

City of Appleton, Wisconsin



2008 ADOPTED BUDGET AND SERVICE PLAN

EXECUTIVE SUMMARY

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



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

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November 15, 2007

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

Dear Appletonians:

I present to you the 2008 Budget and Service Plan, including the five-year Capital Improvement Plan. Total expenditures for the 2008 Budget are \$142,704,334. Unlike the past, this budget was developed with significant uncertainty arising from the State Budget. Many variables that typically comprise about 30% of the revenues related to our General Fund Budget were unknown until the week prior to adoption. This Budget complies with our City of Appleton fund balance policies and tax levy ordinance.

Our own tax levy ordinance first limits the growth in our tax levy to a factor of inflation plus the growth of our tax base due to net new construction. Secondly, our ordinance makes adjustments for revenues that increase greater than inflation along with any new revenues and services transferred to user fee funding from tax levy funding. The State's levy limit rules limit the increase in the tax levy to the greater of net new construction growth (2.463% in 2006) or 3.86% adjusted for levy increases allowed for debt issued after July 1, 2005. These two limits on our tax levy take differing perspectives that, when considered together, give our citizens and businesses assurances that the City continues to strive to be more cost effective while still providing quality services.

In the past, we have reduced infrastructure costs to balance our City budget. The focus for the 2008 Budget was to insure this trend did not continue. The 2008 Budget includes \$4.2 million in streets and sidewalk construction compared to \$3.9 million in 2007 or a 7.6% increase.

Again in 2008, we are looking at increased costs in the areas of personnel and utilities. The volatile cost of fuel is also a factor that cannot be ignored. The increased costs in the area of personnel are predictable due to the settlement of our labor contracts. Our health care costs trend is still increasing but at a slower rate than nationally due to our provider's case management and negotiated discounts, changes in consumer behavior due to education and choice, and more consumer participation in costs through higher deductibles/co-pays and management of Health Reimbursement Accounts.

It remains difficult to predict the cost of gasoline, electricity and natural gas with any certainty eighteen months into the future. Gasoline and diesel fuel have been budgeted at \$2.75 and \$2.62 per gallon (the City does not pay federal gas tax and purchases in bulk), compared to \$2.53 and \$2.64 in 2007, and we have included a 12% increase over actual 2007 expense for electricity and an 8% increase over the most recent twelve month actual expense for natural gas. Those increases come on top of the 14% and 5% increases, respectively, included in the 2007 Budget. To further provide for uncertainties in the marketplace, we have included \$137,315 as a contingency against further fuel price increases.

Conversely, another major factor having a positive effect on the 2008 Budget is the performance of our Tax Incremental Financing (TIF) districts. The combined growth in equalized values in our six TIF districts was \$56,603,000 or 16.7%. TIF District One is collecting its final year of increment. It will be able to pay back

deferred interest on the advances it received from the General Fund in its early years of existence in the amount of \$2,062,545 compared to \$1,943,898 in 2007. Tax Incremental District Four is also anticipated to close in 2008 in advance of its statutory limitation. All project expenditures have been completed. There will be increment available for disbursement to the applicable taxing entities upon closure as all outstanding debts have been paid. The closure of these districts in 2008 will bring an estimated \$252,624,900 of property value back onto the general tax rolls. It is our hope this will help stabilize our budget in 2009.

The major change in the 2007 Budget was the creation of the Facilities and Construction Management Department (Facilities/Construction Department). This was the first step in allocating the necessary resources to extend the useful life of our existing facilities, increase the quality of services and provide an organized plan to address future City facilities needs. The next step taken in the 2008 Budget is the creation of a Facilities Capital Projects fund consolidating facilities management projects. This structure allows us to bring all similar facilities projects together to ensure that projects are evaluated and prioritized on a common basis. We continue to work towards our goal of managing all City-owned property in a safe, accessible and cost effective manner.

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

FISCAL

- Taxes – Overall, this budget includes an increase in levy-related expenditures of 1.44% that is impacted by a 1.55% decrease in revenues, resulting in a tax levy increase of 4.95% as allowed by limit to balance the budget. The increase in the levy, coupled with the real growth of the City's tax base results in an equalized tax rate of \$7.8487 per thousand, up from \$7.7933 in 2007 or a 0.71% increase.
- Debt and Fund Balances – The Debt and Fund Balance Policies that we have put in place are met by this budget to ensure the City's outstanding bond ratings and financial stability. In 2007, we maintained the City's outstanding bond ratings. These ratings enable the City to borrow funds at very low interest rates, which in turn, saves our taxpayers and ratepayers significant dollars.
- Revenues – The 2008 Budget includes a 5% increase for Weights and Measures fees as approved by the Common Council on September 5, 2007.

COMMUNITY DEVELOPMENT

Development related projects in this budget include:

- Industrial and Business Park Development – This budget includes funding of \$1,140,702 for infrastructure in Phase I, II and III of the Southpoint Commerce Park. Currently there are 31 lots available for sale (one sold in 2005). The 2009 and 2011 Budgets provide funding for Phases IV and V.
- Riverfront Initiatives – This budget includes funds to assist in development of the Foremost Dairy and Kaukauna Utilities/MI Drilling properties along the Fox River on the east side of the City (\$800,000), and the trail development between Vulcan Heritage Park and Lutz Park (\$750,000). The Vulcan/Lutz trail had been planned for 2007 was delayed due to negotiations with Canadian National Railway for right-of-way and with the Appleton Yacht Club for the lease of City land.
- Smart Growth Comprehensive Plan – This project is to complete the City's comprehensive plan, as required by the State's unfunded mandate. Deadline for completion is January 1, 2010. It typically takes two and one half to three years to complete a comprehensive plan, but with this initiative (\$75,000) and the work already started or completed, we expect to meet the target timeframe.

- The City created TIF # 7 in the area of South Memorial Drive from Calumet Street to State Highway 441 to provide targeted investments in this commercial corridor in conjunction with the private market. The 2008 CIP funds (\$447,000) will be used as developer incentives, revitalization grants, and planning and design of streetscape amenities and public improvements in this corridor that will result in a more attractive and valued business corridor.

UTILITIES

- Water – The focus in 2007 will be to continue to optimize the Water Treatment Facility to meet the water requirements of its customers providing safe, potable, cost-effective, high quality water. It is imperative that we continue to move forward to address the capacity issues to serve our present and potential future consumers. We have included \$5.4 million to increase the cold water capacity, secondary feeder intake main to the Plant and other operating issues. The City will issue water revenue bonds for these needs as the timing and ultimate potential for recovery of damages are still unknown as we continue to negotiate and work with our legal counsel to find resolutions in the most cost effective manner. A Water Distribution Master Planning Study was completed in 2007 and identified a high priority need for installation of pressure zone control valve stations between the three water distribution system pressure zones. Funding for the start of this project in the amount of \$185,000 is included in the 2008 Budget. The Water Rate Study required by the Public Service Commission to be filed prior to 12/31/07 is anticipated to be completed mid-year 2008.
- Wastewater – The utility continues to provide both short-term and long-term facility planning and management to address community growth and the challenges presented with treating the lime wastes that increase our biosolids production volumes beyond current storage capacity. This budget contains \$369,000 for aeration tank pipe replacement, \$769,230 to rebuild two of three belt filter presses used to remove water from biosolids that reduces both their weight and volume, and \$125,000 for roof replacement on Building S. A study will be completed to verify interceptor capacity for the north growth area (\$45,000) along with typical sanitary sewer system infrastructure reconstruction to meet current and future needs (\$5.2 million). Finally, the budget includes \$80,000 for the sludge storage tank repair. This is the first part of a three year program to provide maintenance to the digester system, which is over ten years old. The rate increase implemented in 2005 is expected to cover the requirements of the Wastewater Utility through 2008.
- Stormwater – This budget provides funding to continue our efforts in stormwater management throughout the city, both to fulfill the City's obligations under the Wisconsin Department of Natural Resources Regulations 151 and 216 (NR 151 & 216) and to control flooding. Major projects include storm sewer reconstruction along College Avenue on both sides of the College Avenue bridge (from Drew Street east to the bridge and from the east side of the bridge to Matthias Street), retrofitting the southeast detention basin, and construction of the Pershing pond; all construction that contributes towards the City-wide Stormwater Management Plan. The rate increase implemented in 2006 is expected to cover the requirements of the Stormwater Infrastructure Program through 2009.

PERSONNEL

The 2008 Budget includes a reduction of 1 FTE Mechanic and 1.4 FTE part-time Bus Drivers at Valley Transit. The two part-time Driver positions are vacant and have been for much of 2007. The workload in the Maintenance Department has been significantly reduced, at least in the short term, by the new buses. Combined State and Federal operating assistance for transit is estimated at 57% of eligible expenses for 2008, down from 59% in 2007.

Other personnel changes are as follows:

- Utilities / Facilities – .3 FTE of the Utilities Stock Clerk position and .25 FTE of the Utilities Administrative Secretary position have been allocated to Facilities and Construction Management to reflect the amount of time spent ordering materials, managing parts inventories, and preparing monthly interdepartmental billings.
- Weights & Measures – The budget includes funding for the early hire of a Sealer of Weights and Measures, to provide overlap with the current Sealer for training prior to his planned retirement in August, and for the

potential continued employment of the current Sealer in a part-time, non-benefitted capacity up to .25 FTE, after a minimum 30-day break in service following his retirement.

- An increase of .1 FTE in the Grants Administrator position. The Grants Administrator position was reduced to .7 FTE in the 2007 Budget, with the elimination of the 30% that had been allocated to the General Fund after the position had become vacant. After a year of trial, it is determined that additional hours are needed to adequately perform this function. This position remains fully grant funded.

Further details can be found on page 576 of the full budget document.

