

City of Appleton, Wisconsin



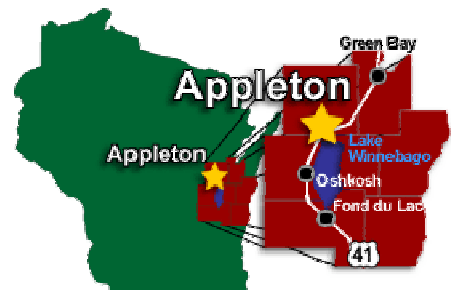
2016 ADOPTED BUDGET AND SERVICE PLAN

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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December 16, 2015

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

Dear Appletonians:

I present to you the 2016 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 budget that continues to allow for high-quality, efficient service while preparing Appleton for long-term success through strategic investments in our community.

In today's economy the number one concern of business owners is the ability to attract the talent needed to sustain and grow their business. Coupled with this concern of business owners is the reality that more and more people are choosing first where they want to live before looking for employment. In the equation of economic development, this means we are in competition with other urban areas across the state and across the country for people...especially those with the skills business owners are looking for.

In the past, successful economic development meant recruiting businesses to locate and expand in the City to create jobs that current and new residents could fill. In other words, job creation and expansion was the goal. In today's reality, businesses are looking for locations that have the available talent to fill the jobs they need to grow and expand their business. In this new reality, quality-of-life amenities are playing a more important role in the ability of any region to attract new residents to fill that labor pool requirement.

Fortunately, 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 Valley Symphony Orchestra; one of the largest and most successful farmer's markets in the state and special events like the Mile of Music and Oktoberfest 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.

In 2015, Appleton has experienced steady growth in the number of building permits issued as well as the number of inquiries regarding new projects and redevelopment projects. 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, and public sector quality-of-life initiatives are playing an ever increasing role in those private sector decisions. Therefore, as a City, we must move forward, confident in our planning and willing to demonstrate our commitment to invest in our own future.

CAPITAL PLANNING

The 2016 Budget continues to place an emphasis on capital projects and their planning. The Downtown Parking Study was delivered and adopted in 2015 and the Accessibility and Mobility Study has been awarded with the results and recommendations due in 2016. The update to the City's Downtown Plan is also due to be completed in 2016. This budget includes funds for the continued implementation of the recommendations from the Parking Study as well as initial implementation of recommendations coming out of the Accessibility and Mobility Study. This budget also includes resources to continue the process of planning for the future of the Library. Also included in this budget are funds for a major change to the pool in Erb Park. Let me add a few details to each of these elements.

Parking – Funds for the next phase of implementation of the parking recommendations are included for conversion of our parking structures from pay-as-you-enter to pay-as-you-exit. Discussions have been started with the YMCA regarding possible future solutions for the replacement of the Soldiers Square Ramp. 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 2017/2019 for the demolition of the existing Blue Parking Ramp.

Traffic – Funds are included for initial implementation of recommendations coming out of the downtown Mobility Study. As projects such as the Library and Exhibition Center move forward, changes in the downtown traffic patterns will need to be considered and addressed. I have included \$1,000,000 in 2017-2018 for the first phases of implementation.

Library – Even though the site recommended for a new library was rejected in 2015, the work done by the Board of the Appleton Public Library regarding the future needs of the Library and leading up to the initial site recommendation remains valid. Therefore, I have included \$500,000 in the 2016 Budget and a total of \$30,500,000 overall for the Library project once a decision is made as to the preferred solution. I anticipate a collaborative decision making process involving both the Library Board and the Common Council to reach a consensus solution regarding the future of the Library.

Erb Pool – Erb Pool has reached the end of its useful life. Resources have been used to patch and fix the pool for several years. At the end of the current season, the pool was losing up to 100,000 gallons of water per day and the bathhouse has severe issues that would be extremely costly to remedy. Continuing to spend money to fix this aging facility is a waste of valuable resources. The time has come to make a decision about the future of water recreation at Erb Park. Therefore, this budget includes \$10.5 million for the demolition of Erb Pool and the design and construction of an appropriate facility to replace it. The \$10.5 million will provide for the demolition of the existing pool, changing rooms, pavilion, and parking area, design and construction of the new facility, design and construction of a new pavilion with changing rooms and a renovated parking lot at Erb Park. Repairs have been made to the existing pool in an attempt to keep it open for one more summer as the detailed plans are developed for its replacement.

ERP – Mention should be made of the implementation of the City's Enterprise Resource Program to replace its fast becoming obsolete mainframe computer programs. \$3 million is budgeted for the implementation of the new enterprise system.

DEBT SERVICE

Since the beginning of the recession 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.

In 2015, \$5,830,000 of general obligation notes were issued to fund the 2015 projects. The 2016 Budget includes \$22,894,236 of general obligation borrowing to fund 2016 capital projects. The increase in borrowing is due mainly to costs associated with a few large projects including the Erb Park renovations (\$10.5 million), the new ERP system (\$2.9 million), the downtown development initiative which includes preliminary costs associated with a new library and parking ramp redesigns (\$1 million), and infrastructure and other costs associated with a new exhibition center (\$1.97 million). Outstanding general obligation debt at December 31, 2015 is projected to be \$31,214,331 versus \$30,110,000 at December 31, 2014, an increase of \$1,104,331 (3.7%).

As previously mentioned, the portion of the tax levy designated for debt service in the 2016 Budget continues to stay at historically low levels at \$2,928,106. This reduced debt service burden positions the City favorably in anticipation of financing the larger future projects.

CONTINGENCY FUNDS

Established contingency funds continue to be preserved in the 2016 Budget. As in past years, a portion of the contingency funds will be used to fund ongoing operational expenses in 2016 as described below. All unused contingency funds at the conclusion of 2015 are anticipated to be carried over into 2016.

- The 2016 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 in a \$207,840 addition to the wage reserve contingency fund along with anticipated carryover of the balance of this fund from 2015 to 2016. 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 as well as surplus funds from 2015 operations.
- \$36,000 of the reserve established from the settlement with Time Warner Cable will again be used in 2016 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 2015 to 2016. Estimated balances in the contingency funds available for carryover at the conclusion of 2015 include:

Time Warner Cable PEG Access Settlement Funds	\$55,703
State Aid Contingency	\$849,107
Operating Contingency	\$402,298
Fuel Contingency	\$137,315
Wage Reserve	\$193,099

COMMUNITY AND ECONOMIC DEVELOPMENT

This budget includes \$36,000 or \$.50 per capita to support the Fox Cities Regional Partnership. The Community and Economic Development Department will implement the Economic Development Strategic Plan's primary goals and key strategies, and support local and regional community and economic development activities with a budget of \$36,000. This provides a total of \$72,000 to support local and regional economic development. Capital budget items include:

- TIF District 6 – \$1,554,190 is provided for street construction within the District as well as utility infrastructure costs in anticipation of extending Vantage Drive from Lakeland to Eisenhower Drive. This project will decrease leasable land in the District from 147 acres to 140 acres. Twenty percent (20%) of the revenue collected for the lease of this land is payable to TID 6.
- TIF District 9 – \$77,466 is included to reconstruct Hancock Street in order to support the 50 Union Square apartments/townhomes redeveloped on the former Eagle Supply and Plastics site.
- Economic Development – The goal of the Appleton Redevelopment Authority (ARA) 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, \$250,000 is included in this budget for site acquisition and project implementation.
- Exhibition Center – In anticipation of the construction of a downtown exhibition center, \$965,000 has been included in this budget to fund the City's share of preliminary construction costs including stormwater management design, power pole relocation, and half the estimated cost of a pedestrian walkway.

FISCAL

- Taxes – Overall, this budget includes a small increase in levy-related expenditures of \$137,563 and a decrease in revenues of \$485,594. The decrease in revenues is attributable mainly to a decrease in anticipated interest income due to continued stagnant interest earnings. After applying available fund balances, the tax levy is expected to increase \$535,651 or 1.39%. The increase in the levy, coupled with the overall increase in the City's assessed value of .89%, results in an overall increase of just \$0.04 in the assessed value mill rate (\$8.39 in 2015 vs. \$8.35 in 2014). On an equalized value basis, the tax rate decreases \$0.12 from \$8.47 in 2014 to \$8.35 in 2015. 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.

