207,467	8,774,139	9,335,846	9,335,846	9,508,068

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 2014 events include:

- Bus ridership through the first five months of 2014 was down 7% over the same period in 2013, rebounding 3% in June;
- Valley Transit faces significant funding challenges every year and has been able to find solutions to keep the system operating without service cuts or major increases in costs to the local funding partners. Staff continues to look for a stable source of local funding to offset the swings in funding at the state and federal level.
 - Federal Funding– The current transportation appropriations bill (MAP 21) is scheduled to expire in September, and the Congressional Budget Office has projected that the trust fund that is used to pay for most infrastructure projects will run out of money as early as August. The House passed a bill that would fund the Highway Trust and Mass Transit funds through May, 2015 through an infusion of general fund money into the transportation funds. As of the end of June, 2014, the Senate had not acted on a transportation funding bill.
 - State Budget – State funding for transit operations was cut by 10% in 2012 and remains at that lower level. However, the state provided additional funding to offset some of the increases in ADA paratransit costs that transit systems were experiencing.
 - RTA – Valley Transit was unsuccessful in the efforts to get a Regional Transit Authority (RTA) bill for the Fox Cities passed in 2013 or the first half of 2014. The effort will continue when the legislature reconvenes in January, 2015.
 -

The budget for 2015 reflects the following:

- A fare increase for fixed route service from \$1.80 to \$2.00. Adjustments will be made in the period and multiple ride passes to promote ridership
- Continued operation of the Appleton Downtown trolley and The Connector services. The local share of the trolley is funded by Appleton Downtown, Inc., while that 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, which are budgeted at 56.4% of eligible expenses for 2015.

**CITY OF APPLETON – 2015 BUDGET
EXECUTIVE SUMMARY**

PUBLIC WORKS

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Public Works	11,629,737	14,125,236	14,505,907	14,641,137	14,352,181
Sanitation	3,322,227	3,248,427	3,762,763	3,778,432	3,503,368
Subdivision	1,397,431	1,490,440	1,158,878	1,294,878	1,288,459
Public Works Capital Projects	896,817	1,877,514	1412637	1,723,851	2,735,581
Wheel Tax	0	0	0	0	1,400,005
Parking	2,709,982	2,987,684	2,991,256	3,311,081	3,071,682
CEA	5,112,495	5,442,385	5,289,042	5,289,042	5,487,181
CEA Replacement	1,641,613	2,319,488	2,276,114	3,066,114	3,778,470

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 and construction within the Water Utility, sanitary sewer maintenance and construction within the Wastewater Utility, and new street and sidewalk construction in various TIF districts, the Industrial Park Land Fund, and the Public Works Capital Projects Fund.

Major objectives included in the 2015 budget are the following:

- Work with the Wisconsin Department of Transportation to complete the Highway 41 / 47 interchange improvements and the Town of Grand Chute to complete a joint Meade Street improvement project;
- Assist the City Assessor with a City-wide photo project to update photographic records of all 26,000 properties in the City;
- Implement the fifth year of the adopted City-wide on-street bike lane program; and
- Continue to work with surrounding communities on the possibility of joint bidding projects such as pavement marking and patch programs.

A major change reflected in the 2015 budget is the discontinuation of the use of special assessments to finance street reconstruction projects. Please see the discussion of the wheel tax below. Special assessments will continue to be utilized for new street construction, ornamental street lighting, snow removal, weed cutting, tree planting, etc. Special assessments issued through 2014 will be collected over the life of the payment option selected by the property owner. For 2015, wheel tax revenue is budgeted at approximately \$1.4 M and is restricted to street reconstruction projects.

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.

Several major operations changes have recently been put in place, intended to increase the volume of recyclables collected and decrease that of solid waste, thus reducing tipping fees. In 2013 overflow trash pickup, previously done once a month, was eliminated. Bulky overflow pickup (furniture, appliances, etc.) for all households in the week opposite recycling pickup continue. Also in 2013, automated pick-up residential recycling carts for use in single-stream residential recycling were purchased. Carts are 96 or 65 gallon wheeled bins and are owned by the City and distributed to residents, similar to the automated pick-up trash cans. A \$3 / quarter recycling surcharge was put in place in 2013 to finance the acquisition of the carts and their continued

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maintenance. As a result, the quantity of residential commingled recyclables for 2015 is projected to be approximately 1,000 tons greater than the total collected in 2012, an increase of 19%.