CAPITAL IMPROVEMENT PROGRAM

Highlights of the remainder of the 2008 CIP are as follows:

- Parking Utility structural repairs for highest priority needs in the parking ramps based on the consultant's evaluation report and to replace and upgrade ramp entry machines to be able to accept debit/credit cards (\$155,000).
- Facilities improvements include:
 - A \$50,000 study will look at future library service needs of the community over the next several years and the facility requirements to serve those needs. The Appleton Library Foundation has agreed to supplement this request with a grant of \$10,000 to reduce the City's cost to \$40,000.
 - Replacement of three 25 year-old furnaces at the Valley Transit building, two 26 year-old air handlers at Reid Golf Course, upgrades of HVAC controls for improved energy efficiency and comfort at Fire Station #6, and HVAC system automation at the Wastewater Treatment Plant (\$180,000). This is the first phase of a multi-year effort to upgrade all HVAC systems to digital control, allowing them to be operated for both greater efficiency and comfort.
 - Lighting upgrades at the Municipal Services Building, the Transit Center, Valley Transit administration building, and the Wastewater Treatment Plant (\$223,930). Lighting upgrades will result in significant energy savings, enabling a payback on the various projects of from 1.3 to 2.9 years.
- Technology upgrades and enhancements include replacement of the network core switch, through which all voice and data traffic passes (\$160,000), and an upgrade of all computer workstations to Microsoft Office 2007 from Office 2000 (\$175,000). \$175,000 is included to fund the process of researching and piloting Wireless Broadband Access technology. A partnership with INFOCIS (City of Appleton, Outagamie County, Winnebago County, City of Neenah, Town of Grand Chute, Fox Valley Technical College and Appleton Area School District) has been established for this project and it is anticipated the City share will be about 50%.
- Police Station construction for the remodeling project, planned to take place in 2008-2009 over a sixteen month period (\$5,915,391 for 2008). Total project cost is currently capped at \$12,826,500 with a maximum of 65,000 square feet and a two-level parking deck.
- Bridge improvements continue for Lawe Street over the navigational canal that was started in 2005 (\$40,000). It is critical construction to be completed prior to the College Avenue Bridge being closed for replacement. Also included is engineering work in preparation for replacement of the concrete deck of the Olde Oneida Street Bridge over the Fox River (\$64,460). Construction will take place in 2010, after completion of the College Avenue bridge project.
- An update of the Master Plan for Erb Park (\$35,000), renovation of the utility area behind the Appleton Art Center, Bazil's and Zuelke Building as the first phase of renovations of Houdini Plaza (\$300,000), and funding for an upgrade of water systems for future irrigation of all ball diamonds and design of a restroom/concession building, irrigation controls, and walkways at Appleton Memorial Park (\$80,000) make up the major quality of life capital projects for 2008.
- Other public safety investments include funding to replace all Police Department wideband analog portable radios with P25 compatible narrowband digital radios (\$307,500) and the replacement of the Fire Department's 1989 pumper (\$450,000).

CONCLUSION

The City of Appleton is in sound financial condition as evidenced by our continued strong general purpose and revenue bond ratings. I believe this 2008 Budget balances the needs of the City in a fiscally responsible manner and effectively positions our community to meet the many challenges we face in the current economic climate and uncertainty of the State Budget.

Sincerely,

TIMOTHY M. HANNA
Mayor of Appleton

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

COMBINED SUMMARY OF EXPENSES - ALL FUNDS

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

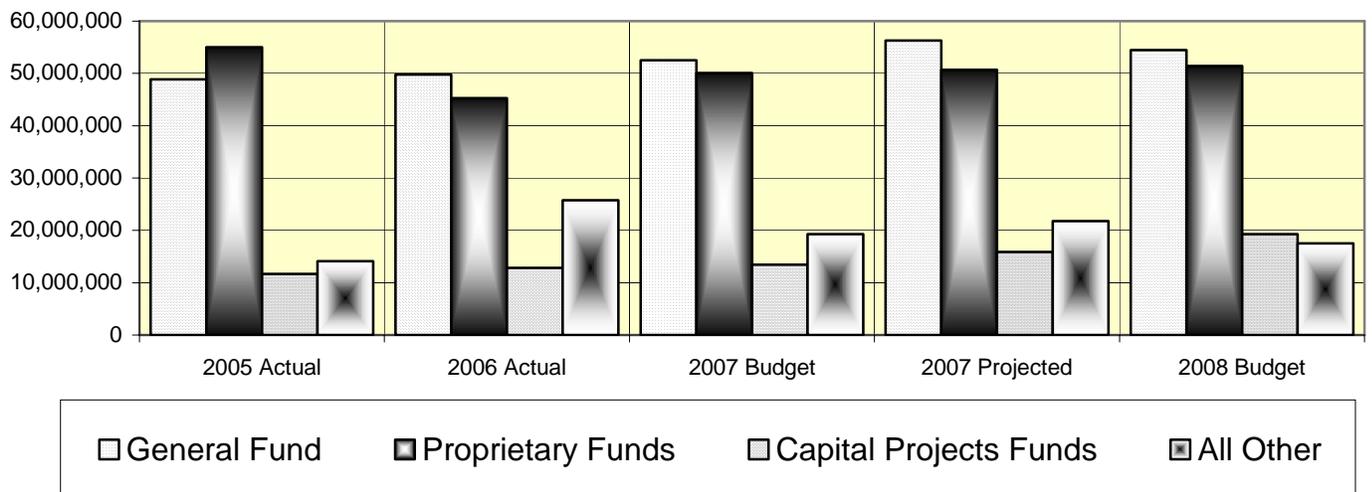
Table 1: TOTAL EXPENSES - ALL FUNDS ¹

| Funds | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | \$ 48,886,842 | \$ 49,786,342 | \$ 52,525,434 | \$ 56,292,517 | \$ 54,456,067 |
| Debt Service Funds | 7,794,913 | 11,320,690 | 8,828,037 | 8,979,937 | 7,814,030 |
| Special Revenue Funds | 6,311,536 | 14,422,441 | 10,455,617 | 12,816,312 | 9,724,823 |
| Capital Projects Funds | 11,687,844 | 12,852,425 | 13,438,023 | 15,856,305 | 19,301,094 |
| Proprietary Funds | 55,001,177 | 45,265,118 | 50,088,844 | 49,894,540 | 51,407,732 |
| Permanent Funds | 500 | 1,000 | 800 | 340 | 588 |
| Total - All Funds | \$ 129,682,812 | \$ 133,648,016 | \$ 135,336,755 | \$ 143,839,951 | \$ 142,704,334 |

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

² Proprietary funds include the Facilities and Construction Management Fund, established in 2007 as an internal service fund. Please see the discussion of this fund on page 7.

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 and Construction Management, and Risk Management Fund). Debt Service Funds account for the payment of interest and principal on general long-term debt, Special Revenue Funds account for various special revenue sources which are legally restricted to expenditures for specific purposes, Capital Projects Funds account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds, and Permanent Funds are for assets restricted for the purpose of generating interest income.

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

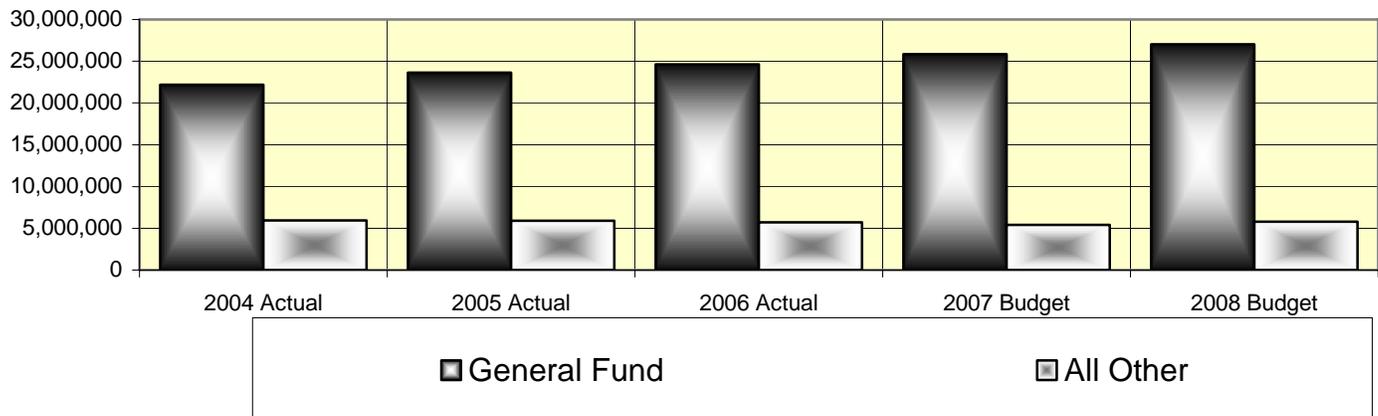
PROPERTY TAXES

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

Table 2: PROPERTY TAX LEVY BY FUND

| Funds | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Projected | 2008 Budget |
|--------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| General Fund | 22,174,113 | 23,626,615 | 24,624,866 | 25,839,080 | 27,022,848 |
| Debt Service Funds | 2,917,334 | 2,903,025 | 2,897,879 | 2,953,457 | 3,303,443 |
| Special Revenue Funds | 2,573,944 | 2,637,436 | 2,536,257 | 2,467,850 | 2,481,550 |
| Capital Projects Funds | 446,371 | 365,731 | 300,000 | - | - |
| Total - All Funds | \$ 28,111,762 | \$ 29,532,807 | \$ 30,359,002 | \$ 31,260,387 | \$ 32,807,841 |

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 2007 property tax levy (payable in 2008), approximately 32.8% was levied for various City operations as illustrated in Table 3 and in Figure 3 following. Another 33% was levied by the Appleton, Menasha, Kimberly and Freedom school districts, 17.8% by Outagamie, Calumet, and Winnebago counties, 7% by Fox Valley Technical College (WCTS), and .8% by the State of Wisconsin. The remaining 8.6% is levied on the increment in Tax Incremental Financing (TIF) districts, and is used within each individual district for further capital investment, debt service on previous borrowing, and repayment of advances from other sources, as applicable.