UTILITIES

- Water – The budget includes \$480,000 for various building needs at the Water Filtration Plant and other facilities. Improvements planned for the Water Filtration Plant in 2016 include \$100,000 to upgrade the facility's HVAC system; \$50,000 to upgrade exterior lighting; and \$250,000 for an engineering condition assessment of the chemical storage room, storage and pumping equipment, and conveyance systems, and for replacement of various components as necessary. Additionally, this budget includes \$80,000 to replace the 45-year-old motor control center at the Lake Station. Water infrastructure improvements planned for 2016 include \$2,784,387 for the replacement of aging distribution and transmission mains. The multi-year project to replace the existing radio-read water meters with an advanced

metering infrastructure (AMI) reading system continues into 2016. The cost to continue those replacements is budgeted at \$1,920,059. Significant operations and maintenance expenses in 2016 include the painting of a softener basin at the filtration facility estimated to cost \$275,000, and interior tower painting costing \$255,000. There are no planned rate increases for 2016.

- Wastewater – \$1,645,052 of improvements to the wastewater collection system are included in the 2016 Budget along with funds for the following building and grounds improvement projects: \$150,000 is being requested to upgrade service roads and improve access to the plant; \$100,000 to renovate existing lab areas to meet current and future needs; \$50,000 to upgrade aged HVAC pumps with energy efficient models; \$30,000 to replace aging backflow preventers to ensure the safety of the City’s water supply; and \$15,000 for engineering services related to the future replacement of deteriorating laterals. Equipment upgrades slated for 2016 include \$125,000 for the replacement of the gate valves for bar screen #1, and \$115,000 for upgrades to outdated electrical wiring related to the belt filter presses. The Utility continues to monitor NR 217 and total maximum daily load (TMDL) legislation as they relate to phosphorus reduction criteria that will have a significant impact on the Wastewater Utility. A TMDL study is underway and will be completed late in 2015. The study is expected to 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 2016.
- Stormwater – Continuing the implementation of the City’s Stormwater Management Plan, this budget dedicates \$4,431,625 to ongoing infrastructure improvements including \$917,530 for land acquisition and design of two future pond projects and \$180,000 to install a lift station at Arbutus Park. There are no planned rate increases for 2016.

PERSONNEL

The 2016 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:

- Converting five Public Works Laborer positions to two Stormwater Operator I positions, one Street Operator I position, one Arborist position, and one Operations Crew Leader position, converting one Water Operator I position to a PM Shift Crew Leader position, converting two .67 FTE Public Works Engineering Technician positions to one full-time position, and converting one full-time Utility Locator position to two .67 FTE positions.
- Addition of two .67 FTE positions in the Recreation program of the Parks, Recreation and Facilities Management Department; one as a Recreation Program Coordinator and one as a Dance Studio Coordinator; and the conversion of the Parks Planner position to a Deputy Director position.
- Deletion of the Deputy Chief - Operations and Lead CSO positions in the Police Department and the addition of an Officer and a Forensic Evidence Specialist.
- Elimination of a represented Fire Inspector position in the Fire Department and the addition of one Battalion Chief.
- Elimination of the Operations Supervisor position and a part-time driver at Valley Transit and the addition of two full-time Road Supervisor positions.

Other Personnel changes contained in this budget are:

- Deletion of a .5 FTE Administrative Assistant position in the Health Department.
- Addition of a full-time Project Manager position to the Parks, Recreation and Facilities Management Department to manage facilities and parks capital projects.
- Deletion of a part time Recreation Coordinator position in the Parks & Recreation program and its replacement with a full time Recreation Programmer position.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2016 Capital Improvement Projects (CIP) are as follows:

- Maintaining and improving public infrastructure remains a top priority of the City as this budget invests over \$11.2 million in road, bridge and sidewalk improvement projects including \$2.5 million for the reconstruction of John Street, over \$1 million for street improvements surrounding the new exhibition center, and \$672,000 for reconstruction of the portion of the Lawe Street Bridge spanning the power canal. Additionally, as previously discussed in more detail, approximately \$8.9 million is invested in water distribution, sewer collection and stormwater management infrastructure improvements.
- The City recognizes the importance of preserving and extending the useful lives of the City's assets, therefore we continue to invest in our facilities, parks, and properties in a proactive manner. This budget includes investments in the following areas: \$590,000 for improvements to grounds, roadways, parking lots, pavilions, and trails; \$800,000 for HVAC, lighting, plumbing and electrical upgrades to various City facilities; \$355,000 for a partial roof replacement at the Municipal Services Building and roof replacements at various park pavilions; \$247,500 for new furniture and storage systems; \$65,000 for improvements to the Scheig Center; and \$85,000 for safety and security upgrades at City Hall, the Municipal Services Building and various City parks.
- Public safety investments include \$146,806 to fund the third year of a multi-year project upgrading the emergency vehicle signal pre-emption equipment in order to improve safety at signal-controlled intersections during emergency fire calls, and \$50,000 to add a flashover simulator to the training tower at Fire Station #6 which would provide more realistic live fire and smoke simulation during training exercises.
- Information Technology projects include: \$50,000 for upgrading the City's network security including improved spam filters, a more robust internet firewall, and remote access ability; \$35,000 to continue the upgrades of the physical servers in order to support the current versions of software as well as upgrade to the latest version of the virtual server operating system; \$25,000 to upgrade the City's phone system to maintain working order as well as build in redundancy in the system; and \$25,000 to extend the Fire Department's teleconferencing system to the Police Department to allow Police staff to obtain necessary training on-site as well as provide another communication link between the departments for Emergency Operations Command (EOC) purposes.

This budget continues the Public Works Department's traffic camera program investing \$27,500 in the installation of cameras at seven new locations in 2016. The program, which began in 2006, has proved to be an invaluable tool in monitoring traffic, reacting to accidents, monitoring road conditions, and effectively dealing with safety issues. Additionally, the Department is initiating a 3-year program to retrofit existing street lights with energy-efficient street lighting technologies. The investment of \$76,793 per year is expected to be paid back in electricity cost savings in 3 to 5 years. Finally, the Department is investing \$79,000 to upgrade their mobile radio system to digital standards to meet impending narrow band

requirements as well as improve City-wide coverage, allow radio to radio texting, establish individual talk work groups and provide GPS capabilities.

- Quality of life improvements in the 2016 Budget focus on maintaining and improving our parks, preserving City monuments and expanding our trail system. In order to achieve these goals, \$330,000 has been dedicated to improving signage at Memorial Park, upgrading existing playground equipment and installing rubberized/synthetic turf surfaces at Erb Park, and improving accessibility to our parks to persons with disabilities. Additionally, this budget commits \$23,827 to preserving and restoring City monuments by committing internal resources as well as partnering with local non-profit groups to preserve and extend the life of statues and monuments throughout the city. Finally, this budget promotes the expansion of our trail system by including \$195,000 for the development of a trail system master plan, design of trails through Riverview Gardens and from Lutz Park to the Vulcan Heritage Park trail, and the construction of a new trail from lower Telulah Park to the RiverHeath development.


