

2023 Proposed Budget

Presentation to the Committee of the Whole



November 2, 2022

Considerations for this budget

- Changing Equalized value, market, etc.
- Extra Expenditure Restraint & Levy Limit Capacity
- Inflation
- New Budget requests
- Utility Funds
 - Plans to handle Debt Cover Ratio, Capital needs and Rates
- People and Operation Plan (POP)

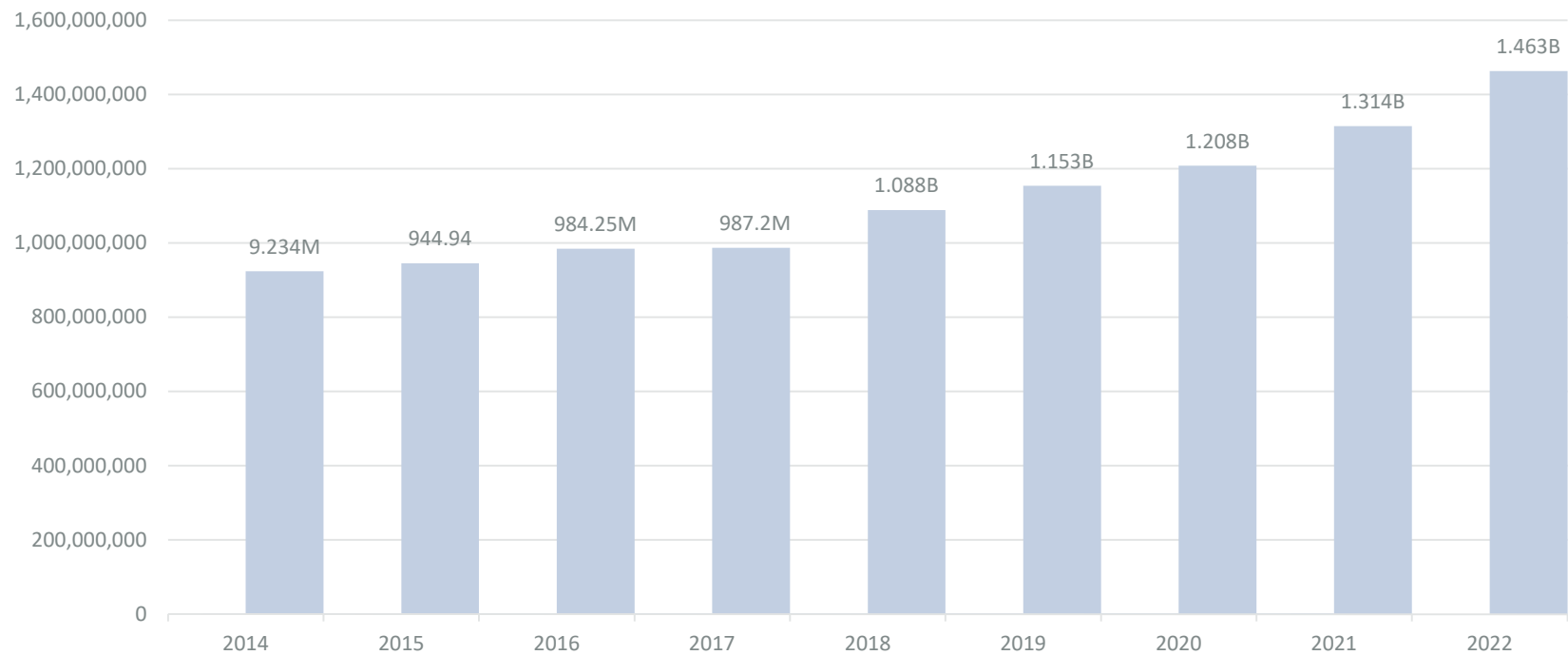


Property Values

What's Going on with Property Values

- Continue to have a healthy growth in citywide values
 - Equalized value increased 11.33%
- Healthy increase in assessed value
 - Increase of 1.92%
- Net new construction of 2.09%

Equalized Value Comparison



Equated Assessed Values by Class

	JANUARY 1, 2021	JANUARY 1, 2022	INCREASE / (DECREASE)	%
REAL ESTATE				
Residential	1,019,243,300	1,044,777,000	25,533,700	2.51%
Commercial	206,434,100	207,911,000	1,476,900	0.72%
Manufacturing	92,413,900	94,445,300	2,031,400	2.20%
Agricultural	44,100	42,700	(1,400)	-3.17%
TOTAL REAL ESTATE	1,318,135,400	1,347,176,000	29,042,000	2.20%
PERSONAL PROPERTY				
Machinery, Tools & Patterns	22,276,700	19,790,700	(2,486,000)	-11.16%
Furniture, Fixtures & Equipment	9,322,700	9,231,700	(91,000)	-0.98%
All Other Personal Property	5,183,300	4,710,500	(472,800)	-9.12%
TOTAL PERSONAL PROPERTY	36,782,700	33,732,900	(3,049,800)	-8.29%
TOTAL ASSESSED VALUATION	1,354,918,100	1,380,908,900	25,992,200	1.92%



Revenue and Expenses

Overview of Revenue and Expense

2022 BUDGET	2023 BUDGET	\$ Diff	% Diff
15,751,680	17,344,388	1,592,708	10.1%

With a balanced budget, both the revenues and expenses are increasing by 10% or about \$1.6m