The 2015 budget includes a transfer to CEA of \$89,605 for the early replacement of the large yard waste grinder and a continuation of the program of installing GPS units in sanitation trucks, enabling operators to easily record the locations of overflow pickups, cans in need of maintenance, potholes, etc.

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.

For subdivisions platted between January 1, 2004 and December 31, 2014, the City does not advance money for new subdivision development. The developer is required to obtain a standby 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 lien. 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. For developments approved prior to January 1, 2004 or after December 31, 2014, the City will advance money for development and recoup it via special assessments.

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 2015, this fund will be used to account for:

- Expansion of the traffic camera program (\$32,820),
- Bridge improvements –Prospect Avenue over Jackman St. (\$1,129,365);
- Street lighting improvements (\$59,907);
- Badger Avenue reconstruction (\$1,408,490); and
- Traffic study – Central Business District, (\$105,000).

Wheel Tax Special Revenue Fund

In 2014, the Council adopted a wheel tax as a means generating street reconstruction revenue from a more broadly distributed base than that for special assessments. The wheel tax is a fee added to the cost of vehicle registrations and subsequent annual renewals. The City Council adopted a \$20 per vehicle wheel tax in 2014 to replace special assessments as a funding mechanism for road reconstruction projects. The fee is collected by the State Department of Transportation (which retains 10 cents per vehicle) and remitted to the City on a monthly basis. Per Council action, all proceeds of the wheel tax are restricted for road reconstruction expenditures only.

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. Based on that marketing plan and recommendations from the parking advisory committee, which consists of a diverse cross-section of downtown businesses and customers, efforts begun in 2012 were continued in 2013 and 2014 with installation of on-street way finding signage for the four ramps, decorative LED lighting on the ramps, and a pilot program to evaluate the feasibility of credit card usage at the Red ramp. The 2015 budget continues the effort to expand credit card use to all ramps and the LUKE parking pay stations. It also includes \$250,000 to begin implementation of the results of the parking study that was completed in 2014.

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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 an item reaches its scheduled replacement point, its condition is evaluated and a determination made to replace or to retain it. Replacements are funded out of the replacement reserve, accounted for in a separate capital projects fund listed below.

The 2015 budget reflects:

- Installation of a fall arrest system for the safety of mechanics working on top of large vehicles (\$15,000); and
- No change from 2014 in fuel expense (approximately \$5,000 from the 2013 adopted budget - Unleaded fuel is budgeted at \$3.08 per gallon for 152,240 gallons and diesel fuel at \$3.47 per gallon for 167,473 gallons.

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.

PUBLIC HEALTH & SAFETY

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Health Services	1,127,786	1,130,959	1,153,235	1,175,495	1,171,423
Health Services Grants	189,862	190,631	182,559	178,971	181,243

Health Services

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

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

Through the environmental health program, the department works to prevent the occurrence and spread of disease in the community through regulating and inspecting public eating/drinking establishments, retail food establishments, recreational facilities, and 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. Since mid-2003, this program has provided weights and measures certification services to surrounding communities for 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 157 days of certification services, compared to 77 days in 2004, the first full year of the program. The rate for these services for 2015 is \$420 per day.

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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 2015, this program will provide approximately 12 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.

With the advent of the Affordable Care Act, more vaccines will be administered in physicians' offices and the role of the Health Department will shift from direct service to assurance. The Health Department will continue to monitor both vaccination rates and rates of illness from vaccine-preventable diseases.

- 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 from the State of Wisconsin 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.

Agreements have been reached with Manitowoc, Marquette, Waupaca, Waushara and Winnebago counties and the City of Menasha to provide staff support for preparedness planning activities.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Police	15,188,362	15,540,680	15,966,726	16,146,722	16,394,568
Police Grants	117,893	184,783	180,434	180,434	170,434
Public Safety Capital Projects	75,829	1,682,979	206,020	400,490	220,860

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 2014 include:

- Upgrade of the department's mobile and portable radios in conjunction with completion of Outagamie County's 800 MHz radio communication tower construction project,
- 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
- Receipt of the department's third canine member, replacing our first canine who has retired.