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 – 2016 BUDGET EXECUTIVE SUMMARY

COMBINED SUMMARY OF EXPENSES - ALL FUNDS

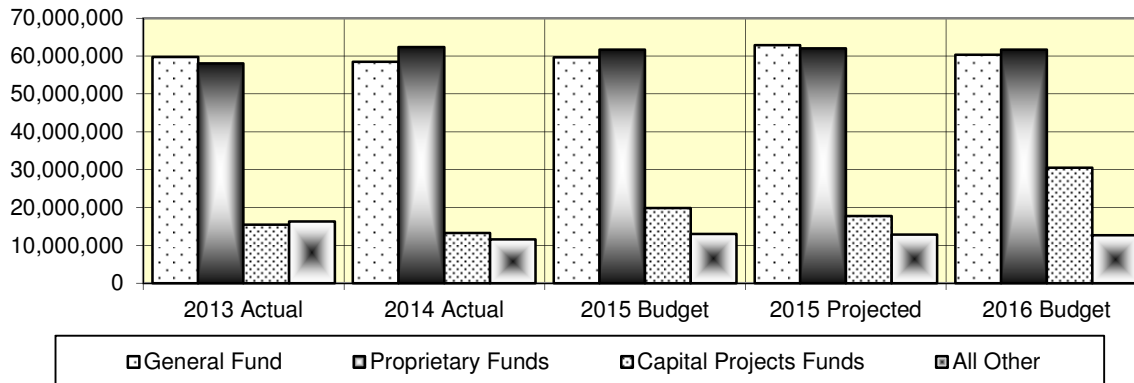
The City of Appleton follows the accounting methodology known as fund accounting, whereby revenues and expenditures are categorized by fund. Each individual fund represents a specific purpose or activity. Fund accounting is a means of separating and tracking those revenues and expenditures related to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

Table 1: TOTAL EXPENSES – ALL FUNDS ¹

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
General Fund	\$59,761,268	\$58,520,875	\$59,728,505	\$62,905,240	\$60,325,789
Debt Service Funds	6,635,151	5,070,261	5,196,295	5,196,295	4,833,023
Special Revenue Funds	9,700,455	6,452,674	7,852,347	7,606,094	7,844,198
Capital Projects Funds	15,486,538	13,339,138	19,881,254	17,755,075	30,708,812
Enterprise Funds	47,979,803	47,670,366	51,888,879	52,225,369	51,699,732
Internal Service Funds	10,042,062	14,681,730	9,826,162	9,828,914	10,009,551
Permanent Funds	0	34,806	0	0	0
Total – All Funds	\$149,605,277	\$145,769,850	\$154,373,442	\$155,516,987	\$165,421,105

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 – 2016 BUDGET EXECUTIVE SUMMARY

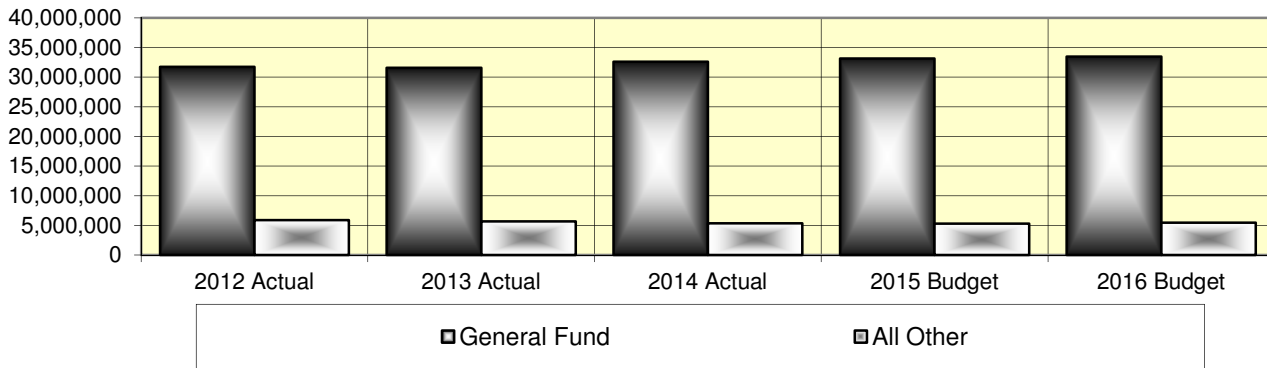
PROPERTY TAXES

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

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
General Fund	\$31,728,652	\$31,582,130	\$32,620,669	\$33,145,306	\$33,477,723
Debt Service Funds	3,070,688	3,100,722	2,825,388	2,724,872	2,928,106
Special Revenue Funds	2,310,000	2,075,188	2,050,913	2,047,968	2,047,968
Capital Projects Funds	500,000	500,000	500,000	500,000	500,000
Total – All Funds	\$37,609,340	\$37,258,040	\$37,996,970	\$38,418,146	\$38,953,797

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 2015 property tax levy (payable in 2016), approximately 34% is levied for various City operations as illustrated in Table 3 and in Figure 3 following. Another 40% is levied by the Appleton, Menasha, Kimberly, Hortonville 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 1% 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.

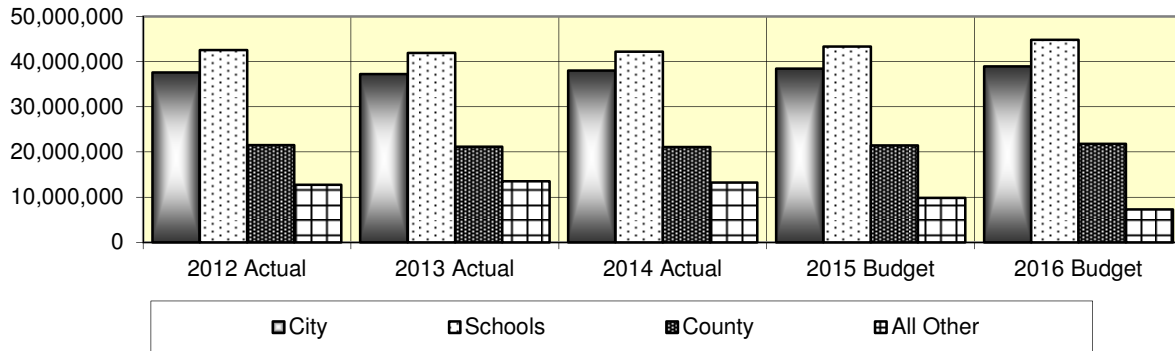
CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

Table 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES *

Apportionment	2012	2013	2014	2015	2016
City	\$ 37,611,289	\$ 37,260,671	\$ 37,998,938	\$ 38,418,146	\$ 38,953,797
Technical College	8,294,937	8,853,045	8,840,333	5,096,025	5,214,488
Schools	42,541,871	41,942,408	42,195,792	43,375,387	44,827,382
State	814,098	789,372	784,434	797,052	817,432
County	21,151,329	21,143,919	21,086,515	21,437,002	21,790,526
TIF Districts	3,995,673	3,896,970	3,595,830	3,954,962	1,226,065
Total - All Portions	\$ 114,409,197	\$ 113,886,385	\$ 114,501,842	\$ 113,078,574	\$ 112,829,690
Less State Credits	9,197,393	6,916,444	6,776,579	6,748,872	7,693,860
Net Tax Levy	\$ 105,211,804	\$ 106,969,941	\$ 107,725,263	\$ 106,329,702	\$ 105,135,830

* 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	2012	2013	2014	2015	2016
City	8.1510	8.0311	8.1358	8.3495	8.3950
WCTS	1.7977	1.9082	1.8928	1.1075	1.1238
Schools	9.2081	9.0263	9.0137	9.4139	9.6548
State	0.1704	0.1644	0.1628	0.1672	0.1706
County	4.5789	4.5627	4.5168	4.6687	4.7199
Gross Tax Levy	\$ 23.9061	\$ 23.6927	\$ 23.7219	\$ 23.7068	\$ 24.0641

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.

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 – 2016 BUDGET
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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, defined as- 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 5.3% increase in net new construction from 2012 to 2016, while the tax levy has increased by 3.5%.