Revenue Increase/(Decrease)

Property Taxes – General	\$1,174,838
Ambulance Fees	\$72,820
Building and Other Permits	\$49,000
Expenditure Restraint	\$43,691
Environmental Center Contributions/Rev	\$58,000
General Transportation Aid	\$28,836
Grignon Mansion Contribution/Revenue	\$27,000
Yard Waste Fees	\$19,500
County Sales Tax	\$15,000
County Library Aid	\$14,050
Recreation Fees	\$12,600
Interest on Investments	\$6,000
Swimming Pool Fees	(\$55,000)
Other	\$126,373

Total: \$1,592,708

State Financial Aid - General Fund
Shared Revenue, Highway Aid, Expenditure Restraint,
Computer Aid, Fire Insurance Dues, Personal Property Aid



Personnel Expenditure Increase/(Decrease)

General Fund Personnel Services

Regular Payroll	\$550,051
Temporary Payroll (Seasonals)	\$95,988
Overtime Pay	\$23,000
Other	\$4,166

Total Employee Wages \$673,205

Benefits

Group Health Insurance	\$190,531
Retirement Plan	\$129,247
Residency	\$35,808
Social Security	\$41,120
All Other Benefits	\$2,044
Total Benefits	\$398,750

Total Personnel Services \$1,071,955

Group Health Insurance

- City offers Ten (10) different health plans through the State (Employee Trust Fund)
- Overall plan mix had a 6% increase in premiums
- Budgeting for the unknowns
 - New and Vacant positions don't have previous year as benchmark. City budgets for Family plan
- Some elections have switched from Single to Family and some have added coverage through the city

Residency

- The City provides 6% of salary benefit as a residency incentive for those employee's who live within the city corporate limits.
- The city capped this overall benefit to an aggregate of \$250,000. If the City reaches this amount, it will adjust the overall percentage by employee of the incentive to stay within that total amount.
- The City is at \$227,000 in the 2023 budget
- Like health insurance, budgeting for the unknown positions includes this benefit until position is filled.

Retirement

- The City participates in the Wisconsin Retirement System (WRS). The City has 4 category classes within the system in which 2 had a slight increase and 2 had higher increase.

Category	2022	2023	% Diff
WRS General	6.50%	6.80%	0.30%
WRS Elected	6.50%	6.80%	0.30%
WRS Protective W	12.04%	13.22%	1.18%
WRS Protective W/O	16.44%	18.12%	1.68%

- Most of City employees eligible (1,200 hours or more worked in year) are in the General Category
- With this being tied to wages, it fluctuate the same direction as overall wages.
- Police & Fire rate increase above will account for 80% of this WRS increase in 2023.

Noteworthy Personnel Items (1 of 2)

New Positions

- Detective in Police Department
- Lieutenant of Training in Fire Department
- Youth Services Librarian
- IT Manager

Changed Positions

- Increasing hours of one Associate Librarian to full-time hours
- Increasing hours of Paralegal position
- Increasing hours of Environmental Administrative Assistant
- Removing the Assistant Library Director Position
- Removing the IT help desk position

Noteworthy Personnel Items (2 of 2)

Miscellaneous Changes

- Bringing Environmental Center & Grignon Mansion Personnel Expense to 101 General Fund
- Wages scale underwent comp study adjustments. Adjustments look different across the staff unlike previous years as positions will be adjusted to match the study results.
- Several Employees making a step increase through the 7-step wage scale
- Partial budgeted Position in previous budget that is now fully budget
 - Associate Planner and Code Enforcement Officer

Non-Personnel Expenditure Increase/(Decrease)

Contractual Services	\$120,092
Automotive Supply	\$41,400
Utilities	\$28,019
General Insurance	\$16,620
Library Material	\$14,000
Building Maintenance	\$12,800
Education & Membership	\$12,340
Printing Expense	(\$15,905)
Others	\$99,620
Total Non-Personnel Services	\$328,986

Noteworthy Non-Personnel Items

- Increase in Property and Liability Premium Coverage
- General Supplies – Plow Blade Replacement (Cost doubled)
- Contract Services
 - Building Inspection
 - Shared IT Service Switch to a Managed service
- Automotive Supply - Mostly due to expected cost of fuel
- Library Material budget increase
- Education and Memberships

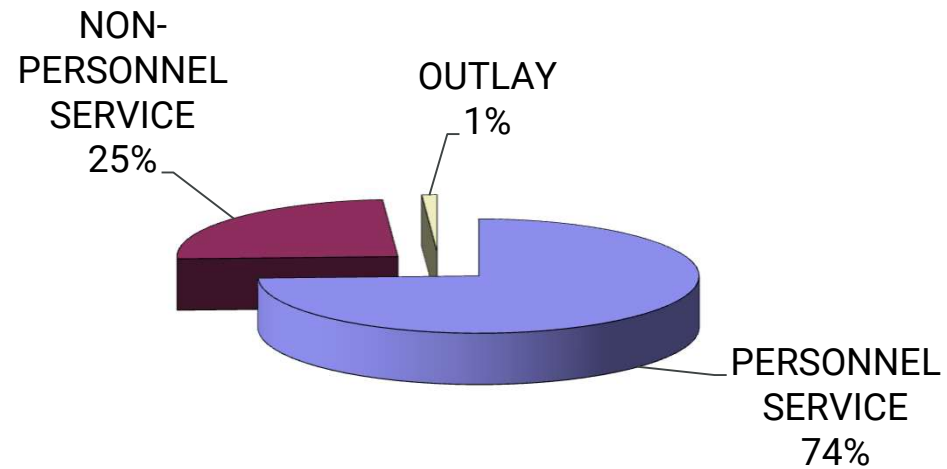
Capital Outlay Expenditure Increase/(Decrease)

