



**LETTER OF TRANSMITTAL
2019 CITY OPERATING AND CAPITAL IMPROVEMENT BUDGET**

January 1, 2019

Dear Honorable Mayor, Common Council, and Citizens of Oak Creek:

Herein transmitted is the comprehensive operating budget for the City of Oak Creek's Fiscal Year 2019. The Mayor and Common Council arrived at a budget the public should applaud; one that allocates new resources to enhance public services while avoiding unnecessary tax burden for residents. The budget details to follow successfully further the City's adopted mission and vision:

VISION: Oak Creek: A dynamic regional leader, connected to our community, driving the future of the south shore.

MISSION: We are a dedicated organization providing high-quality services that positively **IMPACT** Oak Creek residents, businesses, and visitors.

The Operating Budget is not only a tabulation of revenues and expenditures the City anticipates; rather, the document serves as a public education tool that not only denotes "how much", but also articulates "what" goods and services our taxpayers receive. Oak Creek City government represents a great "value-proposition" to our taxpayers. We are a full-service government providing a comprehensive array of public services and amenities while boasting the lowest municipal tax rate of any city or village in the County.

While the 2019 Budget is a forward-looking plan heading into the next calendar/fiscal year, it is equally important to recap the organizational outcomes leading up to this budget's approval.

A LOOK BACK AT 2018

CHANGES IN CITY LEADERSHIP TEAM:

In 2018, the City saw changes to its leadership team due to retirement, resignation, and promotion. With the retirement of long-time IT Manager, Caesar Geiger, the Mayor appointed former Assistant IT Manager, Kevin Koenig, as the new IT Manager. Mr. Koenig promoted former Network Systems Administrator, Thomas Kramer, to Assistant IT Manager.

In October, 2018, Judy Rogers was hired as the City's new Human Resources Manager. Judy comes with significant background in all things "HR". We are lucky to have Judy on our team.

In furtherance of our Strategic Action Plan goal to "Right-size, Evaluate, and Better Align the City Organization", the City created a new position of Assistant City Administrator/ Comptroller, and promoted Bridget Souffrant, former Finance Director, to the position effective January 1, 2019.

In addition to overseeing the Finance Department, the Assistant City Administrator/Comptroller will provide general management oversight to the Divisions within the Central Services Department including: *Human Resources Management, Information Technology Services, Administrative Support Services, and Buildings & Facility Maintenance*. Among other new responsibilities, Ms. Souffrant will take on a more formal, and visible, role in administering and communicating City health insurance benefits.

ECONOMIC DEVELOPMENT ACTIVITY:

Oak Creek had another banner year in the area of economic development with a host of projects beginning, businesses expanding, and new business locating in the City. Our multi-family and single-family offerings also expanded with new residential options being developed throughout the community.

The City's most visible and impactful economic development announcement came in November 2018. Amazon selected a 70-acre parcel in the new Ryan Business Park (near 13th & Ryan Road) for a new fulfillment center. The 4-story, 2.6M square foot center will open in 2020. Amazon will become the City's largest employer, with its promised 1,500 full time jobs, and likely, its largest taxpayer.

In addition to the Amazon investment, the following is a sample of 2018 accomplishments in the economic development arena; the list is not designed to be all-inclusive:

- Approval of Orchard Hills, a 225-unit multi-family neighborhood on 27th St.;
- Groundbreaking for Zund America, Inc. a corporate office headquarters of approximately 50,000 square feet in Drexel Town Square;
- Groundbreaking for an Aldi grocery store and 6,100 square foot multi-tenant building at the doorstep of Drexel Town Square. This re-development cleans up a former storage unit complex and vacant industrial building;
- Environmental clean-up of the former Bioversal site at the corner of 6th & Rawson. The remnant buildings served as a significant community eye-sore and will be re-developed with a new 180,000 square foot light industrial building;
- Continuing build-out in Drexel Town Square including The Waters Senior Living, and a multi-tenant commercial building housing Stanton Optical, Mac's Macaroni and Cheese shop, a Verizon corporate store, and First Watch (a breakfast and lunch restaurant);
- Announcement of a Froedtert neighborhood hospital at the corner of 13th & Drexel;
- Announcement of a Lakeshore Veterinary Hospital at the corner of 27th & Ryan Road;
- Completion of two build-to-suit projects in Oakview Business Park including Greco & Sons and Arena Americas;
- The opening of Lake Vista Park and the transition to the marketing phase of lakefront development opportunities immediately adjacent to the new park.