Table 5: TOTAL FULL TIME EQUIVALENT EMPLOYEES

DEPARTMENT	2013	2014	2015	2016
Legal Services	8.67	8.67	8.67	8.67
Finance Department	8.85	8.85	8.80	8.20
Homeless & Block Grants	0.50	0.50	0.58	0.50
Fire Department	96.00	96.00	96.00	96.00
Health Department	12.36	12.55	12.55	12.25
Health Grants	1.64	1.66	1.66	1.46
InformationTechnology	12.00	11.00	11.00	11.00
Library	45.00	46.00	46.50	46.00
Mayor's Office	2.00	3.00	3.00	3.00
Facilities Management	10.23	10.23	10.25	10.25
Facilities Capital	0.40	0.40	0.40	1.40
Parks & Recreation	15.05	15.00	16.28	16.62
Reid Golf Course	1.73	1.93	2.67	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	1.08
Police Department	134.00	136.00	137.00	137.00
Public Works	62.08	62.58	62.58	62.47
Sanitation	16.99	17.49	17.49	17.49
CEA	15.01	14.51	14.51	14.51
Parking	11.18	11.28	11.28	11.30
Capital (TIF, Subdivision, etc.)	2.79	2.27	2.27	2.75
Stormwater Utility	19.67	19.67	19.67	19.69
Water Utility	36.71	37.73	37.73	38.24
Wastewater Utility	29.21	28.71	28.71	28.39
Valley Transit	54.13	54.13	54.50	54.50
Total Regular Employees	624.43	628.38	632.34	632.67

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. Position changes for 2016 are the elimination of a half-time Administrative Assistant position in the Health Services Department and the conversion of a two-thirds time Recreation Coordinator position in Parks and Recreation to a full time Recreation Programmer position.

The following revisions were approved by Council during 2015:

- addition of a .5 FTE grant-funded Library Assistant for the Reach Out and Read program, subject to the availability of grant funding; this position is not included in the above presentation for 2016 due to the uncertainty of that funding
- addition of two two-thirds time Program Coordinators in the Parks Department, one for recreation and one for dance studios

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

- addition of two Road Supervisor positions at Valley Transit, partially offset by the elimination of an Operations Supervisor position and a part-time Driver
- addition of a Battalion Chief at Fire, offset by the elimination of a Fire Inspector
- addition of an Officer and a Forensic Evidence Specialist at Police, offset by the elimination of a Deputy Chief of Operations and a Lead CSO position
- addition of a Project Manager position to the Facilities Management department

Also approved during 2015 was a reorganization of the Department of Public Works consisting of converting five Public Works Laborer positions to two Stormwater Operator I positions, one Street Operator I position, one Arborist position, and one Operations Crew Leader position, converting one Water Operator I position to a PM Shift Crew Leader position, converting two .67 FTE Public Works Engineering Technician positions to one full-time position, and converting one full-time Utility Locator position to two .67 FTE positions.

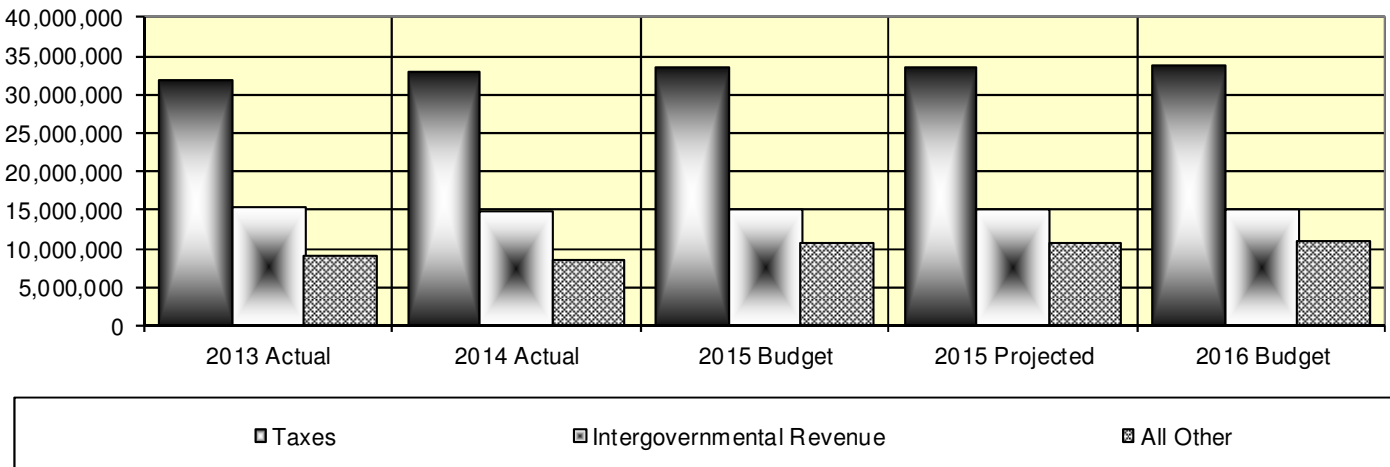
GENERAL FUND SOURCES OF REVENUE

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

Table 6: GENERAL FUND SOURCES OF REVENUE

Source	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Taxes	31,990,198	33,022,948	33,552,806	33,552,806	33,885,223
Intergovernmental	15,454,279	15,037,259	15,294,977	15,298,529	15,263,780
Licenses and Permits	1,086,494	1,035,280	1,011,300	1,011,300	1,038,320
Special Assessments	1,128,596	1,220,878	596,500	596,500	439,000
Charges for Services	1,210,888	1,275,765	1,262,843	1,262,843	1,322,988
Interest Income	164,575	900,979	2,675,500	2,675,500	2,256,300
Fines and Forfeitures	334,540	310,674	350,000	350,000	340,000
Other Revenue	2,754,525	1,625,472	1,401,224	1,401,224	1,617,873
Total General Fund	54,124,095	54,429,255	56,145,150	56,148,702	56,163,484
Other Financing Sources	2,318,412	2,040,731	3,548,355	3,548,355	3,855,350
Total Revenue & Other	56,442,507	56,469,986	59,693,505	59,697,057	60,018,834

Fig. 4: GENERAL FUND SOURCES OF REVENUE



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 \$33,885,223 or approximately 56% of revenues in 2016. The next largest

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

is intergovernmental transfers, of which \$9,743,767 is from the State government under the State Shared Revenue program, an increase of 0.04% from 2015. Overall, Intergovernmental Revenue, which also includes State aids for street reconstruction, accounts for approximately 25% of revenues. The remaining 19% of revenues will come from various other sources, as illustrated above. The 2016 budget is balanced with the planned use of \$36,000 of a reserve established for public education and government (PEG) access and of \$270,955 of accumulated fund balance.

GENERAL FUND EXPENDITURES

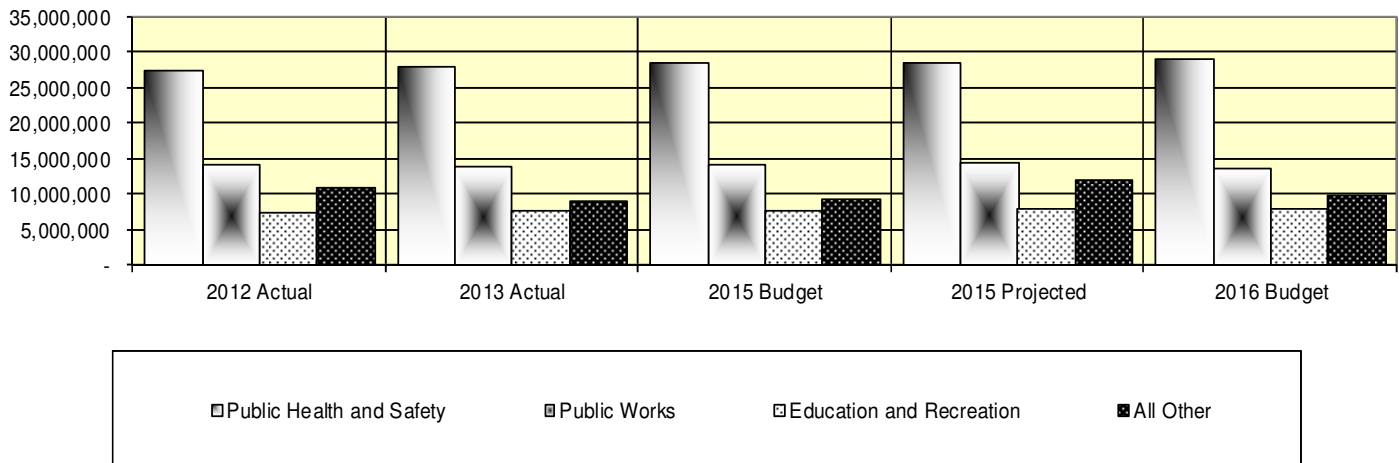
The General Fund accounts for the day-to-day functioning of city government, including maintenance of certain City-owned facilities and street maintenance and reconstruction projects.