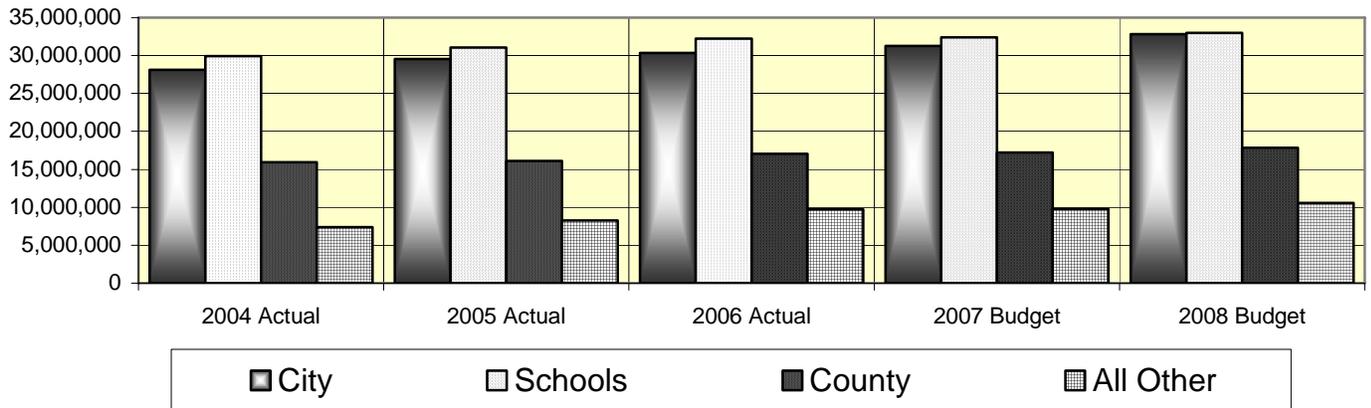
CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Table 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES

| Apportionment | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Budget | 2008 Budget |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| City | 28,111,450 | 29,532,807 | 30,359,156 | 31,260,387 | 32,807,841 |
| WTCS | 6,183,265 | 6,310,163 | 6,588,696 | 6,721,675 | 6,978,847 |
| Schools | 29,904,077 | 31,036,260 | 32,218,451 | 32,395,678 | 32,992,462 |
| State | 728,084 | 767,301 | 781,907 | 763,941 | 776,514 |
| County | 15,942,915 | 16,118,113 | 17,024,491 | 17,217,035 | 17,856,640 |
| TIF Districts | 4,771,889 | 5,376,832 | 6,484,731 | 7,485,407 | 8,653,800 |
| Total - All Portions | \$ 85,641,680 | \$ 89,141,476 | \$ 93,457,432 | \$ 95,844,123 | \$ 100,066,104 |
| Less State Credits | 4,301,871 | 4,168,183 | 4,100,024 | 5,206,059 | 5,830,499 |
| Net Tax Levy | \$ 81,339,809 | \$ 84,973,293 | \$ 89,357,408 | \$ 90,638,064 | \$ 94,235,605 |

* Not available

Fig. 3: CERTIFIED APPORTIONMENT OF PROPERTY TAXES



TAX LEVY

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

| Tax Levy | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Actual |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City | 8.3167 | 8.5035 | 8.4351 | 7.6845 | 7.9258 |
| WCTS | 1.8293 | 1.8169 | 1.8306 | 1.6523 | 1.6860 |
| Schools | 8.8317 | 8.9156 | 8.9402 | 7.9467 | 7.9572 |
| State | 0.2034 | 0.2109 | 0.2021 | 0.1732 | 0.1714 |
| County | 4.7183 | 4.7299 | 4.7410 | 4.2482 | 4.3270 |
| Gross Tax Levy | \$ 23.8994 | \$ 24.1768 | \$ 24.1490 | \$ 21.7049 | \$ 22.0674 |

* Not available

Outagamie County/Appleton Area School District only.

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

The assessed values are used to determine how much of the community's total levy is paid by each property owner. For example, a person who owns 1% of a community's assessed value will pay 1% of the taxes.

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

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.

If the total property remains stable, increases in the levy will result in increased assessed rates. Appleton has had a 12.46% increase in net new construction from 2004 to 2008, while the tax levy has increased by 16.7%.

Table 5: TOTAL FULL TIME EQUIVALENT EMPLOYEES

| DEPARTMENT | 2005 | 2006 | 2007 | 2008 |
|----------------------------------|---------------|---------------|---------------|---------------|
| Assessor's Office | 7.00 | 7.00 | 7.00 | 7.00 |
| Attorney's Office | 3.67 | 3.67 | 3.67 | 3.67 |
| City Clerk's Office | 5.00 | 5.00 | 5.00 | 5.00 |
| Finance Department | 9.75 | 9.87 | 9.85 | 9.85 |
| Fire Department | 102.00 | 102.00 | 101.00 | 101.00 |
| Health Department | 13.50 | 13.05 | 12.85 | 12.85 |
| Health Grants | 4.05 | 4.55 | 4.60 | 4.40 |
| Technology Services | 15.40 | 15.40 | 15.40 | 15.40 |
| Library | 46.00 | 45.50 | 45.50 | 45.50 |
| Mayor's Office | 3.00 | 3.00 | 3.00 | 3.00 |
| Facilities Management | - | - | 8.00 | 8.55 |
| Parks & Recreation | 34.00 | 34.00 | 34.67 | 34.67 |
| Reid Golf Course | 2.67 | 2.67 | 2.05 | 2.05 |
| Human Resources | 5.95 | 5.95 | 5.95 | 5.95 |
| Risk Management | 2.98 | 2.98 | 2.98 | 2.98 |
| Community Development | 9.00 | 8.00 | 8.00 | 8.00 |
| Housing & Community Devel. | 2.50 | 2.68 | 2.65 | 2.75 |
| Police Department | 134.00 | 133.00 | 135.00 | 135.00 |
| Public Works | 58.39 | 59.80 | 58.57 | 55.32 |
| Sanitation | 26.29 | 22.69 | 22.69 | 22.69 |
| CEA | 14.85 | 14.11 | 14.11 | 14.11 |
| Parking | 11.60 | 11.47 | 11.47 | 11.47 |
| Capital (TIF, Subdivision, etc.) | 4.15 | 4.03 | 4.26 | 8.31 |
| Stormwater Utility | 14.02 | 16.12 | 17.52 | 16.92 |
| Water Utility | 38.69 | 38.27 | 36.92 | 36.92 |
| Wastewater Utility | 34.27 | 32.47 | 28.07 | 27.32 |
| Valley Transit | 55.30 | 54.80 | 54.30 | 51.90 |
| Total Regular Employees | 658.02 | 652.07 | 655.08 | 652.58 |

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. Net changes for 2008 are the addition of .1 FTE to the grant funded Grants Administrator (to a total .8 FTE) and the elimination of a mechanic position (1.0 FTE) and two part-time bus driver positions (1.4 FTE combined) at Valley Transit. This table also shows a .2 FTE reduction in grant funded public health nursing staff (approved during 2007).

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.

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Table 6: GENERAL FUND SOURCES OF REVENUE

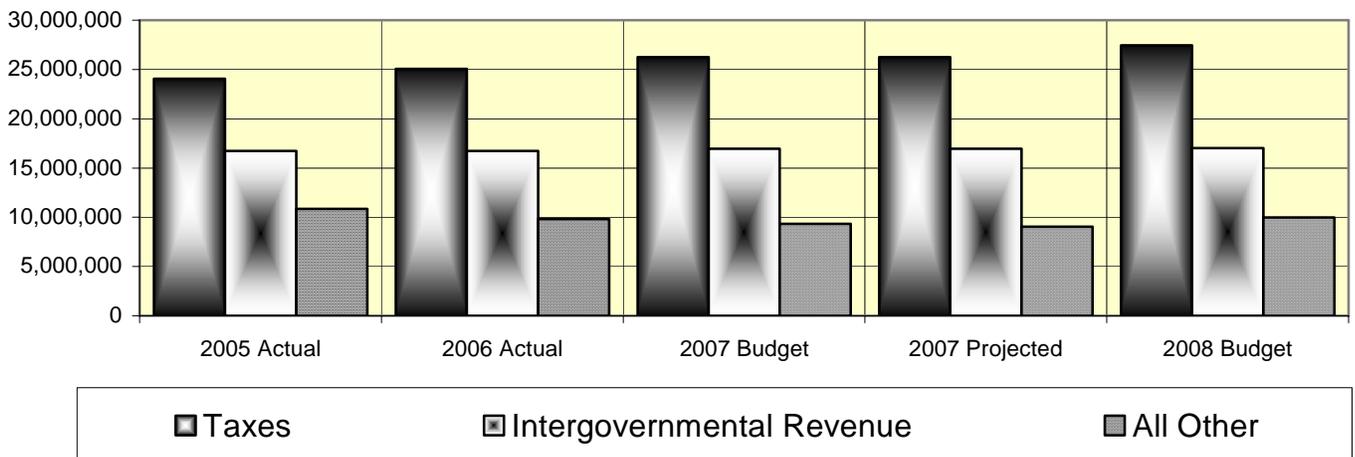
| Source | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Taxes | 24,069,302 | 25,059,141 | 26,247,880 | 26,247,880 | 27,451,648 |
| Intergovernmental Revenue | 16,720,451 | 16,723,824 | 16,947,529 | 16,947,529 | 17,028,666 |
| Licenses and Permits | 921,707 | 938,603 | 823,368 | 843,368 | 803,566 |
| Special Assessments | 995,134 | 1,203,720 | 1,207,000 | 900,000 | 1,128,480 |
| Fines and Forfeitures | 251,401 | 271,530 | 300,000 | 270,000 | 300,000 |
| Interest Income | 2,608,647 | 3,195,214 | 3,275,898 | 3,275,898 | 3,882,203 |
| Charges for Services | 1,194,513 | 1,350,807 | 1,332,122 | 1,332,122 | 1,370,238 |
| Other Revenue | 1,449,264 | 1,426,414 | 949,187 | 987,153 | 1,042,816 |
| Total General Fund | 48,210,419 | 50,169,253 | 51,082,984 | 50,803,950 | 53,007,617 |
| Other Financing Sources | 3,441,256 | 1,439,070 | 1,442,450 | 1,442,450 | 1,448,450 |
| Total Revenue & Other | 51,651,675 | 51,608,323 | 52,525,434 | 52,246,400 | 54,456,067 |

The largest single source of funding for General Fund operations is the property tax, which will provide \$27,022,848 or approximately 50% of revenues in 2008. The next largest is intergovernmental transfers, of which \$11,446,743 is from the State government under the State Shared Revenue program. This program is virtually unchanged from 2005, when it totaled \$11,444,538. Overall, Intergovernmental Revenue, which also includes State aids for street reconstruction, accounts for approximately 31% of revenues. The remaining 19% of revenues will come from various other sources, as illustrated above.

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.