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Specific objectives for 2015 include:

- Re-examine district and shift staffing levels to maximize resource utilization;
- Collaborate with other law enforcement agencies, City departments, and the community to address drug and gang related activity; 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 2015 Budget includes:

- The addition of one entry level officer, and
- The replacement of canine officer Syrt, who is reaching the end of his working life and will be retired in 2015.

Police Grants

This fund is used to account for receipt of various grants to enhance public safety and the corresponding expenditures. In 2015, it will be 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 OWI enforcement (\$30,000), the Bulletproof Vest Partnership Program (\$5,000), the Federal Department of Justice Byrne Grant (\$10,000), and continuation of the Beat grant from the office of Justice Assistance (\$121,434).

Public Safety Capital Projects

This fund provides for a variety of Public Safety capital needs, both for Police and Fire. For 2015, this fund will be used to account for the second year of a project to upgrade emergency vehicle signal preemption equipment (allows fire trucks to control signals at intersections as they approach them; \$125,860), an upgrade to communications systems radio speakers and amplifiers in each of the six fire stations (\$65,000), and replacement of the windows in the Fire department's training tower (\$30,000). No Police capital projects are budgeted for 2015.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Fire	10,470,496	10,855,328	10,779,514	10,795,765	11,025,309
HazMat Level A	110,354	98,800	75,075	75,075	75,075

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 2014 include:

- Replaced the rescue boat with a unit that provides greater versatility for the fast moving, shallow waters of the Fox River;
- Completed an evaluation of all fire apparatus and replaced one fire truck that was in need of major repair with a stock platform truck; and
- With the aid of a FEMA Assistance to Firefighters \$265,500 grant, replaced all of the department's SCBAs (Self Contained Breathing Apparatus).

In 2015 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
- Providing a quality work environment which both encourages and enhances employee participation and growth

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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, extended contracts with the regional hazardous materials teams through June 30, 2015. Prior to the expiration of the previous contract in June 2013, hazardous materials teams throughout the State were categorized as regional teams. These teams were tasked to evaluate their capacity and recommend changes to the previously existing structure. As a result of this review, the Cities of Appleton, Oshkosh and Green Bay are now identified as Type II teams rather than a regional team. The primary difference is a lack of weapons of mass destruction capability in the Type II teams. Funding for hazardous materials response was reduced for 2014 and is projected at that same lower level for 2015.

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 a credit rating of Aa1 on its G.O. debt and keeps borrowing below 40% of the legal debt limit as a matter of policy. Outstanding G.O. debt in 2015 is below 15% of the legal limit.

Debt Service Funds	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Debt Service Funds	10,154,974	6,635,151	5,090,815	5,090,815	5,196,295

The City issued no general obligation debt in 2010, 2011 and 2013 due to timing of various projects and the availability of sufficient cash balances. In 2014, a single debt issue was used to finance both 2013 and 2014 capital projects. Combining projects into a single debt issue helps to minimize debt issuance expense and postponed the impact on the levy needed for overall debt service. In the 2015 budget, the levy for debt service, at \$2,724,872, is at its lowest level since 2006.

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.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Water Utility	17,403,177	18,370,017	19,027,999	19,013,225	19,808,855

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 current rates for water service have been in effect since December 31, 2010. An inflationary rate increase request to the Public Service Commission (PSC) that was planned for mid-year 2013 was not submitted as the utility did not

CITY OF APPLETON – 2015 BUDGET EXECUTIVE SUMMARY

meet the requirements to file for this type of increase. The utility will begin the full rate increase application process in 2015, with implementation of any approved rate changes planned for 2016.

The Department of Public Works portion of the Water Utility is divided into three components, Meter Operations and Maintenance, Distribution 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. Distribution 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 PSC requirements. Meter Operations and Maintenance activities include taking quarterly readings of all water meters and testing, repairing, and replacing meters to ensure accurate and fair billing for water usage.

A major goal for 2015 is to complete the Regulatory Upgrade and Process Improvement Project which was budgeted and begun in 2013. The project is composed of seven separate projects that will enhance treatment levels for cryptosporidium and virus inactivation, as well as improve existing processes. This aggregate project consists of the following:

- 1) The softening process system will be equipped with high density mixers and delivery equipment.
- 2) The facility will be reviewed for enhanced treatment and complete demonstration projects to ensure high standards for water quality treatment.
- 3) The disinfection basins will be upgraded with baffling to increase effectiveness for virus removal.
- 4) The existing granular activated carbon (GAC) contactors will be upgraded to dual media filters as defined by Wisconsin regulatory code.
- 5) The treatment train will include an ultraviolet light process that will be used to inactivate cryptosporidium.
- 6) The ammonia system will be equipped with day tanks for better process control and delivery requirements.
- 7) All regulatory and process improvement projects will be integrated into the current supervisory control and data acquisition (SCADA) system. A new reporting software program will be included to increase systems security and reduce the potential of error from the current program that utilizes an open architecture.