Automotive	\$26,428
Office Equipment	\$20,850
Infrastructure	\$12,000
Machinery, Tools and Instruments	\$5,289
Others	\$5,200
Total Non-Personnel Services	\$69,767

Noteworthy Capital Outlay Items

- PD Meg Unit vehicle replacement
- Dodge Chargers used for patrol are being discontinued – switching to Dodge Durango
 - Increased cost due to outfitting gear not being compatible, need to order separate
- Door Strike replacements – 5 per year
- Traffic Control cabinet upgrades
- Sewer & Water replacement at La Follette Park

General Fund Expenditures by Type





Tax Rate and Fund Balance

Tax Rates

	<u>2022 Budget</u>	<u>2023 Proposed Budget</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Assessed Tax Rate	\$8.21	\$9.05	\$0.84	10.17%

Assessed Rate Adjustment

Levy Adjustment (Based on Current value of \$1.4 Billion)

\$0.01 Increase or Decrease =	\$13,000
\$0.05 Increase or Decrease =	\$65,000
\$0.10 Increase or Decrease =	\$130,000

Percent Levy Adjustment

1.0% Increase or Decrease =	\$107,000
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Contributing factors to tax rate increase

Description	Amount	% increase in tax
Detective in Police	\$110,000	1.02%
Lieutenant of Training in Fire	\$115,000	1.07%
Commercial Inspection Services	\$115,150	1.07%
Code Enforcement (P/T vs F/T)	\$34,108	0.32%

- New additions mentioned above make up 3.5%
- Wage Comp study adjustments/increases make up 3.83%
- Other Increase to Supplies, Service, etc. 2.5%

Tax Levy Distribution

<i>FUND</i>	<i>2021 LEVY</i>	<i>2022 LEVY</i>	<i>INCREASE / (DECREASE)</i>	<i>PERCENT CHANGE</i>
GENERAL	6,387,472	7,562,310	1,174,838	18.39%
1,000 ISLANDS ENVIRONMENTAL CENTER	120,000	0	(120,000)	-100.00%
DEBT SERVICE (301 Fund)	3,783,090	4,222,817	439,727	11.62%
Grignon Mansion (219 Fund)	44,175	0	(44,175)	-100.00%
Nelson Crossing (224 Fund)	1,800	3,500	1,700	94.44%
TOTAL MUNICIPAL LEVY	10,336,537	11,788,627	1,452,090	14.05%

Levy Limit Calculation

2022 Expenditure Restraint Actual Levy	\$10,429,716
Increase (Decrease) In Debt Service	\$2,188,184
New Construction Allowance (2.09%)	\$172,660
Less 2021 Personal Property Aid	\$93,179
Total 2023 Adjustments	<u>\$3,634,693</u>
2022 Allowable Levy	\$11,955,706
2022 Proposed Levy	<u>\$11,788,627</u>
Under (Over) Levy Limit	\$167,079

Expenditure Restraint Calculation

	2022	2023
General Funds Expenditures	15,751,680	17,344,388
1,000 Island Environmental Center	120,000	0
Debt Service	3,783,090	4,222,817
Grignon Mansion	44,175	0
Nelson Crossing (224 Fund)	1,800	3,500
Total With Debt Service	19,700,745	21,570,705
Total Without Debt Service	15,917,655	17,347,888
<u>Allowable Increase</u>		
ERP Allowable % Increase	9.000%	
Allowable \$ Increase	\$1,432,589	
Actual Increase	\$1,430,233	
\$Difference	(\$2,356)	
% Difference	8.99%	

Formula – 60% of % of net new construction [2.09%] to a maximum of 2% plus CPI [7.73%]