Fig. 4: GENERAL FUND SOURCES OF REVENUE



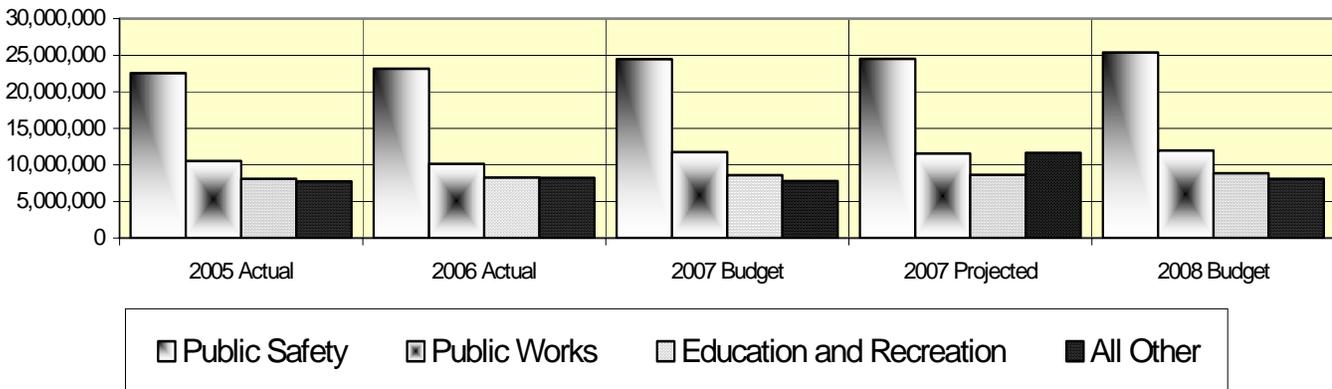
CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Table 7: GENERAL FUND EXPENDITURES

| Expenditures | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| General Government | 6,416,260 | 6,286,687 | 6,396,642 | 8,425,196 | 6,816,120 |
| Community Development | 749,751 | 752,305 | 774,210 | 774,210 | 786,648 |
| Education and Recreation | 8,093,497 | 8,269,807 | 8,561,874 | 8,628,276 | 8,825,375 |
| Public Works | 10,528,490 | 10,141,186 | 11,722,163 | 11,538,189 | 11,969,703 |
| Public Safety | 22,539,409 | 23,150,045 | 24,454,719 | 24,501,325 | 25,395,527 |
| Total Expenditures | 48,327,407 | 48,600,030 | 51,909,608 | 53,867,196 | 53,793,373 |
| Other Financing Uses | 559,435 | 1,186,312 | 615,826 | 2,425,321 | 662,694 |
| Total Expenditures & Other | 48,886,842 | 49,786,342 | 52,525,434 | 56,292,517 | 54,456,067 |

The largest single expenditure for the General Fund is for public safety, which in 2008 accounts for approximately 47% of General Fund expenditures. Of that total budgeted expenditure, approximately 57% is for police protection, 38% for fire protection, and the balance for public health. The next largest portion of the budget (approximately 22%) 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 16% of General Fund expenditures, respectively.

Fig. 5: GENERAL FUND EXPENDITURES



GENERAL GOVERNMENT

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

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| The Common Council | 121,656 | 121,658 | 126,015 | 126,015 | 125,587 |

The Common Council

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

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| The Mayor's Office | 244,695 | 318,326 | 287,221 | 287,221 | 289,245 |

The Mayor's Office

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

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

The position of Construction Manager was added to the 2005 Budget in the Mayor's Office (General Fund) by Council directive to oversee various City building construction projects. The position was analyzed and defined during 2005 and filled late in the year as the Director of Facilities and Construction, with broad responsibility for all aspects of facility management. This change in scope led to the establishment of an internal service fund charged with centralized facility maintenance and construction oversight. The 2007 budget reflected the transfer of salaries and fringe benefits (budgeted at \$106,857 in 2006) for the Director of Facilities and Construction position to the new Facilities & Construction Management Department (60%), and an allocation (40%) for construction management to the Police Facility Expansion CIP. It also reflected the move of the Intercultural Relations Coordinator position (\$67,590) from the Police budget to reflect the City-wide utilization of the services this position provides. There are no major changes reflected in the 2008 budget.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Facilities Management & Construction | 0 | 0 | 2,109,543 | 2,109,543 | 2,120,420 |
| Facilities Capital Projects | 0 | 0 | 0 | 0 | 6,144,360 |

Facilities & Construction Management

Prior to 2003, certain aspects of facilities and equipment maintenance in certain City buildings were coordinated by staff of the Central Building Maintenance (CBM) department, which was under the overall supervision of the Director of Utilities. With the 2004 budget and the changes required under Governmental Accounting Standards Board statement 34 (GASB 34), CBM staff were absorbed by the Water and Wastewater Utilities for which they did the majority of their work and CBM was dissolved as a separate entity. The position of Construction Manager was added to the 2005 budget in the Mayor's Office (General Fund) by Council directive to oversee various City building construction projects. The position was analyzed and defined during 2005 and filled late in the year as the Director of Facilities and Construction, with broad responsibility for all aspects of facility management City wide. This change in scope led to the establishment of this internal service fund, entitled Facilities and Construction Management, charged with centralized facility maintenance and construction oversight.

Facilities management costs previously budgeted in the individual departments have been consolidated within this budget, including maintenance, janitorial, lease, utilities and staffing expenses. During 2007, Facilities and Construction Management has served as the owner's representative and provided oversight of the Police Station renovation/construction project, in addition to developing a proactive Facilities Management Department with the staffing and resources that will preserve and extend the useful life of the City's facilities and comply with all relevant regulations. Major initiatives include developing preventive maintenance plans, facility documentation, roof database, energy initiatives and deferred maintenance plans. The 2008 budget includes an allocation of 30% of the Utilities Stock Clerk's time (\$22,101) and 25% of the Utilities Administrative Secretary's time (\$16,038). The inclusion of these additional staff costs reflects their time spent working on Facilities Department administrative tasks.

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Facilities Capital Projects

Projects planned for 2008 are:

- Air tightness testing and repair at Fire Station 6 (\$25,000);
- Whitman Avenue yardwaste site building (\$30,000);
- A space needs study of the Library (\$50,000);
- Lighting upgrades at the Municipal Services Building for improved energy efficiency (\$43,969);
- Police station renovation and expansion (\$5,915,391) – this project has been budgeted in the Public Safety Capital Projects Fund in the past; and
- Security upgrades to replace the electronic lock systems at Fire Stations (\$80,000).

Other projects under the supervision of the Facilities and Construction Management Department are budgeted in the various enterprise funds.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-------------------|----------------|----------------|----------------|-------------------|----------------|
| City Clerk | 593,226 | 713,414 | 595,610 | 615,610 | 767,686 |

City Clerk

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

Responsibilities include:

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

Fluctuations in the budget for the Clerk's Office are primarily the result of the number of elections scheduled in any given year, including Mayoral, Presidential, Congressional and State elections. In 2008, there will be four elections, compared to two in 2007. This budget also includes the creation of a municipal board of absentee ballot canvassers to allow all absentee ballots to be processed at a central location (\$1,632), and a \$10 per day pay increase for poll workers (\$13,800).

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|----------------------|----------------|----------------|----------------|-------------------|----------------|
| City Assessor | 490,576 | 498,703 | 528,594 | 528,594 | 547,693 |

City Assessor

The City Assessor is responsible for performing assessment and property listing duties (maintaining ownership, legal descriptions, addresses, etc) for the city and has been an elected official. In 2004, voters elected a new City Assessor and approved a referendum making the position appointed rather than elected in 2008, at the expiration of the term of the current City Assessor. That change will occur in June, 2008.

The Assessor's office completed a revaluation of the Central Business District (CBD) in 2007. This included the valuation of many unique and multi-million dollar buildings. It was completed in-house with no additional funding. The CBD assessments increased an average of 32% since 2003 due to an increase in sales prices in the downtown area. The 2007 locally assessed value increased approximately \$126,500,000 which is an increase of 3% from 2006. Among other changes, this included \$106,700,000 in new construction, \$21,600,000 in commercial revaluation, \$2,300,000 of annexed property, \$1,560,000 of formerly tax exempt property, and \$1,500,000 in additional personal property. The increase was offset in part by a \$2,700,000 revaluation decrease due to

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Richmond Terrace, \$1,618,300 of now tax exempt property (including \$600,000 for Goodwill and \$300,000 for Appleton Education Foundation), \$1,054,200 of razing/reduced utility property, and \$660,000 of property detached from the city.

Public relations and education regarding assessment and tax issues is another important responsibility of the Assessor, as are timely and accurate responses to requests for information from property owners and the general public regarding assessment questions. Through the Open Book process and the Board of Review, the Assessor provides a forum for individual property owners to question their property assessments and ensures that those assessments are fair and equitable. Much of the property information maintained by the Assessor's Office is available via the My.Appleton.org link from the City's website, which went on-line January 1st. Among other information, this site provides parcel data, building information, photos, sale prices, assessments and taxes related to City parcels.

In 2008, the Assessor's Office will review all 420 apartment parcels in the city. Apartments were last reviewed in 2004. We will continue to reassess all property every 4 years to keep assessments near 100% of market value as required by state statutes, to maintain equity, and to provide for small increases.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-------------------------------------|----------------|----------------|----------------|-------------------|----------------|
| Finance Department | 854,075 | 875,442 | 898,683 | 904,683 | 922,287 |
| Unclassified City Hall | 1,973,661 | 2,236,178 | 1,754,701 | 5,536,015 | 1,904,460 |
| Room Tax Administration | 258,544 | 293,608 | 260,000 | 302,300 | 305,000 |
| City Center Capital Projects | 0 | 195,323 | 27,100 | 27,100 | 0 |

Finance Department

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

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

We continue to work with Official Payments Corporation on payment of City charges via the internet. The tax payment project was completed in 2006, allowing taxpayers to look up parcel numbers and select the parcel and amount of tax they wish to pay at that time. In 2007, we added the option of paying parking citations via the internet. The next major area of concentration will be city services charges (water, sewer, stormwater, and sanitation).

There are no major changes for the 2008 Budget.

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

Unclassified City Hall

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

Salary adjustments to be covered from the wage reserve consist of General Fund non-represented staff performance adjustments for 2008 and any unforeseen position re-evaluations (estimated at \$200,000). All collective bargaining agreements are settled through 2008, as is the non-represented staff cost of living increase. \$600,000 was carried over from 2006-07 to fund the 2007 estimated \$190,000 wage reserve and to provide for a \$410,000 contingency for health insurance costs. At this time, it is expected these funds will be adequate to cover the 2007 and the 2008 Wage Reserve needs. Our health care costs trend is still increasing but at a slower rate than nationally due to our provider's case management and negotiated discounts, changes in consumer behavior due to education and choice, and more consumer participation in costs through higher deductibles/co-pays and management of Health Reimbursement Accounts.