2018 STRATEGIC ACTION PLAN ACCOMPLISHMENTS:

In a large section of this Budget document, (see table of contents) the reader will note the City's Strategic Action Plan (SAP) goals, as well as a progress report on each goal. It is important to note here though, that 2018 was a very busy year for City officials as it relates to SAP implementation. The City accomplished the following initiatives in 2018; the list is not designed to be all-inclusive:

- Completed analysis entitled "Handling Demand for Single Family Lot Inventory"- implementation steps to follow in 2019;
- Completed analysis entitled "CIP Funding Alternatives Analysis"- implementation steps to follow in 2019 and beyond;
- Completed draft of "Residents' Guide to City Services" document- to be distributed in 2019;
- Engaged firm to redesign City homepage- go live target of February 2019;
- Completed review and budgeted \$90,000 in 2019 for initial phase of DPW fleet vehicle leasing;
- Secured the Government Finance Officers' Distinguished Budget Presentation Award for the City's 2018 Operating Budget document;
- Completed Abendschein Park Master Plan;
- Completed market feasibility studies for hospitality and convention space within the City.

While the SAP outlines the City's most pressing projects, the time and resources it takes to complete these initiatives is in addition to the daily grind of our busy City government. A big thank you to all of the residents, staff, and Elected Officials for contributing time and talent to executing the Common Council's top priorities!

LOOKING AHEAD: THE 2019 OPERATING BUDGET

The purpose of the following budget overview is to identify the staff priorities, and Mayoral and Council directives included in the Adopted 2019 Budget. The overview also provides context to the City's budget picture vis-a-vis state spending and revenue limitations. Additionally, we have summarized new personnel requisitions included for 2019.

Much like last year's (2018) budget outlook, many factors affect the City's ability to adjust its spending plan to: a) reflect actual costs; b) get out in front of expected cost increases in line items over the next few budget cycles; c) address critical resource needs in terms of personnel and capital projects; and d) implement the Strategic Action Plan. The factors influencing the 2019 Budget include, but are not limited to:

- A higher Consumer Price Index (CPI), estimated at 2.42%, which increases spending thresholds under the Expenditure Restraint Program (ERP). For 2019, the City's ERP cap is 4.40%;

- An increase in general transportation aids (GTAs) in the amount of \$52,837 which offset a decrease in ERP aid (revenue) of \$33,345;
- A reduction in required Wisconsin Retirement System (WRS) contributions. WRS rates decreased 0.30% for general employees and 1.66% for public safety employees;
- A workable maximum levy limit (+ \$672,670 available) when factoring the total “net new construction” (3.32%) in the City.

STATE EXPENDITURE RESTRAINT PROGRAM (ERP) AND LEVY LIMITS:

Again in fiscal year 2019, the City elected to participate in the State Expenditure Restraint Program (ERP), demonstrating its commitment to controlling costs. In order to participate in ERP, a municipality must have a mill rate exceeding 5 mills (in other words, a tax rate of at least \$5.00/\$1,000 of property value), and it must limit its budget expenditures year over year to the ERP percentage given by the State. The ERP percentage is calculated using the average CPI (12 months ending in September) plus 60% of a municipality’s net new construction percentage. By qualifying for ERP, the City receives a supplemental state revenue payment totaling \$297,520 in 2019.

The State levy limit is still in place from the 2017-2019 State Budget. Generally speaking, the City is limited to annual levy increases equivalent to the value of net new construction as a percentage of total equalized value. State Statute allows a municipality to carry forward a percentage of unused levy capacity from the previous year, and allows for additional levy increases related to closure of tax increment districts (TID). The 2019 allowable levy limit for the City of Oak Creek was 3.32%.

STATE CHANGES TO PERSONAL PROPERTY TAXES:

The 2018 (payable 2019) tax roll was the first year that the City needed to account for a partial removal of personal property tax from the tax roll and into the form of a state aid. This mandate from the State shifted \$236,529 from tax revenue and allocated it as a state aid payment instead. The City’s net new construction of 3.32% equates to \$672,670 of new tax revenue. The State shifted \$236,529 of that off the tax roll for 2019 and future years.

SUMMARY OF ADOPTED TAX LEVY AND TAX RATE PAYABLE 2019:

The 2019 Budget has a total levy for City operations equaling \$20,697,879. The levy is the amount of money needed to balance the budget after all revenues and expenditures are taken into account. The levy for City operations increased \$436,748 (+2.16%), from 2018. The levy amount is then divided by the total assessed value of all properties within the City based on the last property valuation (assessment). The following calculation is used when determining the “mill rate”, or the amount levied divided by the assessed value. The mill rate is then used to compute the tax rate: the amount per thousand dollars of property value that taxpayers pay. This is the key figure shown on property tax bills each December.