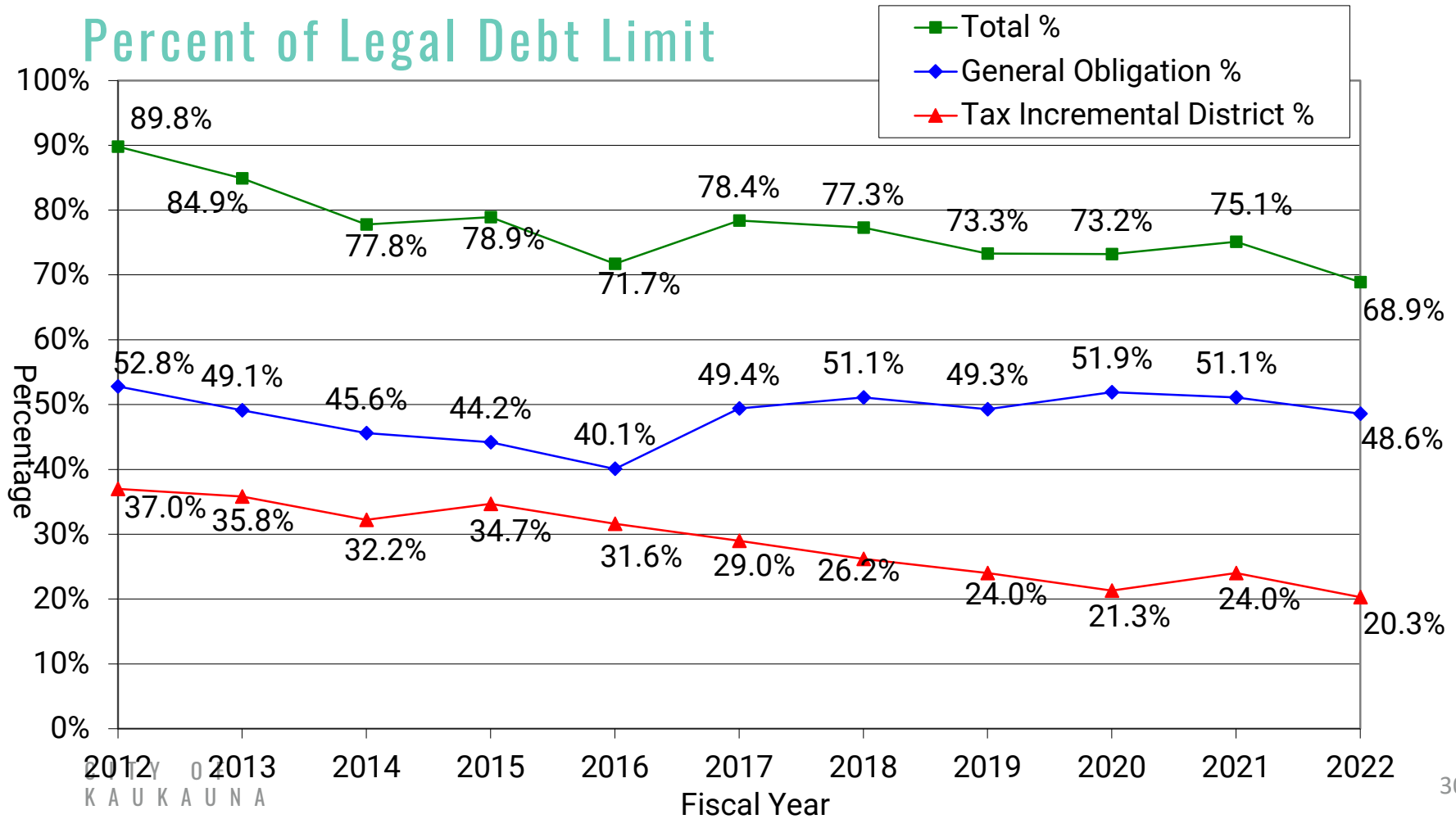
General Fund Balance

Projected Balance 12/31/2021	\$ 4,981,838
Less: Assigned for Subsequent Years	\$ 410,000
Less Inventories & Prepaid	\$ 89,755
Projected Unassigned Balance 12/31/2022	\$ 4,482,083
Targeted Fund Balance (15% of Operating Budget)	\$ 2,601,658
Optimal Bond Rating Fund Balance (30% of Operating Budget)	\$ 5,203,316
Amount Over Target Balance	\$ 1,880,425
Amount Over(under) Optimal Fund Balance	\$ (721,234)
Projected Unassigned Fund Balance as a % of Operating Budget	25.84%



Debt Service

Percent of Legal Debt Limit



Bonds Issuances

2022 Issuance

- 2022A G. O. Note \$6,000,000

Bonds to be Retired in 2022

- 2013A G.O. Debt Retiring
 - \$1.125M

Bonds to be Added in 2023

- 2023A G.O Note Pool of \$5,000,000
- 2023B G.O Note of \$3,700,000
- 2023C G.O Note TID8 of \$3,000,000
- Potential Bond for TID11

2023 Tentative Projects 1 of 4

Year	Fund	CLASSIFICATIONS/ DESCRIPTIONS	PROJECT TOTAL	GENERAL OBLIGATION BORROWING
2023		EQUIPMENT		
	421 - Equipment	Purchase 3/4 ton (new fleet)	\$53,000	\$53,000
	421 - Equipment	Replace 2008 2 1/2 Ton Dump Truck (Fleet #213)	\$205,000	\$205,000
	421 - Equipment	Fire SCBA Harness, Bottle, and Mask Replacements	\$90,000	\$90,000
	421 - Equipment	Fire Response/Command Vehicle	\$85,000	\$17,000
2023*		SANITARY SEWER*		
	602 - Sanitary	Kenneth Avenue Area (Phase 3 of 3, Klien to Kenneth/3rd)	\$400,000	
	602 - Sanitary	Reaume Avenue Area (4th, 5th, Hendricks)	\$800,000	
	602 - Sanitary	CE Lift Station Interceptor to KHS	\$300,000	
	602 - Sanitary	Manhole Lining/Repair	\$25,000	