The 2015 Budget for treatment operations also includes the following:

- Personnel expense – The 2014 budget increased personnel expense to provide for an additional 500 staff labor hours (a mix of regular and overtime hours) needed for the UV Process Improvement project for training and process testing. The 2015 budget continues that higher level of personnel expense.
- Softener basin maintenance – the 2015 budget includes \$225,000 for the first year of a two year project to paint two of the four softener basins; the other two were last painted in 2010.
- Chemical tank repair and upgrade – the 2015 budget includes \$100,000 to upgrade the CO₂ chemical tank system to meet current code requirements and to repair the Chlorine and Fluoride tanks, which are leaking.

The budget for treatment capital projects includes the following:

- Water tower construction (\$2,900,000) for a new 1.0 M gallon water tower to serve the north pressure loop, replacing the 0.5 M gallon Oneida Street tower which is at the end of its useful life;
- Installation of a mixer in the Lindberg tower (\$60,000) to maintain even water temperatures and dispersal of disinfectants in the stored water, thus limiting bacterial growth;
- Repair of the plant exterior wall (\$70,000); and
- Upgrades and replacements to paved areas around the water treatment plant (\$115,000).

The budget for distribution includes \$1,788,524 for the third year of the meter installation project to replace 27,738 residential meters and meter reading equipment. This project is expected to be completed in 2017. The meter installation work will be done internally, utilizing 1.5 FTE additional meter technicians in addition to the 2.5 FTE normally allocated to meter repair and replacement. The budget also includes the expenses related to data hosting (\$30,387) and software support (\$8,350) for the new radio read meter system. Other infrastructure capital improvements are budgeted at \$2,744,389 for installation and reconstruction of water mains.

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EXECUTIVE SUMMARY**

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Wastewater Utility	10,113,181	10,436,329	10,558,472	10,593,716	11,307,680

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 current rates for the wastewater service went into effect July 1, 2011. A tiered rate system for special hauled waste from outside the service area had already gone into effect January 1, 2010. No further rate increase is projected until sometime after 2019.

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 the operating expense shown above, the budget includes:

- \$2,725,712 of sanitary sewer reconstruction projects;
- \$ 65,000 for replacement of chlorination/dechlorination equipment;
- \$ 95,000 for a back-up generator to provide emergency backup power at the Midway lift station;
- \$ 110,000 for upgrades to the Scarlet Oak lift station;
- \$ 100,000 for aeration diffuser replacement;
- \$ 105,000 for methane detection system replacement;
- \$ 170,000 for improvements to the solids storage building wall plate;
- \$ 200,000 to continue the planning process related to anticipated Total Maximum Daily Load (TMDL) regulations affecting the utility's discharge to the Fox River;
- \$ 50,000 for replacement of asphalt paving around the plant;
- 100,000 for lighting upgrades;
- \$ 125,000 for HVAC system upgrades; and
- \$ 55,000 for roof replacement on building V and roof soffits on buildings M & K.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Stormwater Utility	6,542,573	6,882,219	7,022,668	7,229,232	7,421,911

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 stormwater facilities to ensure compliance with established regulations, protect surrounding infrastructure and the environment, increase the acres of land for development and prevent system failures. The Stormwater billing rate is based on the Equivalent Residential Unit (ERU), a measure of impervious surface area. The current rate of \$155 per ERU went into effect July 1, 2013. The next rate increase is projected to be approximately 18% and is anticipated to take effect on July 1, 2016.

The operating budget shown above reflects higher levels of expenses related to existing stormwater facilities, including bond interest, depreciation, and facilities maintenance. In addition to operating expense, the budget included \$5,801,624 of stormwater facilities construction, including \$1,000,000 in costs related to the second phase of construction of planned flood reduction improvements in the West Wisconsin Avenue study area and \$2,450,500 to replace the storm interceptor at the wastewater treatment plant.