Table 7: GENERAL FUND EXPENDITURES

Expenditures	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
General Government	6,679,402	6,600,117	6,836,387	8,807,631	7,110,624
Community Development	1,554,648	1,618,637	1,663,319	1,677,255	1,742,806
Education and Recreation	7,375,059	7,564,048	7,636,756	7,782,515	7,902,524
Public Works	14,125,236	14,080,655	14,352,181	14,437,203	13,792,935
Public Health and Safety	27,526,967	28,102,962	28,591,300	28,706,744	29,167,627
Total Expenditures	57,261,312	57,966,419	59,079,943	61,411,348	59,716,516
Other Financing Uses	2,499,956	554,456	648,562	1,493,892	909,273
Total Expenditures & Other	59,761,268	58,520,875	59,728,505	62,905,240	60,625,789

The largest single expenditure for the General Fund is for public safety, which in 2016 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 23%) 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 12% 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.

**CITY OF APPLETON – 2016 BUDGET
EXECUTIVE SUMMARY**

	2013 Actual	2014 Actual	2014 Budget	2015 Projected	2016 Budget
Common Council	121,818	135,157	138,541	138,541	147,476

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. There are currently 15 aldermanic districts.

The 2016 budget continues to include operational costs associated with support, storage, training and use of a meeting recording system installed in 2013 (\$36,000). 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 added parking permits for Council members beginning after the April, 2015 election and 2016 adds a 2% pay increase beginning after the April, 2016 election. The 2016 budget also adds \$3,500 to training expense for alderpersons' individual or group training opportunities and/or to attend Wisconsin League of Municipalities conferences.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
The Mayor's Office	251,895	284,673	341,135	354,965	346,598

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 2016 budget for the Mayor's Office.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Finance Department	875,888	761,808	864,998	871,986	847,832
Housing, Homeless & Block Grants	345,499	489,903	458,128	461,627	478,663

Finance Department

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

- Timely financial reporting to the Common Council, the financial community, and federal and state agencies
- Coordination of the annual City audit
- Providing an efficient, centralized collection location for convenient payment of all City-generated billings
- Serving as the collection point for all payroll data and monitoring the processing of the City's payroll and related reports to ensure compliance with the City personnel policies and government regulations
- Producing timely payments to employees and vendors for contracted obligations to maintain a high level of credibility
- Accounting for real and personal property taxes in a timely and efficient manner at the least possible cost

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- 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 2014 reflects turnover in several senior department positions. There are no major changes for 2016.

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:

- 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.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Unclassified City Hall	4,485,673	2,271,693	2,652,280	5,336,500	2,679,027
Room Tax Administration	384,751	425,349	382,000	420,000	420,000
Other Post Employment Benefits	328,799	108,230	160,000	160,000	179,000

Unclassified City Hall

Included are various expenditures that are not program or department-specific, including reserves and contingencies. Specific items budgeted in this section include:

- City Center facility expenses (\$610,461),
- Severance pay for retirees (\$360,000),
- Insurance; allocation from Risk Management Fund for general government activities (\$831,045). Enterprise and internal service funds receive their own direct allocations from the Risk fund.
- Special assessments for utility infrastructure construction projects adjacent to general fund-owned property (\$4,960),
- Addition to the wage reserve contingency (\$207,840), and

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

➤ Appleton’s support of Valley Transit (\$600,573).

The various contingencies that are accounted for in this section are:

- Time Warner Cable settlement, which supports public education and government ("PEG") access. The balance remaining after the budgeted use of \$36,000 in 2016 is \$19,703. No funds are budgeted in 2016 to increase this reserve.
- State aid contingency. The balance remaining is \$849,107. No funds are budgeted in 2016 to increase this reserve nor planned to be used.
- Operating contingency (one percent maximum of 2016 Budget according to policy). The balance remaining is \$402,298, which is within the policy limit so no additional funds are budgeted in 2016. The 2016 budget includes no planned use of this contingency.
- Fuel contingency, \$137,315; this reserve was established a number of years ago to provide flexibility in the face of rapidly rising and fluctuating fuel prices. No money is budgeted in 2016 to add to this reserve and no budget includes any planned uses.
- Wage reserve. This is a reserve that is used to pay for cost of living adjustments for non-represented staff not otherwise reflected in individual department budgets, salary adjustments for any unsettled union contracts (all union contracts are currently settled), mid-year pay adjustments for individual employees in cases of, for example, re-evaluation of job descriptions, and fluctuations in the cost of health insurance. The 2016 budget includes an addition to this reserve of \$207,840 which, with the existing balance of this reserve, will be applied to the 1.5% COLA for non-represented staff approved with this budget.

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

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.

Other Post Employment Benefits (OPEB)

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

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

The City is required to have an actuarial study every two years to update the OPEB calculation. City staff update the information in the off year. A study was completed in early 2015 for the year ending December 31, 2014.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Information Technology	1,694,047	1,674,715	1,710,255	1,799,819	1,715,948
Information Technology Capital Projects	381,210	166,710	385,000	487,325	3,135,000

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

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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 2016, IT will continue the transition from dedicated network servers to servers in a virtual machine (VM) environment. The 2016 budget includes an increase in the budget for equipment replacement (\$33,000) to work towards re-establishing a four year replacement cycle for PCs.

Information Technology Capital Projects

This fund provides for a variety of technology capital needs. For 2016, this fund will be used to account for the following:

- Expansion of the teleconference system (\$25,000),
- Upgrades to the voice-over-internet protocol (VOIP) telephone system (\$25,000),
- Replacement in normal rotation of the servers that run our computing environment (\$35,000),
- Upgrades to our network system security, fire wall, filters, etc. (\$50,000), and
- Continuation of the Enterprise Resource Planning (ERP) system project (\$3,000,000). 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 and continued through 2015 with the development of the RFP and selection of a software vendor(s) (anticipated prior to year-end). Installation is expected to begin early 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.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Human Resources	675,800	677,001	694,034	702,520	711,815
Risk Management Fund	1,806,671	6,606,112	1,522,377	1,684,377	1,659,369

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

Collective bargaining agreements are in place through 2016 for the three remaining bargaining groups in the City (Police, Fire, and Transit); all other bargaining groups were effectively eliminated by the State's passage of Act 10 in 2010. All other employees are paid based on a compensation plan and performance adjustment plan put into place in 2012 to ensure employees are fairly compensated based on market conditions and their performance relative to job specific goals.

The HR department also manages the City's self-insured medical insurance program. Major efforts include education, wellness screening and other wellness programs, cost containment while maintaining high quality health insurance coverage, and maintaining compliance with the Health Care Reform Act. The overall cost of the health insurance program is distributed across all departments and reflected in fringe benefits expense.

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

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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; the next scheduled study will be in 2017. 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.

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. That consent decree has been approved by the court and the City has deposited the \$5.2 million with the court and been reimbursed by the various insurance carriers providing coverage. As expected, one of the paper companies involved in the case has appealed for reimbursement of expenses related to the cleanup and the City continues to incur legal fees to defend against that appeal. The majority of the litigation costs have been reimbursed by insurance carriers and we expect that to continue. The 2016 budget includes an estimate of a further \$250,000 for legal fees related to the appeal in progress and a projected reimbursement of all but \$10,000 of that expense.