2023 Tentative Projects 2 of 4

Year	Fund	CLASSIFICATIONS/ DESCRIPTIONS	PROJECT TOTAL	GENERAL OBLIGATION BORROWING
2023		PARK & POOL IMPROVEMENTS		
	422- Parks and Pools	Park Pavillion Maintenance/Updates - Riverside Park Roof	\$30,000	\$30,000
	422- Parks and Pools	Pool Reconstruction	\$6,000,000	\$5,000,000
	422- Parks and Pools	New Flooring in Nature Center	\$15,000	\$15,000
	422- Parks and Pools	New Siding on Nature Center	\$65,000	\$65,000
	422- Parks and Pools	Plazas 1st & 2nd Street Ally	\$450,000	\$375,000
	422- Parks and Pools	Municipal Tree Replacement / Reforestation - EAB	\$50,000	\$25,000
2023*		STORM SEWER*		
	601 - Storm	Pool Road and Parking Lot	\$80,000	
	601 - Storm	Quinney / Metoxen Street Area 1 of 2	\$450,000	
	601 - Storm	Schultheis/Oak Street Storm Sewer	\$65,000	
	601 - Storm	Company Woods Pond	\$200,000	
	601 - Storm	Parallel 36" Storm in Linda Ct and Thelen Ave	\$600,000	
	601 - Storm	Erosion Control / Remediation - Shoreline/Outfalls/Streamb	\$35,000	

2023 Tentative Projects 3 of 4

Year	Fund	CLASSIFICATIONS/ DESCRIPTIONS	PROJECT TOTAL	GENERAL OBLIGATION BORROWING
2023		STREET PAVING		
		New Concrete Streets		
	420 - Streets and Sidewalk	White Dove, White Birch, Boxer, Greyhound	\$1,600,000	\$1,000,000
		Reconstruction		
	420 - Streets and Sidewalk	Quinney/Metoxen Street Area Phase 1	\$1,300,000	\$500,000
	420 - Streets and Sidewalk	Concrete Street Patch Program	\$500,000	\$500,000
	420 - Streets and Sidewalk	Schultheis Street/Oak Street	\$300,000	\$200,000
	420 - Streets and Sidewalk	Loderbauer Rd Urbanization	\$250,000	\$200,000
	420 - Streets and Sidewalk	Canal Street	\$350,000	\$180,000
	420 - Streets and Sidewalk	Alley Reconstruction (Downtown)	\$350,000	\$200,000
	420 - Streets and Sidewalk	Bridge Epoxy Overlays - LAwe and Island	\$40,000	\$40,000
2023		SIDEWALKS		

2023 Tentative Projects 4 of 4

Year	Fund	CLASSIFICATIONS/ DESCRIPTIONS	PROJECT TOTAL	GENERAL OBLIGATION BORROWING
2023		MISCELLANEOUS		
	423 – Bldgs & Misc	Library Confernce Room Technology Replacement	\$15,000	\$15,000
	468 - TIF #8	Dreamville Kaukauna (Apartments) Additional Incentives	\$2,455,000	\$2,455,000
	468 - TIF #8	Library	\$600,000	\$600,000
		TOTAL	\$17,758,000	\$11,765,000