The contingency fund also includes \$243,400 of deferred revenue from Time Warner Cable. This is the portion of the settlement to support public, education and government ("PEG") access purposes. The Council also designated that \$603,165 of favorable fund balance at 12/31/06 (portion that is subject to their discretion, 25%) be held in contingency pending the outcome of the state budget. The only potential use of the contingency fund known at this time is for the Clerk's Office related to the postage machine (\$14,557). The first installments were paid in 2006 and no funds were needed due to a favorable variance in the Clerk's Office budget. Determination for 2007 will be made at year-end similar to 2006 according to action taken by Council. \$137,315 is included for 2008 as a contingency against the continued rise in fuel prices.

Room Tax Administration

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

City Center Capital Projects

This fund provides for capital improvements to the City Center facility. Included for 2007 was one project, the replacement of the folder/inserter in the Mail/Copy Center. The types of jobs processed on this equipment include water bills, assessment notices, payroll statements, Parks and Recreation program receipts, Human Resources brochures, and public hearing notices, to name just a sampling of the type of work for which this equipment is used. There are no City Center capital projects planned for 2008.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Technology Services | 1,744,552 | 1,749,084 | 1,812,133 | 1,838,768 | 1,857,975 |
| Technology Capital Projects | 174,344 | 273,356 | 505,500 | 622,844 | 685,000 |

Technology Services

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

Major accomplishments for 2007 include the replacement of the six year old IBM AS400 computer with an IBM iSeries. This project is budgeted in the Technology Capital Projects Fund described below. An automated data backup system is a part of this upgrade and has resulted in a reduction in part-time salaries (\$6,769).

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Major projects planned for 2008 include continued development of the GIS and continued support and development of the entire City computer network.

Technology Capital Projects

This fund provides for a variety of Technology capital needs. For 2008, this fund will be used to account for the replacement of the network core switch, which provides network traffic routing of virtually every critical component of City operational data and telephone systems (\$160,000), and the upgrade of all workstations to MS Office 2007, as needed for current and future Windows based document needs.(\$175,000).

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-----------------------------|----------------|----------------|----------------|-------------------|----------------|
| Human Resources | 580,127 | 583,938 | 619,517 | 623,017 | 649,101 |
| Risk Management Fund | 1,581,763 | 1,145,704 | 1,158,888 | 1,158,888 | 901,505 |

Human Resources

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

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

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

The 2008 budget includes an increase in employee recruitment expenses (\$2,500), due to the increased costs of test materials and background checks from vendors.

Risk Management Fund

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

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

The 2008 budget includes a reduction in consulting services related to an actuarial study. The actuarial study is done every other year and was last completed in 2007, where it was budgeted at \$8,320. The budget also includes an increase in worker's compensation based on the current seven year loss history of actual incurred losses and a decrease in uninsured losses due to the results of the 2007 actuarial study. The accrual for incurred but not reported claims will be adjusted to reflect the settlement of some larger outstanding claims and improved claim trends. The overall level of reserves is determined by the City's Risk Manager, Claims Committee and Finance Director, with input from the Cities and Villages Mutual Insurance Company (CVMIC) and the actuarial study. While the seven year average of workers compensation and general liability costs have increased, we are optimistic this trend will not continue. The Risk staff has taken steps to reduce future risk and decrease exposure by implementing safeguards when deficiencies are identified and by taking proactive measures to reduce or avoid future claims. Due to these increased safeguards, we are projecting a decrease in future claims.

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-------------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| City Attorney | 373,127 | 376,256 | 389,994 | 389,994 | 414,780 |
| Tuchscherer Disability Trust | 6,391 | 6,391 | 6,391 | 6,391 | 6,391 |

City Attorney

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

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

As legal advisor to the City, the office of the City Attorney prepares documents and instruments, drafts legislation, renders formal and informal legal opinions, and performs such other services as required by law. A major goal for 2007, in addition to the normal workload of the Attorney's Office, was to complete the renegotiation of the cable franchise with Time Warner Cable and adopt an updated ordinance. 2007 has resulted in two new issues for cable television franchise negotiations. (1.) A statewide franchising bill is under discussion in the State legislature that, if adopted, would cut revenues from franchise fees for Appleton somewhere between \$100,000 and \$150,000 per year. We are involved with a group of attorneys comprised of members of the League of Wisconsin Municipalities, the Wisconsin Alliance of Cities and the Wisconsin Association of PEG Channels to encourage legislators to consider amendments to the existing Bill. (2.) The City has been involved with litigation with a group of approximately thirty communities intervening in a lawsuit that the City of Milwaukee filed against AT&T regarding their "U-Verse" service. This service is a video service that the communities involved believe is cable television, thus requiring a franchise agreement. Should AT&T offer this service in Appleton, it could place the City in violation of existing franchise agreements with Time Warner Cable.

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

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Community Development | 749,751 | 252,305 | 774,210 | 774,210 | 786,648 |
| Housing and Community Development Grants | 1,634,539 | 1,755,297 | 1,304,744 | 1,304,744 | 1,326,889 |
| Industrial Park Land Fund | 2,500,059 | 852,553 | 215,430 | 295,303 | 696,271 |
| Community Development Projects | 0 | 0 | 1,100,000 | 300,000 | 1,175,000 |
| Residential Project | 221,925 | 1,129,216 | 0 | 155,786 | 0 |
| TIF # 1 | (4,572,896) | 2,003,282 | 149,298 | 237,217 | 5,400 |
| TIF # 2 | 140,032 | 138,238 | 96,599 | 96,599 | 101,067 |
| TIF # 3 | 1,940,249 | 2,028,108 | 2,657,927 | 2,657,925 | 2,251,612 |
| TIF # 4 | 2,127,868 | 4,195,067 | 1,285,255 | 3,044,104 | 1,744,032 |
| TIF # 5 | 232,935 | 101,981 | 103,484 | 103,484 | 188,703 |
| TIF # 6 | 3,835,265 | 4,007,308 | 2,063,226 | 3,155,313 | 3,475,155 |
| TIF # 7 | 0 | 0 | 0 | 0 | 447,000 |

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

The efforts of the Planning and Economic Development staff of the Community Development Department form the basis of the City's community development activities. Other community development activities of the City include the building inspections function of the Public Works Department. Formerly separate departments, Planning and Economic Development functions were merged under a single director in 2005.

Community Development Department Planning Activities

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

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

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

In first quarter 2007 the Common Council adopted the Downtown Plan update, and staff began the implementation process by rezoning the area of College Avenue from Richmond Street to Badger Avenue to (CBD) Central Business District. Staff also continued the R-1C rezoning activities including rezoning portions of the Memorial / Mason neighborhood in support of the City's Neighborhood Revitalization Program. R1-C designation is a zoning category created by the 2004 Zoning Ordinance that recognizes the development standards that were in place when many of the older areas of the City were developed, thus relieving property owners of a "non-conforming" designation.

Consulting services budgeted in 2007 (\$25,000) were for assistance in completing one element in the Smart Growth Comprehensive Plan. For 2008, all work on the Plan will be funded by the Community Development Capital Projects fund described below, in order to meet the January 1, 2010 deadline.

Economic Development Activities

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

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

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

The City created TIF District #7 to provide targeted investments in the South Memorial Drive commercial corridor from Calumet Street to State Highway 441 in conjunction with the private market while recapturing the cost of participation through the increased property tax revenues. Investments are identified in the TIF # 7 Capital Project Fund described below in support the goals of the District, including eliminating blight and encouraging the rehabilitation of properties, enhancing the viability of the businesses, stabilizing and increasing property values and improving the overall appearance of public and private spaces. The Department has also accomplished several smaller annexations, some of which resulted in the elimination or reduction of "town islands" in the City. Several of the annexations were located in the City's Northeast Business Park and assisted in packaging land area in which to provide sufficient land for future developments.

Housing and Community Development Grants

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

Below are the specific objectives of each of these programs:

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

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

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

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

In June of 2007, the Neighborhood Revitalization Program (NRP) began work in the targeted area of Memorial Avenue to Mason Street. This is the seventh neighborhood selected for revitalization efforts since the creation of the program. The Memorial/Mason NRP will benefit from a new "Safe Neighborhood" team approach and also from the largest list of home improvement partners since the Program's inception in 1996.

Tax Incremental Financing District (TIF) # 1

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

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

The district fund has paid all of its general obligation debt and is now repaying advances made by the General Fund to the district in its initial years. TIF # 1 will close in 2008, returning \$90,289,600 of equalized property value to the general tax rolls.

TIF District # 2

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

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

TIF District # 3 - Downtown

Tax Incremental District #3 includes the area bounded by Richmond and Durkee Streets, from the County Courthouse to the Morgan Alternative High School. Primary projects include the Washington and East Parking Ramps, the Paper Valley Hotel expansion, the Evans Title building, 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.

TIF District # 4 - Northeast Business Park

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

The original expenditure period for capital projects in TIF District # 4 was expected to expire August 16, 2005. However, with recent changes to the state statute governing TIF districts, additional infrastructure capital expenditures will occur in 2008. TIF # 4 is expected to close in 2008, in advance of its statutory limitation, returning \$162,335,300 of equalized property value to the general tax rolls.

TIF District # 5 - West Wisconsin Avenue

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

The 2008 CIP request would cover a portion of the total costs associated with site preparation, infrastructure and general construction assistance for TIF eligible improvements for a second phase of Heartwood Homes Senior Living, a multi-family housing development just north of Wisconsin Avenue, along Mason Street and Kamps Avenue.

TIF District # 6 – Southpoint Commerce Park

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

The year 2008 Budget provides funding for maintenance and marketing of property (\$83,000) and for infrastructure development within the TIF district (\$1,057,702). The balance of the budgeted expenses for this fund are for debt service on the money borrowed to finance capital investments.

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

The area of South Memorial Drive from Calumet Street to State Highway 441 has deteriorated significantly over the last ten years. The abandonment of Valley Fair Mall and the under utilization of former retail and service buildings is cause for alarm. The City has created TIF District #7 to provide targeted investments in this commercial corridor in conjunction with the private market while recapturing the cost of participation through the increased property tax revenues. The TIF District provides for a 22 year expenditure period to make investments to support the goals of the District, including eliminating blight and encouraging the rehabilitation of properties, enhancing the viability of the businesses, retention of businesses and attraction of new businesses, stabilizing and increasing property values and improving the overall appearance of public and private spaces.