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Budget
Legal Services	1,074,237	1,349,526	1,083,706	1,097,192	1,271,201
Tuchscherer Disability Trust	6,391	6,391	6,391	6,391	6,391

Legal Services

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

More specifically, these missions include:

- Prosecuting and defending claims and lawsuits for and against the City, its officials, and its employees according to law
- Prosecuting ordinance and traffic violations in Outagamie County Circuit Court
- Providing legal services to City-owned utilities
- Serving as in-house counsel for the Police Department
- Managing the retention and retrieval of all official City documents and compliance with the open records and open meetings laws
- Administration of all municipal elections, including coordination and certification of nomination papers and financial statements for candidates
- Providing secretarial and research support to the City Council
- Serving as information distribution center and providing centralized mail and copy services for all City departments
- Maintaining weekly schedule of meetings, publishing all legal notices in the official newspaper and keeping open lines of communications with the news media
- Administering oaths, receiving and recording petitions, claims, lawsuits and official notices
- Issuing over 30 types of Licenses and Permits as prescribed by state law and City ordinances

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- 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 2015 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 2016 (\$40,000).

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 2016 has four.

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

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Community & Economic Development	1,554,648	1,618,637	1,663,319	1,677,255	1,742,806
Housing and Community Development Grants	594,084	788,142	800,752	758,938	994,550
Industrial Park Land Fund	18,390	14,022	238,340	31,940	237,623
Community Development Projects	1,385,319	490,438	386,500	2,415,453	1,215,000
TIF # 2	783,511	0	0	0	0
TIF # 3	1,654,399	735,575	672,431	672,181	605,226
TIF # 5	37,009	40,643	93,725	775,252	0
TIF # 6	2,543,317	2,688,770	2,542,466	2,520,004	3,600,443
TIF # 7	265,415	262,592	323,575	323,575	313,575
TIF # 8	1,614,442	798,114	658,910	632,966	372,069
TIF # 9	1,025	128,494	22,882	8,325	86,221
TIF # 10	1,025	1,644	11,550	1,659	2,050
Northeast Business Park Escrow	357,850	0	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 & Economic Development Department

Staff of the Community & Economic 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 & Business Service – This program is comprised of activities conducted to promote the City of Appleton for private investment and development. Included are advertising, creation and distribution of

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promotional materials, liaison functions with various development-related organizations as the City's representative, assistance in securing non-City support, and activities to encourage and support diversity and inclusion in employment.

- **New and Redevelopment Projects** – This program is comprised of activities undertaken to assist development initiatives in the City of Appleton. Development coordination, prioritization, and direction are among the functions performed within this program, along with developing and managing the City's business parks. Staff of the Community & Economic Development department serve as City representatives to various development-related organizations and as the executive director and staff to the Appleton Redevelopment Authority.
- **Planning** – This program coordinates land use and administers Appleton's Subdivision and Zoning ordinances, promotes comprehensive planning and historic preservation, and provides technical information to developers and City staff and elected officials regarding development trends and projections.
- **Assessing** – The Assessor's Office reassesses all property types (residential, commercial, etc.) on a four year cycle to keep assessments near 100% of market value as required by state statutes. Consistent, up to date valuations both maintain equity between taxpayers and minimize annual fluctuations in assessed values. Overall, the City experienced an increase in equalized assessed value of 2.6% in 2015, slightly exceeding the average of 2.4% for the State.

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 City's 2015 award of \$523,813 (for the period April 1, 2015 – March 31, 2016) was a slight decrease from the 2014 award of \$525,200. The 2016 award is budgeted at \$520,000 pending notification from HUD.

For 2015 and again for 2016, 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 2016 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 \$2,223 in labor in preparation for non-TIF infrastructure construction related to the further development of Southpoint Commerce Park and \$200,000 to repurchase lots in the Northeast Business Park that are not in compliance with the protective covenants for construction.

Community Development Capital Projects

This fund provides for a variety of community development investments.

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The 2016 budget provides funding for the acquisition of various potential development sites as they may become available (\$250,000) and for stormwater management infrastructure for the Exhibition Center.

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 closed in 2013 and returned funds to taxing jurisdictions after a close-out audit. All properties have been returned to the tax rolls.

This TIF included most of the area within the "industrial flats" area, 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. Investments were completed prior to May 1, 2001 and all advances from the General Fund were fully repaid, with interest, in 2012.

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 2016, TIF # 3 will pay back \$1,500,379 to the General Fund, reducing the net advance to \$9,492,048.

TIF District # 4 / Northeast Business Park Escrow – Northeast Industrial Park

TIF district # 4 closed in 2010, having paid back all advances from the General Fund with interest, and a capital projects escrow account was created for the remaining cost of projects outstanding. 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 provided for commercial redevelopment of West Wisconsin Avenue between Gillett and Bennett Streets.

TIF district # 5 closed in 2015, having repaid all General Fund advances made during the early years of the district with interest.

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. Eligible expenditures may be made in this fund until February 14, 2018.

The 2016 budget provides funding for maintenance and marketing of property (\$24,725). The balance of the budgeted expenses for this fund are for debt service on the money borrowed to finance capital investments, audit expense, a developer-funded tax incentive payment, and infrastructure construction. TIF district # 6 received an advance from the General Fund of \$1,000,000 in each of 2010 and 2011, along with an advance from the Debt

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

Service Fund in 2011 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 has received additional advances from the General Fund to cover interest expense and repaid \$500,000 of principal and interest in 2013. It received additional advances in 2014 and 2015 and will repay \$364,352 to the General Fund in 2016, leaving TIF # 6 with a net advance from the General Fund of \$2,598,623.

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. Projects completed to-date include the construction of a new Copps grocery store on the site of the former Valley Fair Mall and construction of a gas station / convenience store.

The 2016 Budget provides for a developer-funded tax incentive payment of \$310,000, 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. The TIF district was amended in 2011 to incorporate the Eagle Flats property, formerly the Riverside Paper mill.

Three townhomes and a mixed use commercial / apartment building were constructed by the developer of the RiverHeath Project and a second apartment building is in the planning stage. Two residential buildings were completed in 2012 by Eagle Flats, including the 54 unit workforce housing and 70 units for Appleton Housing Authority residents.

A third site, that of the former Foremost Farms processing plant on the Fox River at 935 E. John Street has been cleared and a developer is being sought. The site preparation, including building demolition, site remediation and decommissioning of a private dam, was funded in part by a zero interest loan from the Wisconsin Department of Natural Resources (\$300,000), a Wisconsin Commerce Department grant (\$600,000) and a \$500,000 escrow from Foremost Farms for the remediation of the site.

TIF District # 9 – East Wisconsin Avenue

TIF district # 9 was created in 2013 to redevelop the area around the eastern portion of Wisconsin Avenue. Major projects include a design and innovation center being planned by Appvion, a major paper company, and the redevelopment of the former Eagle Supply and Plastics site. The product design and innovation center will support and accelerate Appvion's innovation and growth plans and is expected to assist Appvion with the retention of 78 highly skilled employees. Commonwealth Development Group was awarded WHEDA tax credits to construct 50 townhomes and apartments on the Eagle Supply and Plastics site, which are expected to be completed late in 2015.

TIF District # 10 – West College Avenue

TIF district # 10 was also created in 2013, to redevelop the area around the western end of College Avenue. 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.

**CITY OF APPLETON – 2016 BUDGET
EXECUTIVE SUMMARY**

PARKS, RECREATION & FACILITIES MANAGEMENT

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Parks, Recreation & Facilities Management	2,464,207	2,510,801	2,656,604	2,687,356	2,706,656
Facilities Capital Projects	1,456,231	2,187,478	7,194,936	2,817,419	13,373,353
Parks and Recreation	3,143,640	3,237,012	3,342,348	3,256,493	3,448,265
Peabody Estate Trust	0	0	0	0	0
Balliet Locomotive Trust	0	0	300	0	11,560
Lutz Park Recreational Trust	0	0	0	53,1500	0
Park Open Space Fund	0	0	200,000	0	0
Union Spring Park	0	0	2,020	0	2,521
Universal Playground		5,300	0	2,312	0
City Park Project	0	0	200	200	0
Miracle League Field	0	1,665	0	0	0
Reid Municipal Golf Course	529,415	574,689	770,683	751,085	810,613

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.

Apart from the re-definition of the Parks Planner position to a Deputy Director of Parks, Recreation and Facilities Management that was approved by Council during 2015, there are no material changes to this budget.