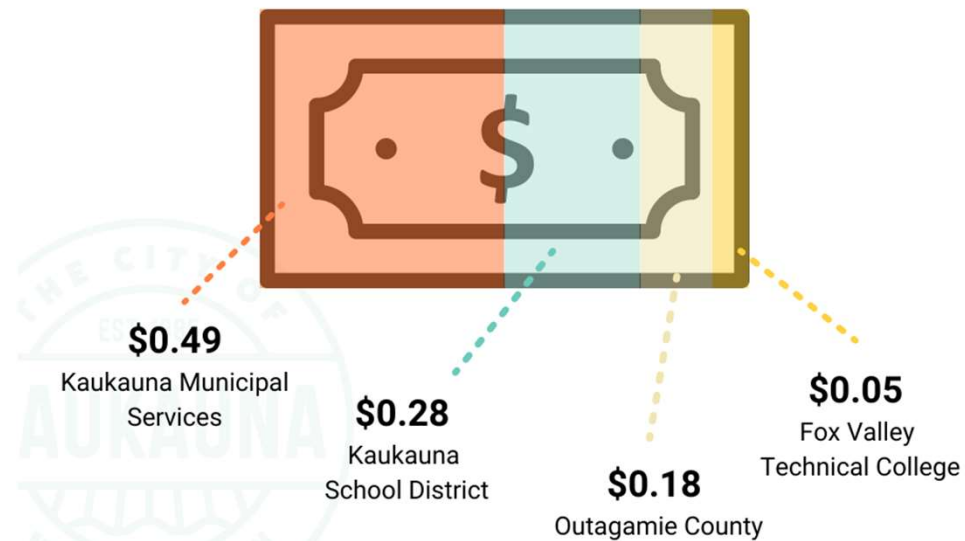


The Almighty Tax Dollar

Tax Bill Breakdown

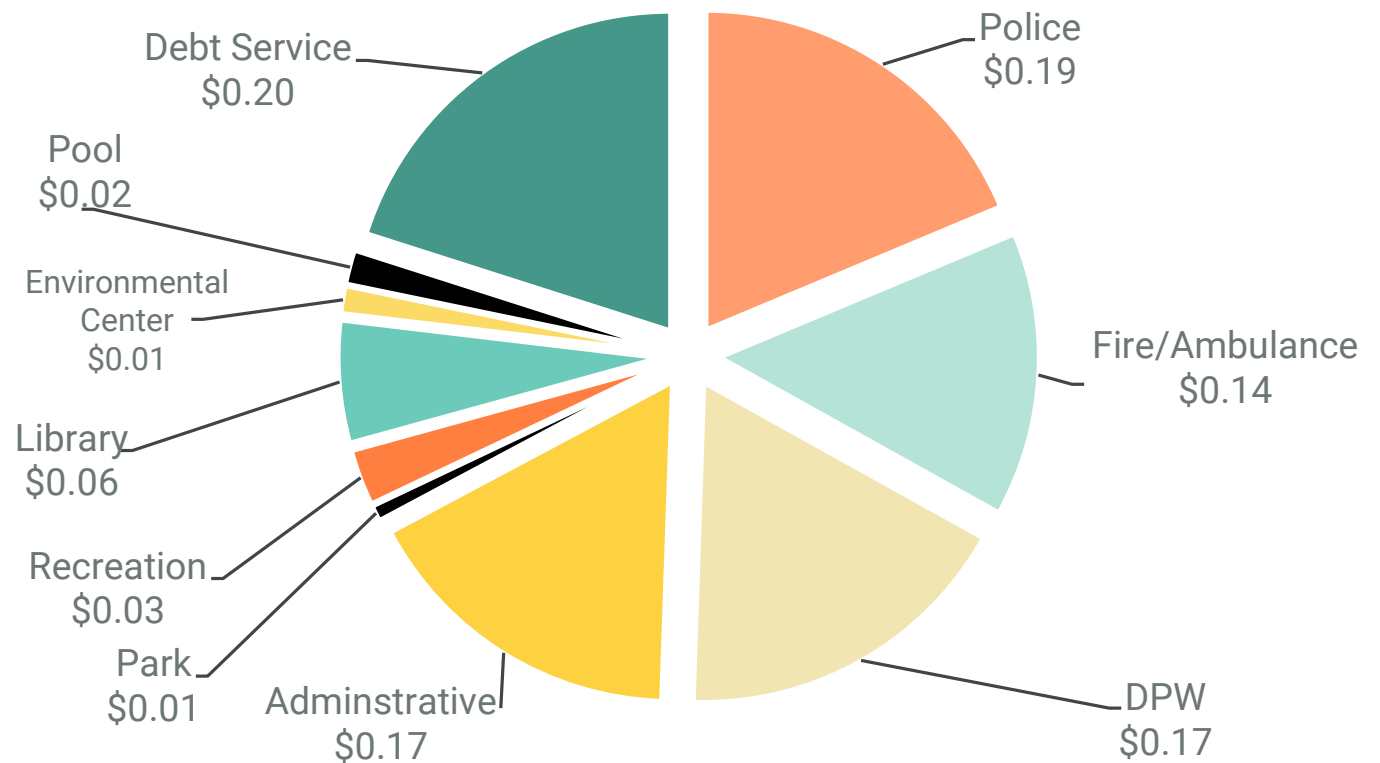
How One Tax Dollar gets split between taxing Jurisdictions