Industrial Park Land

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

The 2008 budget includes \$10,800 in funds for maintenance and marketing of the remaining 18 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 \$382,434 in Stormwater infrastructure construction for the Coop Road Pond and \$125,689 in asphalt paving for Eisenhower Drive and Midway Road.

Community Development Capital Projects

This fund provides for a variety of community development investments.

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

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

The master plan also identifies several redevelopment sites located along the banks of the Fox River near the College Avenue Bridge, including the former Foremost Dairy property and the Kaukauna Utility/MI Drilling property. Both properties have been identified for future medium to high density residential development. The 2008 Capital Project request is for site preparation and demolition of the industrial structures. Also included are \$550,000 for acquisition of other redevelopment sites as they become available and \$75,000 for a major effort to complete the update of the City's Smart Growth comprehensive plan.

Residential Project

The former Appleton Wire Works South building has long been considered for conversion to a residential apartment complex. This project is for the City portion of the acquisition of the South building and its conversion into 25 affordable residential apartment units. The 25 units will be mixed in terms of income levels and subsidy types and will serve a mix of low-income households at or below 80%, 60% and 30% of the county median income. The renovation was completed in 2007 and there are no further projects scheduled for this fund for 2008.

RECREATION / LIBRARY / TRANSIT

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Library | 3,903,483 | 3,996,448 | 4,190,395 | 4,225,403 | 4,303,161 |
| Library Capital Projects | 33,978 | 0 | 250,500 | 250,500 | 25,000 |
| Frank P. Young Memorial | 500 | 1,000 | 800 | 340 | 588 |

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.

2007 accomplishments have included:

- Implemented new system for patrons to pick up their own hold items, increasing staff productivity
- Experienced record levels of circulation, with a projection of 900,000 adult items and 450,000 of children's items checked out
- Developed and adopted a new long range plan for 2008-2010, building upon the 2005-2007 plan

Major 2008 objectives include:

- Continue cooperation with schools & other community organizations
- Work with the Facilities and Construction Management department on a library utilization/space needs study as the first step in developing a plan for renovation or expansion of the existing library building and/or constructing a branch library
- Continue to explore ways to utilize volunteers more effectively
- Use new technologies for increased productivity
- Explore revisions to website and online service delivery
- Maintain the high quality library services to which residents are entitled, including circulation, collection development, cataloging, reference & readers' advisory, programs, electronic services, public meetings, etc.

The 2008 budget includes the replacement of one reader/printer machine (\$10,000), deferred for one year in 2007 due to budget constraints, increased maintenance expense on the five self-check units now in use, a reduction in maintenance charges from the Facilities department (\$32,966), based on experience thus far in 2007, and an increase in PC and network equipment replacements and software purchases (\$4,300 total).

Library Capital Projects

This fund is used to account for various Library capital projects. In 2008, it will provide for purchase and

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

installation of specialized media (CD / DVD / Video cassette) shelving.

Frank P. Young Memorial

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

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|--|----------------|----------------|----------------|-------------------|----------------|
| Parks and Recreation | 4,190,014 | 4,273,359 | 4,371,479 | 4,402,873 | 4,522,214 |
| Forestry | 19,824 | 26,437 | 25,000 | 25,000 | 25,000 |
| Peabody Estate Trust | 0 | 0 | 0 | 0 | 0 |
| Balliet Locomotive Trust | 0 | 0 | 250 | 250 | 300 |
| Lutz Park Recreational Trust | 0 | 7,858 | 420,000 | 604,797 | 0 |
| Park Open Space Fund | 0 | 138,167 | 107,000 | 121,000 | 45,000 |
| Union Spring Park | 0 | 0 | 400 | 1,400 | 500 |
| Universal Playground | | 531 | 2,000 | 2,000 | 2,000 |
| Parks and Recreation Capital Projects | 663,578 | 596,541 | 2,200,000 | 2,026,000 | 1,225,000 |
| Reid Municipal Golf Course | 566,524 | 593,659 | 619,184 | 610,434 | 588,296 |

Parks and Recreation Department

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

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

The 2008 budget reflects the following:

- A continued effort to attract sponsorships for various activities. A \$5,000 sponsorship was obtained from the Appleton Area Jaycees in support of the City band.
- Continued development and expansion of the use of the online registration program.
- Beginning the process to update the Parks and Recreation Department 2005-2009 Master Plan
- Replacement of a truck-mounted aerial unit. This will be funded partially through downsizing an existing truck that is in the CEA fleet and due for replacement and partly by the Parks and Recreation department (\$15,050).

Forestry

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

There was a \$5,000 reduction in tax levy dollars for this fund in 2005. The 2008 budget continues that level of funding and additional donations will be sought to offset the lower tax levy funding level.

Peabody Estate Trust

To account for moneys received from a private donation to finance the repair, construction, and preservation of Peabody Park, and the corresponding expenditures for such purposes. No projects are scheduled for 2008.

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Balliet Locomotive Trust

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

Lutz Park Recreational Trust

To account for moneys received from private donations to finance the construction and preservation of the recreational facilities at Lutz Park, and the corresponding expenditures for such purposes. Renovations to the boat launch, shoreline stabilization, and work on the bathroom facilities are expected to be completed in 2007. Part of this work will be paid for from a \$285,015 grant from the state Department of Natural Resources awarded in 2006 for work on the boat landing and shoreline restoration. 50% of that amount may be drawn in advance, with the balance receivable after completion of the project, which is expected to occur in 2008. The balance of the project will be paid for by donations received from the Lutz family for that purpose.

Park Open Space Fund

To account for moneys received from subdivision developers to finance future acquisition and development of park facilities and the corresponding expenditures. In 2007, this fund was used to re-acquire the land adjacent to the old water treatment plant on West Water Street from WE Energies. In 2008, it will be used for the final development of walkways and lighting in Providence Park.

Union Spring Park

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

Universal Playground

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

Park and Recreation Projects

This fund provides for a variety of Parks and Recreation capital needs. Included for 2008 are:

- Renovations to athletic fields at Appleton Memorial Park (\$80,000);
- Development of plans & specifications for reconstruction of the tennis courts at Colony Oaks park to occur in 2008 (\$15,000),
- Review and update of the 1998 master plan for Erb Park and the restroom/shelter study (\$35,000),
- The first phase of renovations to Houdini Plaza, with the renovation of the utility area behind the Appleton Art Center, Bazil's and Zuelke Building (\$300,000),
- Improved accessibility of the playgrounds at Derks and City Parks with the installation of poured-in place resilient surfacing (\$75,000), and
- Riverfront trail development, Vulcan to Lutz parks (\$750,000).

Reid Municipal Golf Course

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

The customer service operations are provided by a contractor under a management agreement with the City. The contractor is responsible for all daily customer service operations, including all concessions and the pro shop, while the Parks and Recreation Department retains responsibility for course maintenance and capital improvements.

The average number of rounds played at Reid Golf Course continues to remain the same or slightly lower than previous years. This trend is consistent with national and local trends. Reductions in various operating expenses have been made in an attempt to bring the expenditure budget in line with anticipated revenues. Major changes include the elimination of the ranger position along with substantially reducing the advertising. Greens fees are scheduled to increase \$.50-\$1.00 in 2008. The 2008 budget also includes \$20,000 to replace two air handling units in the clubhouse.

At this time, we cannot project any future principal repayments to the General Fund (\$495,000) due to the decline in number of rounds, which is consistent with national trends. One of the 2008 objectives is to develop a plan for the long-term financial viability of the course.

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-----------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Valley Transit | 6,526,824 | 6,854,026, | 7,614,595 | 7,614,595 | 7,635,712 |

Valley Transit

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

Bus ridership through September was 708,381 passengers, a 2.2% increase over 2006 ridership. February and March ridership was down from the comparable months in 2006. All other months and most routes have seen ridership increases.

Major 2008 objectives include:

- Complete the work of the RTA (Regional Transit Authority) Study Committee and the Transit Development Plan. The RTA study will focus on alternatives and options to deal with the loss of federal funding that will occur after the 2010 census, when the urbanized area population is expected to exceed the 200,000 resident threshold;
- Continue to strengthen partnerships with community organizations;
- Work with Appleton Downtown Incorporated (ADI) to find funding for trolley service between downtown and the riverfront;
- As part of the effort to increase ridership, Valley Transit will be translating information into Spanish and working with the Spanish-speaking community to determine barriers to transit use and work to eliminate those barriers; and
- As a way to offer convenience for existing Valley Transit riders and provide a mechanism for businesses and agencies to subsidize individual transportation services, Valley Transit is proposing to offer a 30 day pass.

The budget for 2008 reflects the following:

- Inclusion of \$50,000 to replace the three (3) existing furnaces, which have been in operation for 25 years, are no longer dependable, and allow exhaust residue to enter the facility, resulting in additional building maintenance;
- Elimination of 1 FTE Mechanic position (\$58,321) and two part time Bus Driver positions (1.4 FTE, \$54,067;)
- Inclusion of \$43,295 for lighting upgrades at both the Transit Center and the Whitman Avenue building, expected to save over \$12,000 per year in electricity use;
- A reduction in projected fuel costs, from \$2.69 per gallon to \$2.62, based on current usage and overall projections;
- An increase in facilities maintenance expense of \$36,630, based on actual expense incurred in 2007; and
- The continuation of the Appleton downtown trolley and United Way "The Connector" (formerly "Call-A-Ride") services. The local share of the downtown trolley is funded by Appleton Downtown Inc, and United Way of the Fox Cities is funding the local share of the extended Call-A-Ride service. All other costs for both programs are funded by federal and State grants.

PUBLIC WORKS

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|--|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Public Works | 10,528,490 | 10,141,186 | 11,722,163 | 11,538,189 | 11,969,703 |
| Sanitation | 3,757,358 | 3,094,984 | 3,312,630 | 3,312,630 | 3,327,695 |
| Subdivision | 1,755,096 | 1,726,072 | 2,215,866 | 2,215,866 | 2,090,750 |
| Public Works Capital Projects | 282,214 | 510,411 | 922,245 | 1,769,749 | 440,582 |
| Parking | 14,361,945 | 2,768,120 | 1,958,797 | 2,867,110 | 2,914,612 |
| CEA | 3,977,790 | 3,900,837 | 4,222,665 | 4,100,000 | 4,251,950 |
| CEA Replacement | 1,743,591 | 2,017,730 | 2,234,403 | 2,544,779 | 1,920,773 |

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

Public Works

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

Programs of the department which fall under other funding sources include the Stormwater Utility, the water distribution meter program and water main maintenance within the Water Utility, sanitary sewer maintenance within the Wastewater Utility, and new street and sidewalk construction in various TIF districts and the Industrial Park Land Fund.