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 2016 are:

- Downtown development; planning and land acquisition for Library construction, (\$500,000)
- Grounds improvements, (\$65,000)
- Hardscape infrastructure improvement, (\$330,000)
- HVAC system upgrades, (\$295,000)
- Interior finishes & furniture, (\$205,000)
- Lighting upgrades, (\$180,000)
- Police station parking deck, (\$45,000)
- Roof replacements, (\$355,000)
- Safety & security improvements, (\$85,000)
- Storage facilities, (\$42,500)
- AMP master plan, (\$40,000)
- Erb Park & pool renovation, (\$10,500,000)
- Park ADA assessments, (\$50,000)
- Playground areas, (\$240,000)
- Riverfront initiatives, (\$50,000)
- Statue & monument restoration, (\$10,000)
- Telulah Park improvements, (\$32,267)
- Trails & trail connections, (\$115,000)

Other projects under the supervision of the Parks, Recreation & Facilities Management Department are budgeted in the various enterprise funds. The 2016 budget adds the position of Project Manager to this fund to oversee work on projects budgeted both here and in the enterprise funds.

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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 2016 budget includes the addition of a summer seasonal staff position to assist in meeting customer service demands and the conversion of a part time Recreational Coordinator position to a full time Recreation Programmer position.

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 are planned for 2016.

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. The balance of this fund will be expended in 2016 on a major re-painting project for the locomotive and the fund will be closed. Future maintenance cost will be part of the Parks & Recreation budget.

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.

2015 expenditures are to install an ADA-accessible canoe and kayak launch. This project was supported by a \$43,150 grant from the Fox-Wisconsin Heritage Parkway.

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 2015 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. Since that project has not advanced, the purchase will be re-budgeted at some future date. The reacquisition of the WE energies property adjacent to the site of the former water treatment plant along the riverfront (\$107,000) has also 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 a private donation to finance the maintenance of the well at Union Spring Park and the corresponding expenditures for such purposes. Due to the expense of maintaining this fund and the limited needs of the park, the remaining balance of the fund will be expended on repairs, landscaping and lighting and the fund will be closed. Future maintenance cost will be part of the Parks & Recreation budget.

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.

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

Universal Playground

This fund provides for maintenance of the Universal Playground at Memorial Park. This fund will terminate in 2015, following the completion of the playground upgrade.

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 2016.

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, were 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 allows for greater integration of golfing programs with other programs of Parks and Recreation. The 2016 budget adds a marketing intern position to assist the administrative assistant with marketing efforts (\$4,500).

LIBRARY / TRANSIT

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Library	4,231,419	4,327,036	4,294,408	4,426,022	4,454,259
Library Capital Projects	54,884	0	0	0	0
Frank P. Young Memorial	0	34,806	0	0	0

Library

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

Recent accomplishments include:

- Continued high library utilization – circulation projected at 1.2 million items in 2015, meeting room use expected to reach 4,270 uses, and an average door count of approximately 42,300 patrons per month through July 2015;
- Utilized an average of 658 volunteer hours per month so far in 2015, compared to 617 hours per month in 2014, significantly augmenting the efforts of paid staff;
- Continued work to improve the website and online service delivery; and
- Expanded outreach efforts with the addition of a full time specialist working with the Hmong and Hispanic communities.

Major 2016 objectives include:

- Continue to plan for library facility needs
- Expand outreach to parents in the Hmong and Hispanic communities as well as finding ways to work with incoming refugees
- Collaborate with schools and other community organizations
- Serve as a location for civic engagement and public meetings
- Continue to develop online "digital branch" offering increased access to digital content such as e-courses for lifelong learning
- Improve website to make it easier to navigate
- Continue to develop collection of e-book titles

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

- Continue work begun with OWLS in 2015 to incorporate a discovery layer in the online catalog, allowing users to search physical library holdings and electronic content in a single search

During 2016, Library staff will continue to work with Facilities Management staff, consultants, and architects to plan for library facility needs. \$500,000 for the downtown development capital project is included in the Facilities Capital Projects fund. During 2015, negotiations were concluded to acquire a site for a new library but purchase of that site was ultimately declined by the Appleton Common Council. The budget for 2016 is for development of an alternate plan. A second element of the downtown development project is the implementation of recommendations from a parking study completed in 2015.

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 2016.

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 has been made since 2011 to allow earnings to accumulate. This fund was transferred to the Community Foundation to provide a more valuable scholarship while continuing to fulfill Mr. and Mrs. Young's wishes.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Valley Transit	8,774,139	9,356,383	9,508,068	9,529,707	9,536,857

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 2015 events include:

- Increases in bus ridership - through the first five months of 2015 was up 0.6% over the same period in 2014 and total paid rides increased by 2.5%;
- 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 to fund the Highway Trust and Mass Transit funds through July, 2015 through an infusion of general fund money into the transportation funds. It is expected that a continuing resolution will be passed to continue funding at that level.
 - 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 – Efforts continue to secure enabling legislation to form a Regional Transit Authority (RTA). Building on our existing network of advocates, we sought support from the business community. In January, a letter of support was sent to Governor Walker requesting that an RTA be established in the Fox Cities. The letter was signed by twenty individuals representing local municipalities, non-profit agencies, businesses and economic development organizations who see the need and value of having an effective and efficient transit system. State Senator Roger Roth has authored RTA-enabling legislation that is expected to be introduced in the coming months.

The budget for 2016 includes the 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

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

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 2016. Additional support includes a special payment from the State of Wisconsin of \$103,000 and a payment of \$88,598 from Outagamie County to support Route 9, The Link, serving low income senior and disabled housing at Eagle Flats in Appleton.

PUBLIC WORKS

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Public Works	14,125,236	14,080,655	14,352,181	14,437,203	13,792,935
Sanitation	3,248,427	3,544,536	3,503,368	3,393,368	3,406,919
Subdivision	1,490,440	1,452,788	1,288,459	1,288,459	1,277,698
Public Works Capital Projects	1,877,514	1,758,118	2,735,581	2,782,338	4,522,978
Wheel Tax	0	0	1,400,005	1,390,000	1,512,400
Parking	2,987,684	2,974,018	3,071,682	3,255,252	3,288,607
CEA	5,442,385	5,456,587	5,487,181	5,297,181	5,464,526
CEA Replacement	2,319,488	3,008,341	3,778,470	3,449,470	2,375,996

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 2016 budget are the following:

- Implement the third year of the new tree planting program in urbanized areas as part of the Department's sustainability initiative and to replace existing Ash trees;
- Assist the City Assessor with a City-wide photo project to update photographic records of all 26,000 properties in the City;
- Implement the sixth 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 that was incorporated in the 2015 budget was the discontinuation of the use of special assessments to finance street reconstruction projects. Special assessments issued for street reconstruction through 2014 will be collected over the life of the payment option selected by the property owner and special assessments will continue to be utilized for new street construction, ornamental street lighting, snow removal, weed cutting, tree planting, etc. Wheel tax revenue is restricted to street reconstruction projects and is budgeted at \$1,512,400 for 2016. Please see the discussion of the wheel tax below.

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.

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

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 total tipping fees. In 2013 overflow trash pickup, previously done once a month, was eliminated, though bulky overflow pickup (furniture, appliances, etc.) for all households in the week opposite recycling pickup was continued. 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 maintenance. As a result of these changes, the quantity of residential commingled recyclables is projected to be approximately 1,150 tons greater in 2016 than the total collected in 2012, an increase of 23%.

The 2016 budget continues 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 2016, this fund will be used to account for:

- Concrete reconstruction of streets in the area of the planned Exhibition Center (\$1,011,521) and of John St (\$2,333,260);
- Sidewalk reconstruction on John St. (\$180,000);
- Expansion of the traffic camera program (\$27,500);
- Bridge improvements – Lawe St. and S. Island St. over the power canal (\$779,904);
- Street lighting improvements (\$76,793);
- Survey instrument replacements (\$35,000); and
- Digital radio replacements (\$79,000).

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 \$20.00 fee added to the cost of vehicle registrations and subsequent annual renewals. 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 to 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.