YOUR TAX DOLLAR AT WORK



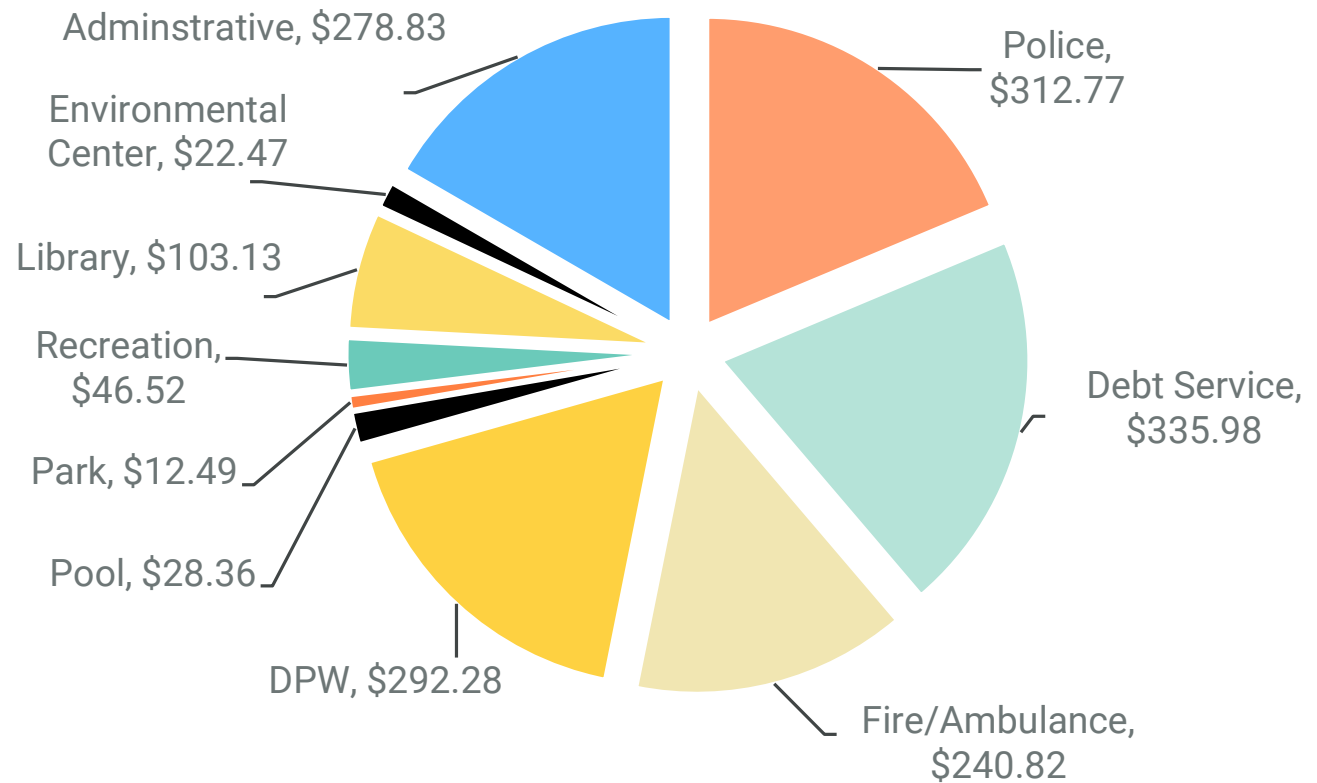
Tax Dollar by Service

What one tax dollar is spent on for City services



Cost of Each Service for an Average Home Value

The graph to the right shows how much each service costs for a home valued at \$185,000 and current tax rate of \$9.05/1,000





Utility Funds

Overview

- Overall net position for both Storm and Sanitary are improving
- Debt Service for capital improvement is set for the next two years
- Rate adjustment for both Storm and Sanitary for the 2023 Budget
- Plan has been developed to continue the capital improvements while maintaining debt coverage ratios

Storm Water Utility Fund Balance

DESCRIPTION		BALANCE
BALANCE AS OF JANUARY 1, 2022		
Unassigned Cash And Receivable Balance		2,039,530
Restricted Cash And Receivable Balance		633,806
Total Cash And Receivable Balance Net of Current Liabilities		2,673,336
PROJECTED CHANGE IN CASH BALANCE FOR 2022		
Revenues & Other Financing Sources	1,340,194	
Expenses Net of Depreciation	(430,608)	
Debt Service - Principal and Interest	(825,084)	84,502
PROJECTED CASH BALANCE AS OF DECEMBER 31 2022		
Projected Cash Balance Net of Current Liabilities		2,757,838

Annual Operating Expense

1,361,950

Months of Reserve

17.97

Sanitary Utility Fund Balance

DESCRIPTION		BALANCE
BALANCE AS OF JANUARY 1, 2022		
Unassigned Cash And Receivable Balance		2,978,140
Restricted Cash And Receivable Balance		512,829
Total Cash And Receivable Balance Net of Current Liabilities		3,490,969
PROJECTED CHANGE IN CASH BALANCE FOR 2022		
Revenues & Other Financing Sources	3,775,029	
Expenses Net of Depreciation	(2,774,622)	
Debt Service - Principal and Interest	(919,075)	81,332
PROJECTED CASH BALANCE AS OF DECEMBER 31 2022		
Projected Cash Balance Net of Current Liabilities		3,572,301

Annual Operating Expense	3,566,732
Months of Reserve	10.02

2023 Utility Fund Debt Service Coverage Ratio

Debt Coverage Ratio

Storm Water Coverage	2022 ESTIMATED	2023 BUDGET
Operating Income	1,337,600	1,566,335
Operating Expense - Net Deprecia	439,735	426,202
Net Operating Income	897,865	1,140,133
Debt Service Cost	581,565	1,213,248
Coverage Ratio (Operating Income / Debt Service Cost)	1.54	0.94

Sanitary Coverage	2022 ESTIMATED	2023 BUDGET
Operating Income	3,447,729	4,110,469
Operating Expense - Net Depreciation	2,774,622	2,397,068
Net Operating Income	673,107	1,713,401
Debt Service Cost	350,000	1,169,189
Coverage Ratio (Operating Income / Debt Service Cost)	1.92	1.47

Note: Current rate is \$8.00/ERU/month. Numbers above reflect a \$1.00 increase in the rates to \$9.00/ERU/Month on Jan 1 and an additional \$0.75 increase in the rates to \$9.75/ERU/month on July 1

Note: Current rate is \$7.00/100 cubic foot. Numbers above show a rate change of \$1.00/100 Cubic Foot to \$8.00/100 Cubic foot on Jan 1 and an additional \$0.75 increase in the rate to \$8.75/100 Cubic Foot on July 1.

Storm Water Debt service

	12/31/2022 BALANCE	12/31/2023 BALANCE	PRINCIPAL MATURITIES	INTEREST	TOTAL PRINCIPAL AND INTEREST
2015B G.O. Notes	660,000	480,000	180,000	17,100	197,100
2016C Revenue Bond	900,000	800,000	100,000	26,000	126,000
2022C Revenue Bond	9,140,000	8,890,000	250,000	365,148	615,148
Totals	10,700,000	10,170,000	530,000	408,248	938,248

Sanitary Debt service

<i>DEBT ISSUE</i>	<i>12/31/2022 BALANCE</i>	<i>12/31/2023 BALANCE</i>	<i>PRINCIPAL MATURITIES</i>	<i>INTEREST</i>	<i>TOTAL PRINCIPAL AND INTEREST</i>
2013 Revenue Bond	900,000	775,000	125,000	38,531	163,531
2015 Revenue Bond	725,000	650,000	75,000	24,375	99,375
2016 Revenue Bond	825,000	725,000	100,000	24,250	124,250
2018 Revenue Bond	1,025,000	975,000	50,000	37,875	87,875
2022 Revenue Bond	8,095,000	8,020,000	75,000	334,158	409,158
Totals	11,570,000	11,145,000	425,000	459,189	884,189