The 2008 budget reflects the following reductions from the departmental request to meet levy constraints:

- In 2007, Lake Park Road was determined to be a Tax Incremental District # 6 eligible expense, freeing up \$1,007,865. \$210,000 of that amount has been allocated to complete Association Drive in 2007, originally planned for 2007 but deleted due to unfavorable bid variance on concrete paving. The 2008 budget assumes the Council will carry over \$300,000 of this remaining variance to fund 2008 infrastructure projects. This will leave a remaining balance of \$497,865 subject to fund balance policies.

Other significant items reflected in the 2008 budget are as follows:

- The Street Department fleet will be reduced by replacing 2 pickup trucks that are due for replacement with one heavy duty 4 wheel drive pickup with plow and V box sander to better plow dead ends and cul-de-sacs;
- Complete the final major year in the City's traffic LED retrofit program;
- Install integral street lighting at the Mason/Spencer intersection and the Calumet/Kensington intersection (south side);
- Upgrade street lighting and vehicle detection at the Calumet/Memorial intersection; and
- Work with the Fox River Navigation Authority on staffing to operate the City's locks and two lift bridges. The Authority plans to re-open the locks during the 2008 boating season. The current plan is for the Authority to hire the necessary staff and for the City to pay 50% of the staffing costs for the lift bridges, estimated at \$16,000.

Sanitation

The Department of Public Works Sanitation Division is responsible for the collection of solid waste and its transportation to the Outagamie County Landfill for disposal. This program also includes economically meeting the needs of the community for brush and yard waste disposal, complying with environmental regulations pertaining to solid waste and recycling and maintenance and monitoring of the Mackville Landfill to ensure compliance with Department of Natural Resources requirements.

The 2008 Budget includes an increase of \$2/per ton in tipping fees at the Outagamie County Landfill.

Subdivision

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

Effective January 1, 2004, the City no longer advances money for new subdivision development. The developer is required to obtain an irrevocable line of credit from which the City will have exclusive rights to draw all applicable costs. Upon completion of contracts and any other outstanding issues, the City will release the line. We have included \$71,370 in the 2008 budget for those costs that will be drawn from developers' lines of credit. For ease of administration, all other expenditures in this budget will administered by the City for immediate reimbursement by the developer, versus direct payment from the line of credit to the vendor.

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

Public Works Capital Projects

This fund provides for a variety of Public Works capital needs. For 2008, this fund will be used to account for improvements to the Lawe St. bridge over the navigation canal (\$40,000) and to the Olde Oneida St. bridge over

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

the Fox River (\$64,460), expansion of the traffic communications grid \$32,000) and the addition of vehicle detection equipment and improved street lighting at the intersection of Memorial Drive and Calumet St. (\$36,000), and the next phase of work on the College Avenue bridge over the Fox River (\$268,122).

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 statues 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. Significant accomplishments in 2007 include the installation of pre-paid card compatible meter mechanisms on College Avenue and expansion of the on-line payment program (via the Finance department web page at www.appleton.org/departments/finance) to accept payments for parking citations. The 2008 budget includes \$75,000 for structural maintenance and repairs to parking ramps, as recommended by the structural engineering consultant's report, \$80,000 for the replacement/upgrade of the ramp entry machines to allow for debit/credit card use and better reporting capabilities, and an increase in permit sales revenue from Lawrence University's planned purchase of 232 ramp permits for the school year.

Central Equipment Agency

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

The 2008 budget again reflects fuel price increases (approximately \$9,200 over the 2007 adopted budget). Unleaded and diesel fuel is budgeted at \$2.75 and \$2.62 per gallon, respectively, versus \$2.53 and 2.63 per gallon in 2007. This budget also includes \$110,000 for the replacement of a heavy equipment hoist in the mechanics' bay.

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

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-------------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Health Services | 1,091,861 | 1,101,359 | 1,116,030 | 1,125,658 | 1,169,307 |
| Health Services Grants | 493,891 | 598,161 | 478,336 | 531,164 | 478,336 |

Health Services

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

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

Through the environmental health program, the department works to prevent the occurrence and spread of disease in the community through regulating and inspecting public eating/drinking establishments, retail food establishments, recreational facilities, and massage and tattoo establishments. The department's environmental health staff also assesses, consults, and works to correct human health hazards including lead paint, solid waste,

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

housing sanitation, potential rabies exposure, and vector control; provides public education; and acts as a referral mechanism to other state and local agencies for information on environmental and safety hazards.

The weights and measures inspectors provide consumer protection through complaint investigation, measurement and weighing device testing, price scanning system inspection, product checkweighing, and label verification.

They also monitor business methods to prevent fraudulent advertising and trade practices and provide investigative services for the City Clerk's Office in licensing and regulating going out of business sales, commercial solicitors, and second hand and salvage dealers. The 2008 Budget reflects the continuation of a program begun in mid-2003 of providing weights and measures certification services to surrounding communities. The communities are charged a fee that offsets the additional cost of staff time to provide the service. Seven area communities now participate in the program, purchasing a total of 136 days of certification services, compared to 127 days in 2007, and 77 days in 2004, the first full year of the program. The rate for these services is \$434 per day.

The 2008 Budget includes the early hire of a replacement for the retiring City Sealer. The projected start date for a new City Sealer is May 1, while the planned retirement date of the existing Sealer is August 11, allowing an approximate three month overlap for training. It is further planned to re-hire the retired Sealer as a part-time employee at approximately 10 hours per week. Total budgetary impact is \$19,400. This budget also reflects a 5% increase in weights and measure fees, approved by Council on September 5, 2007.

Health Services Grants

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

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

Early and frequent nursing intervention has been documented in research studies to positively impact the outcome of parenting and child development. In 2008, this program will provide approximately 10 women and children with prenatal and child care coordination services.

- Vaccine Improvement Plan Grant – The department's immunization program is expected to administer vaccines primarily to children from 2 months through 18 years of age and assist in developing the immunization infrastructure necessary to raise immunization levels and prevent vaccine preventable diseases such as diphtheria, tetanus, pertussis, polio, measles, mumps, rubella, haemophilus influenza B, varicella, rotavirus, and hepatitis B. This program reached over 1,800 children in 2005, over 1,500 in 2006, and is expected to serve approximately 1,300 in each of 2007 and 2008.
- Prevention Grant - Funding from this grant in 2006 supported a Community Needs Assessment (Behavioral Risk Factor Surveillance System in the Fox Cities), which was utilized in the Fox Cities 2006 LIFE (Local Indicators For Excellence) study, and in 2007 supported the Walk to Win campaign to encourage regular exercise. The grant will again support the Walk to Win campaign in 2008.
- CDC Lead Poisoning Prevention Grant – Strategies including lead assessment and abatement, lead screening, individual and community education, and case management have been utilized in this program to reduce the incidence and impact of lead poisoning. All children with elevated blood levels of lead who have benefited from this program have shown progressive declines in blood lead levels in the 12 months following the first home visit.
- Bioterrorism Grant - The City receives grant funding to support training to deal with the effects of bioterrorism. In addition, the Appleton Health Department serves as fiscal agent and has hired staff to support the Fox Valley Public Health Preparedness Consortium, which is one of 12 consortium regions in the state working to ensure a quick, effective and coordinated response to public health emergencies. While the threat of a terrorist incident has been the driving force in these response plans, they are equally effective in any public health emergency, whether it is the result of violent weather, an unexpected disease outbreak, or a hazardous materials accident that may pose a threat to the community.

**CITY OF APPLETON – 2008 BUDGET
EXECUTIVE SUMMARY**

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Police | 12,858,435 | 13,338,793 | 13,882,887 | 13,900,253 | 14,479,092 |
| Police Grants | 153,136 | 5,065 | 84,186 | 0 | 20,000 |
| Public Safety Capital Projects | 244,859 | 1,441,934 | 1,600,269 | 2,389,581 | 757,500 |

Police

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

Significant events in 2007 include:

- Implementation, in collaboration with other law enforcement agencies in Outagamie and Calumet Counties, of a new records management system, VisionAir, for managing police field reports;
- Continuation of work on planning the new police station;
- Preparation for implementation of the Wisconsin Department of Justice’s Traffic and Criminal Software (TraCS) program, which allows electronic filing of motor vehicle accident reports, traffic citations, and warning tickets;
- Establishment of a Canine Program, which has become an integral part of Police Operations and particularly effective when searching buildings, fields, parks, etc. for fleeing or hiding suspects; and
- Recruitment. One of the primary initiatives in 2007 was maintaining sworn staffing levels. The Police Department was immediately challenged with the hiring of a new Chief as well as filling three new Officer positions added in the 2007 budget and filling several vacancies created by retirements and terminations early in the year. Aggressive recruitment and changes in the hiring process resulted in all of the sworn positions being filled by mid-year. With pending retirements at the end of the year, an overhiring of sworn staff is anticipated for September.

Specific objectives for 2008 include:

- Implementing field base reporting (FBR) module of the new records management system, which will allow officers to electronically complete incident reports in the squad cars and transfer the information via the wireless network;
- Implementing the TraCS program; and
- Continued integration of the newly formed Canine Enforcement Program into the department and possibly expanding it to include a second canine.

The 2008 Budget includes:

- Replacement of 13 Tasers (\$13,000) that have exceeded their life expectancy;
- Replacement of 1 Speed Monitoring Awareness Radar Trailer (SMART, \$7,000. Grant funding opportunities will be pursued for the replacement of a second SMART unit.);
- Purchase of 3 digital cameras used for evidentiary photography.(\$8,500);
- Replacement of the Livescan AFIS Fingerprint System (\$25,000); and
- A reduction of \$11,500 in both expenses and revenues related to the canine program. The entire cost of the canine program is underwritten by a donation from the Community Foundation for the Fox Valley Region.

\$12,000 for the replacement of Automatic External Defibrillators (AEDs) was deleted from the requested 2008 budget following the transfer of six units from the Fire Department.