Based on a marketing plan developed in 2011 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

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

in 2013 and 2014 with installation of 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 continued the effort to expand credit card use to all ramps and the LUKE parking pay stations and began implementation of the results of the parking study that was completed in 2014. The 2016 budget includes the conversion of the four ramps to pay-as-you-exit, as recommended by the parking study, and increases monthly parking permits to \$35/month for the Blue Ramp and \$30/month for all other parking structures, effective July 1 2016. Rates for hourly parking in the ramps will range from \$1 to \$5, depending on duration of stay. On-street parking enforcement hours will continue to be 9 a.m. to 6 p.m., Monday through Saturday.

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 2016 budget reflects a reduction in fuel expense (approximately \$250,000 from the 2015 adopted budget) - Unleaded fuel is budgeted at \$2.41 per gallon for 152,240 gallons and diesel fuel at \$2.53 per gallon for 167,473 gallons. Major goals include:

- Evaluation of the GPS units installed in CEA vehicles in 2012 – 2015 and installation of additional units in new equipment acquired in 2016; and
- Evaluation of engine idle times using GPS-provided data and start of work on implementing an idle reduction plan to reduce overall fuel usage.

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

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Health	1,130,959	1,157,981	1,171,423	1,179,094	1,196,929
Health Grants	190,631	184,977	181,243	199,918	179,459

Health

It is the mission of the Appleton Health 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.

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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 162 days of certification services, compared to 77 days in 2004, the first full year of the program. The rate for these services for 2016 is \$421 per day.

The 2016 budget reflects the re-inclusion of the 20% of the Health Officer's salary that has been allocated to the Bioterrorism grant, reflecting the changing demands of that program, and the elimination of a half-time clerical position.

Health Grants

In addition to its various responsibilities described above, the Health 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 2016, this program will provide approximately 12 women with prenatal care.

- 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.
- 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.

- 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 Marquette, Waushara and Green Lake counties and the City of Menasha to provide staff support for preparedness planning activities. The 2016 budget reflects the elimination of the allocation of 20% of the Health Officer's salary that has been allocated to this grant, reflecting its changing demands. That amount has been re-incorporated into the General Fund.

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EXECUTIVE SUMMARY**

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Police	15,540,680	15,991,507	16,394,568	16,491,630	16,642,266
Police Grants	184,783	169,465	170,434	170,434	151,434
Public Safety Capital Projects	1682,979	340,986	220,860	220,860	196,806

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 2015 include:

- Implementation of the Taser International Officer Safety Program, utilizing body cameras, Tasers, and cloud-based evidence storage,
- 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.

Specific objectives for 2016 include:

- Continue to review district and shift staffing levels to maximize resource utilization;
- Enhance regional collaborative investigation efforts, engage in crime prevention efforts, explore advanced hardware and software technology to reduce cybercrime; 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 2016 Budget includes:

- The second year of the Officer Safety Program, including body cameras and Tasers, and
- Continuation of the reorganization begun in 2015. This reorganization includes changing a Deputy Chief of Police for Administration position to an officer, eliminating a full time Lead CSO position and adding a full time civilian Forensic Evidence Specialist.

Police Grants

This fund is used to account for receipt of various grants to enhance public safety and the corresponding expenditures. In 2016, 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), speed enforcement (\$10,000), the Bulletproof Vest Partnership Program (\$6,000), 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 2016, this fund will be used to account for the third year of a project to upgrade emergency vehicle signal preemption equipment (allows fire trucks to control signals at intersections as they approach them; \$146,806) and addition of a flashover simulator to the Fire department's training tower (\$50,000). No Police capital projects are budgeted for 2016.

**CITY OF APPLETON – 2016 BUDGET
EXECUTIVE SUMMARY**

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Fire	10,855,328	10,953,474	11,025,309	11,036,020	11,328,432
HazMat Level A	98,800	101,371	75,075	75,474	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 2015 include:

- Worked with Fox Valley Technical College to create a firefighter eligibility hiring list to streamline the process of filling vacant positions;
- Facilitated the work of a multi-discipline task force comprised of law enforcement, emergency medical services, and fire departments in developing standard operating procedures for response to active shooter events; and
- Conducted a review of the firefighter rehabilitation process and implemented adjustments to improve the health and safety of responders, particularly in the event of extended incidents.

In 2016 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

Hazardous Materials, Type II

The Cities of Appleton, Oshkosh and Green Bay have an agreement with the State of Wisconsin to provide certain haz-mat services relating to the containment of hazardous substances in the event of an accidental spill, release, or discharge within the contract area of northeast Wisconsin. Hazardous Materials Type II 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 continues at that same lower level for 2016.

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.

**CITY OF APPLETON – 2016 BUDGET
EXECUTIVE SUMMARY**

Debt Service Funds	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Debt Service Funds	6,635,151	5,070,261	5,196,295	5,196,295	4,833,023

The City issued no general obligation debt in 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. The 2016 tax levy for debt service is \$2,928,106.

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.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Water Utility	18,370,017	17,093,657	19,808,855	19,963,764	19,939,680

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. The utility will begin a full rate increase application process in 2017, with implementation of any approved rate changes planned for 2018.

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 2016 is to complete the demonstration phase of the Regulatory Upgrade and Process Improvement Project begun in 2013. The project is composed of seven separate projects to enhance treatment levels for cryptosporidium and virus inactivation, as well as improve existing processes. This aggregate project consists of the following:

- Equipping the softening process system with high density mixers and delivery equipment
- Reviewing the facility for enhanced treatment and completing demonstration projects to ensure high standards for water quality treatment
- Doubling the size of the disinfection basins and introducing baffling to increase effectiveness for virus removal
- Upgrading the existing granular activated carbon (GAC) contactors to dual media filters, as defined by Wisconsin regulatory code
- Including an ultraviolet light process in the treatment train to inactivate cryptosporidium and giardia
- Equipping the ammonia system with bulk and day tanks for better process control and delivery
- Integrating all regulatory and process improvement projects into the current supervisory control and data acquisition (SCADA) system and adding a new reporting software program to increase systems security and reduce the potential of error from the previous open architecture program

CITY OF APPLETON – 2016 BUDGET EXECUTIVE SUMMARY

The 2016 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. Both the 2015 and 2016 budgets continue that higher level of personnel expense.
- Water tower interior painting – the 2016 budget includes \$255,000 to paint the interior of the Matthias Street tower, pending the results of an interior inspection; the tower was last painted in 2006.

The budget for treatment capital projects includes the following:

- HVAC upgrades (\$100,000);
- Lighting upgrades (\$50,000);
- Electrical upgrades (\$80,000); and
- Improvements to the chemical storage facility at the treatment plant (\$250,000).

The budget for distribution includes \$1,920,059 for the fourth 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 is being 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 (\$35,067) and software support (\$2,217) for the new radio read meter system. Other infrastructure capital improvements are budgeted at \$2,971,944 for installation and reconstruction of water mains.

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Wastewater Utility	10,436,329	10,469,632	11,307,680	11,207,680	10,724,467

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. No further rate increase is projected for 2016. A tiered rate system for special hauled waste from outside the service area has been in effect since January 1, 2010.

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:

- \$1,594,157 of sanitary sewer reconstruction projects;
- \$ 125,000 for replacement of the gate valves in bar screen # 1;
- \$ 100,000 for upgrades to the D building laboratory;
- \$ 115,000 for electrical upgrades to the belt filter press;
- \$ 50,000 for plumbing improvements;
- \$ 50,000 for HVAC upgrades; and
- \$ 150,000 for hardscape improvements.

**CITY OF APPLETON – 2016 BUDGET
EXECUTIVE SUMMARY**

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Stormwater Utility	6,882,219	7,201,987	7,421,911	7,517,881	7,399,508

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 18% rate increase that was anticipated to take effect on July 1, 2016 as part of the plan presented to Council in 2011 will be delayed. The next rate increase is projected for January 1, 2018 and is anticipated to be 12%.

The operating budget shown above reflects continued higher levels of expense related to existing stormwater facilities, including bond interest, depreciation, and facilities maintenance, along with \$4,330,165 of stormwater facilities construction.