Future of the Utility Funds

- Planning ahead
 - Capital Infrastructure Needs
 - Sanitary is forecasting \$1.1 million per year in capital infrastructure
 - Storm is forecasting \$1.5 million per year in capital infrastructure
- Debt Coverage Ratio
 - Continue to strengthen coverage ratio
 - Need to maintain a debt coverage ratio of at least 1.25 times the revenue
 - This measure is done at the time of bonding and looks at the entire length of the bond
- Revenue Bonding Plans
 - Continue with Bond Anticipation Notes and Revenue Bonds
- Necessary Rate Adjustments
 - Planned Rate adjustments over the next few years to allow for capital improvements in both Utilities Funds

Storm Water Proposed 5yr Rate Plan

	ERU Rate	Difference	Revenue Affect	Per Year Charge
Current	\$8.00			\$96
January 1,2023	\$9.00	\$1.00	\$164,654	\$108
June 1,2023	\$9.75	\$0.75	\$123,500	\$117
January 1,2024	\$10.75	\$1.00	\$164,654	\$129
June 1,2024	\$11.50	\$0.75	\$123,500	\$138
January 1,2025	\$12.50	\$1.00	\$164,654	\$150
June 1,2025	\$13.25	\$0.75	\$123,500	\$159
January 1,2026	\$14.25	\$1.00	\$164,654	\$171
June 1,2026	\$15.00	\$0.75	\$123,500	\$180
January 1,2028	\$15.50	\$0.50	\$82,500	\$186

Sanitary Proposed 5yr Rate Plan

	Cubic Feet Rate	Difference	Revenue Affect
Current	\$7.00		
January 1,2023	\$8.00	\$1.00	\$452,900
July 1,2023	\$8.75	\$0.75	\$339,680
January 1,2024	\$9.75	\$1.00	\$452,900
July 1,2024	\$10.50	\$0.75	\$339,680
January 1,2025	\$11.50	\$1.00	\$452,900
July 1,2025	\$12.25	\$0.75	\$339,680
January 1,2026	\$13.25	\$1.00	\$452,900
July 1,2026	\$14.00	\$0.75	\$339,680
January 1,2028	\$14.50	\$0.50	\$226,450

Storm Water and Sanitary Rates of Other Communities

	Storm per ERU per year	Sewer per 100 Cubic Feet
Neenah	84.00	3.19/1000 gal
Menasha	99.00	4.75/1000 gal
Grand Chute	99.84	
Kaukauna	117.00	8.75/100 cubic feet
Greenville	120.00	
Kimberly	125.00	7.75/1000 gal
Fox Crossing	140.00	4.92/1000 gal
Appleton	175.00	3.75/1000 gal
City of Oshkosh	223.20	6.18/100 cubic feet

Results of Plan for both Utilities

- Continue the average planned capital improvements through 2034
- Maintain a debt coverage ratio between 1.26 and 1.71 for storm and 1.29 and 1.41 for sanitary over the next 12 years
- Maintain the above standard S&P Bond rating
- Allows the City the ability to bond for future capital infrastructure and equipment within this utility
- Adjusting rates in smaller increments over time rather than large jumps



People & Operational Plan

What is it?

- The People & Operation Plan (POP) is a tool for departments to plan for necessary expenses that are outside of capital improvements
 - Examples include:
 - Personnel Needs
 - Small Tools and Equipment
 - Onetime expenses or ongoing Expenses
- These are larger expenses that aren't as easy to fit into a budget without planning
- The list will plan out 5 years and continue to roll ahead like the Capital Improvement Plan does.

What is it used for?

- A fluid document to track the needed expenses from budget-to-budget year
- Becomes a planning tool for future budget cycles
- Helps department managers process each request, ensuring the use of funds is warranted with a well thought out plan
- Adds a form of planning to each request before it ends up into a budget. Allows for an easier execution of the new need.
- Aids in formulating a strategic plan for goals and objectives

Process of the POP

- The POP is a document that can be updated at anytime a Department Manager thinks of a need.
- There will be scheduled meeting reviews of the document with Department Managers and the Mayor.
 - April (Q2) to discuss any updates or need for gathering additional info
 - July (Q3) to review for next year goals, objectives, and budget cycle
 - Oct (Q4) Part of the budget cycle
- Each Item on the POP will have a Business Case Summary Sheet that has details on the request
- Each item will have a score card to help with the prioritizing the items
 - Some of the things taken into consideration is time of planning for each item, amount of reoccurring cost, if item is ready to execute

Business Case Summary & Score Card

- Business Case Summary Includes the following Detail
 - A description of the problem or opportunity
 - Benefits and Risks of requests
 - Cost involved, and if they are reoccurring
 - List of other alternatives/solutions considered
 - Impact on Operations and Organization
- Score Card Info Includes
 - Value Added
 - Urgency for operations
 - Alternatives Exist
 - Cost impact to organization

Initial Process

- Used the 2023 budget as a launch for generating a list of items
- Kick off the formal POP with a meeting in February 2023
- Meeting will include
 - Brainstorm session of overall needs and desires of the City as a group
 - Add any needs to the POP plan that aren't already on the list
- Begin the development of a Strategic Plan for the City
- Formulate department goals and objectives around the strategic plan



Questions or Comments?



THANK YOU