Police Grants

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

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The 2007 Budget of \$84,186 represented revenues and expenditures associated with a Secure our Schools grant that, ultimately, was not received. The 2008 Budget of \$20,000 is for a grant from the State of Wisconsin to assist the Police department to implement the TraCS mobile interface, which will allow officers to complete a traffic accident report, traffic citations and warning tickets using the Mobile Data Computer.

Public Safety Capital Projects

This fund provides for a variety of Public Safety capital needs. For 2008, this fund will be used to account for replacement of all Police patrol portable radios with units meeting the recently developed P25 standard for communication between emergency responders (\$307,500) and for acquisition of a pumper to replace the Fire Department's 1989 Pierce Arrow pumper (\$450,000). In 2007, this fund included expenditures on the police station renovation. Beginning in 2008, these expenses will be recorded in the Facilities Capital Projects Fund.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|-----------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Fire | 8,589,113 | 8,709,893 | 9,455,802 | 9,475,414 | 9,747,128 |
| HazMat Level A | 352,600 | 131,247 | 265,601 | 568,791 | 85,601 |

Fire

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

Major accomplishments in 2007 include:

- Development of specifications for an alternate response vehicle, expected to be delivered in September, 2007
- Work with the Technology Services department on modeling fire station locations for potential station relocations to minimize emergency response times
- Work with Outagamie County and surrounding fire departments on the implementation of a fire records management system which will be compatible with FoxComm partners and state and national reporting standards

In 2008 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

The 2008 Budget includes :

- A decrease of \$15,000 in fire insurance due revenue for 2008 as a result of a decrease in the allotment distributed by the Department of Commerce;
- An increase in utilities expense (\$15,557), due mainly to an anticipated 12% increase in electricity costs;
- Inclusion of \$2,500 in salaries for hazmat specialty pay; and
- A reduction in facilities charges (\$43,083) based on the amount of time spent on site during the first 6 months of 2007 by Facilities Management Department (FMD) staff.

Haz-Mat Level A

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

The 2007 projected column contains \$166,755 of revenues and expenditures associated with the receipt of a grant from the State for training and response to structural collapse. The grant covers a regional area that includes Appleton, Oshkosh, Neenah-Menasha and Green Bay. The City of Appleton facilitates the purchase of the

CITY OF APPLETON – 2008 BUDGET EXECUTIVE SUMMARY

response equipment region-wide for each municipality. For 2007, equipment includes a tow vehicle, response trailers, personal protective equipment, air bags, various structural collapse tools, etc. There are no additional grant funds budgeted in 2008.

DEBT SERVICE

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

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, excluding that payable from proprietary funds. The City maintains an Aa1 General Obligation rating and projects to keep our debt below 20% of the legal debt limit.

Table 13: DEBT SERVICE EXPENDITURES

| Debt Service Funds | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|--------------------|----------------|----------------|----------------|-------------------|----------------|
| Debt Service Funds | 7,794,913 | 11,320,690 | 8,828,037 | 8,979,937 | 7,814,030 |

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.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|----------------------|----------------|----------------|----------------|-------------------|----------------|
| Water Utility | 13,009,598 | 14,797,730 | 16,425,714 | 15,854,239 | 16,972,991 |

Water Utility

The City of Appleton Water Treatment Plant provides the community with safe, high quality water in a consistent and cost effective manner utilizing the full potential of our highly motivated, technically skilled staff.

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

The 2008 Budget for treatment operations includes the following:

- \$25,000 for consulting fees and PSC charges related to the rate study begun in 2007;
- An increase of in bank service fees (\$10,000) for investment services for available cash balances and set-up fees related to accepting credit card payment of City services invoices (water, sewer, stormwater charges) via the internet;
- An increase in facilities maintenance expense (\$53,000) to better reflect the amount of work performed and the size of the building, plus \$16,000 for coating floors in chemical containment areas;
- Inclusion of an allocation from the Wastewater Utility of 50% of a Maintenance Specialist position, to better reflect the workload that is shared with the Water Utility;

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- The allocation of 15% of the Stock Clerk’s position to the Facilities & Maintenance Department to reflect work performed by this position for FMD (this position was previously split 50/50 with the Wastewater Utility, it is now split 35% Water, 35% Wastewater, and 30% Facilities).
- Replacement costs for the granular activated carbon (GAC) used in the filtering process (\$325,000), the first time this has been done since 2003;
- An increase in chemical expense to reflect increased pre-treatment usage and increased costs of the chemicals purchased (\$175,000); and
- The addition of two new membrane stages (the structural elements for additional stages are included in the water plant capacity capital project listed below). The operating budget includes the membrane portion of the new membrane stages to be installed in 2008 (total membrane budget \$190,000).

There are no major changes to the Public Works portion of the utility.

In addition to funding for various necessary distribution infrastructure capital improvements (\$7,384,330), the 2008 Budget also includes the following capital expenditures:

- \$ 26,625 for Total Organic Carbon testing instrumentation,
- \$5,000,000 for an expansion of the water plant’s capacity,
- \$ 87,500 for improvements to the water intake site on Lake Winnebago,
- \$ 80,000 for pipe replacement due to corrosion,
- \$ 400,000 for the first phase of a project to build a redundant raw water intake,
- \$ 185,000 for pressure zone valve stations, to aid in balancing water pressure between various zones of the distribution system, and
- \$ 30,000 for grounds improvements (paving & fencing) at the water intake station.

The Water Utility underwent a rate study in 2006, resulting in an average rate increase of approximately 26% that went into effect December 29, 2006. The financial forecast indicated that a further 8.5% rate increase would be required in 2008. An updated rate study is in process and expected to be completed in 2007 for PSC action in 2008.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Wastewater Utility | 10,662,348 | 10,515,556 | 11,168,167 | 10,920,383, | 11,061,716 |

Wastewater Utility

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

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

The 2008 Budget includes funding for various necessary capital improvements in both treatment and collection systems. In addition to \$5,201,674 of infrastructure construction projects, the 2008 Budget includes the following:

- \$369,111 for replacement of the piping in Aeration Tanks 2 & 3;
- \$769,230 to rebuild two belt filter presses;
- \$ 28,925 for lift station renovations;
- \$ 8,875 for the Wastewater utility’s portion of the purchase of Total Organic Carbon measuring instrumentation;
- \$ 60,000 for a study of the properties of the waste gas generated by the utility, with the intent of finding a beneficial use (e.g. process heating or resale);
- \$135,000 for replacement of the roof on the “S” building;
- \$ 30,000 to install control equipment and upgrades on the electrical generators to qualify for peak load payments from WE Energies;
- \$136,666 for lighting upgrades; and.

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- \$ 5,725 for the Wastewater utility's portion of the purchase of a software package to aide in managing the data acquired via the sewer televising program and in developing the annual sewer maintenance program. Total cost of the software is \$11,450, split equally between the Stormwater and Wastewater utilities.

The budget also reflects the following operating changes:

- Allocation of 25% of the Administrative Secretary's and 15% of the Stock Clerk's positions to the Facilities & Maintenance Department to reflect work performed by these positions for FMD (the Administrative Secretary position was previously charge entirely to Wastewater while the Stock Clerk position was split 50/50 with the Water Utility. The Stock Clerk position is now split 35% Water, 35% Wastewater, and 30% Facilities.);
- A change in allocation from 100% to 50% for a Maintenance Specialist, to better reflect the workload that is shared with the Water Utility;
- An increase in Bank Services expense for Official Payments (the City's vendor for internet payment services) set-up fees for on-line credit card payments;
- An increase in chemical expense due to the decrease in availability of industrial ferrous sulfate. Due to this decrease in availability an equivalent but more costly iron salt, ferrous chloride has been required to meet effluent permit limits;
- \$80,000 for repair of the Sludge Storage Tank, this is the first part of the 3-year project to provide maintenance to the digester system;
- An adjustment in contractor fees due to landfilling costs, in the past this amount was budgeted at a higher amount due to storage limitations but, in the past few years fewer than 3,000 wet tons have been landfilled per year;
- \$43,000 in contractor fees to reduce the backlog of identified spot repairs, along with and additional \$10,000 for emergency spot repairs that would not be under contract; and
- \$45,000 was added under Consulting Services for flow monitoring to verify interceptor capacity for the north growth area. This is a one-time expense to monitor the sizing of sewer pipes based on re-zoning, change of use and density of the area. Information will be used to plan future CIP request accordingly. Industry standards are currently indicating that pipes in this area are undersized, however there have been no major problems reported.

Due to the loss of several major high strength customers over the last few years, the Wastewater Utility underwent a rate study resulting in average increases of 14-16% for most customers, effective 10/1/2005.

| | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Projected | 2008 Budget |
|---------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| Stormwater Utility | 4,314,385 | 4,689,486 | 4,811,291 | 4,659,348 | 4,960,530 |

Stormwater Utility

The Stormwater Utility was created to provide for the management of surface water run-off in the City of Appleton. Maintaining the current facilities to ensure they are operating at their designed potential to prevent system failures is one component of the stormwater program. Capital construction includes designing, building, and replacing of stormwater facilities to ensure compliance with established regulations, to protect surrounding infrastructure and the environment, to increase the acres of land for development and prevent system failures. Maintenance and Capital budget expenses are scrutinized to minimize changes in the stormwater utility rate, which is currently \$108.88 per equivalent residential unit (ERU) per year and was last changed in October, 2006. This rate is anticipated to be in effect through 2009.

The 2008 Budget provides funding for various necessary infrastructure capital improvements (\$8,145,102) to continue our efforts in the ever-increasing management of stormwater in the city to fulfill the obligations required from Natural Resources Regulations 151 and 216 (NR 151 & 216, respectively) and to control flooding. Major projects include storm sewer reconstruction along College Avenue on both sides of the College Avenue bridge (from Drew Street east to the bridge and from the east side of the bridge to Mathias Street), retrofitting the southeast detention basin, and construction of the Pershing pond; all construction that contributes towards the City-wide stormwater management plan. This budget also includes \$10,000 for development or purchase of a software program to aid staff in tracking various aspects of the stormwater program, as required by NR 216, and reporting on them to the DNR. It also includes rip-rap repairs at Fox River outfalls, underwater surveys of pond depths for Ashbury, Ballard and Holland ponds, and the purchase of software to help staff manage the data generated by the sewer televising program (\$11,450, split equally with the Wastewater utility).