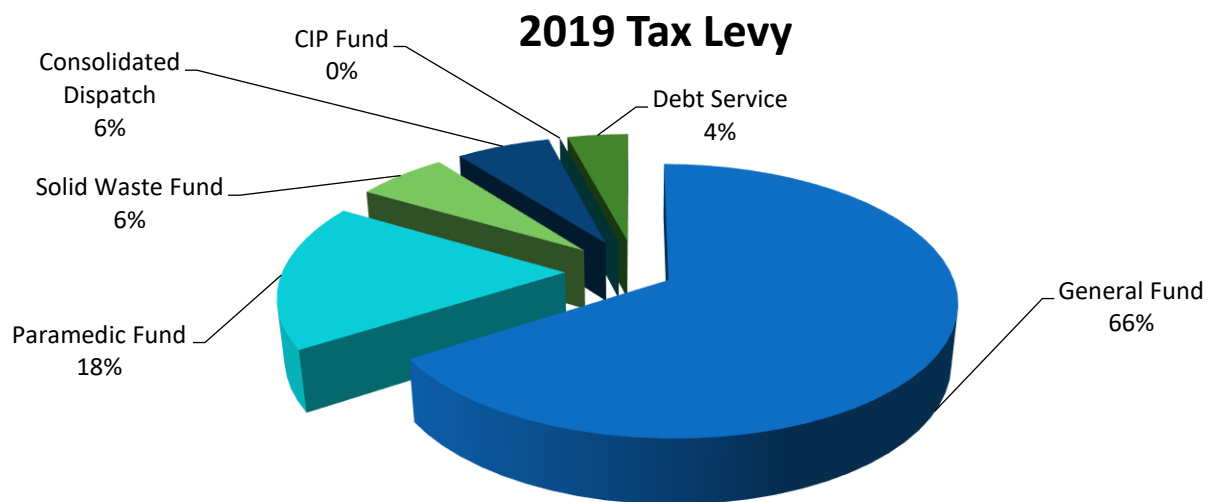
2019 Tax Rate Calculation

\$25,720,932	General Fund Expenditures
- \$12,075,513	General Fund Revenues (less General Fund tax levy)
= \$13,642,419	(General Fund tax levy)
+ \$3,626,053	(Paramedic fund tax levy)
+ \$1,312,570	(Consolidated Dispatch tax levy)
+ \$1,266,837	(Solid Waste Fund tax levy)
+ \$850,000	(Debt Service Tax Levy)
= \$20,697,879	(TOTAL tax levy - City Operations)
+ \$4,716,663	(tax increment levy)
= \$25,414,542	(TOTAL tax levy)
\$80,553,945	(All taxing jurisdictions total tax levy)
÷ \$3,490,476,200	(total City assessed value)
= .021124195	(mill rate)
× 1000	
\$21.12/\$1,000	(combined tax rate for <u>all</u> taxing jurisdictions)

As calculated above, the combined tax rate for 2018 (payable 2019) is \$21.12 for every \$1,000 of property value. This is a decrease of 45 cents per \$1,000 of property value from the 2017 (payable 2018) tax rate.

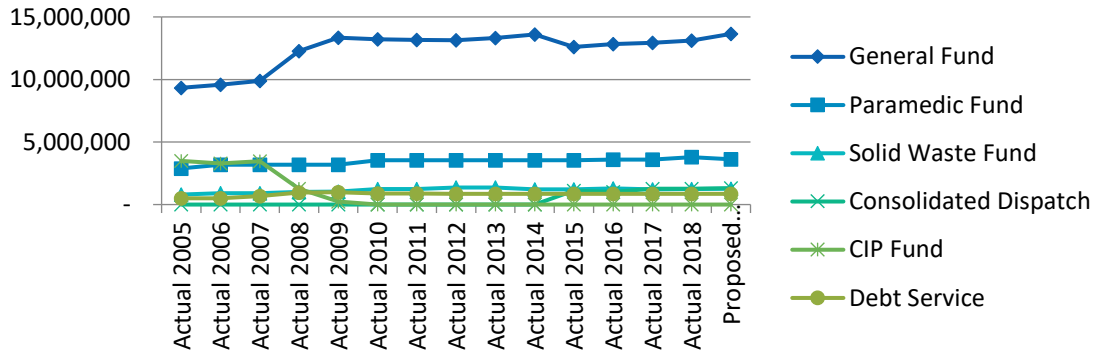
2019 Tax Levy

The 2019 Tax Levy is broken out proportionately to each fund receiving levy support as follows:



The history of City property tax levies is as follows:

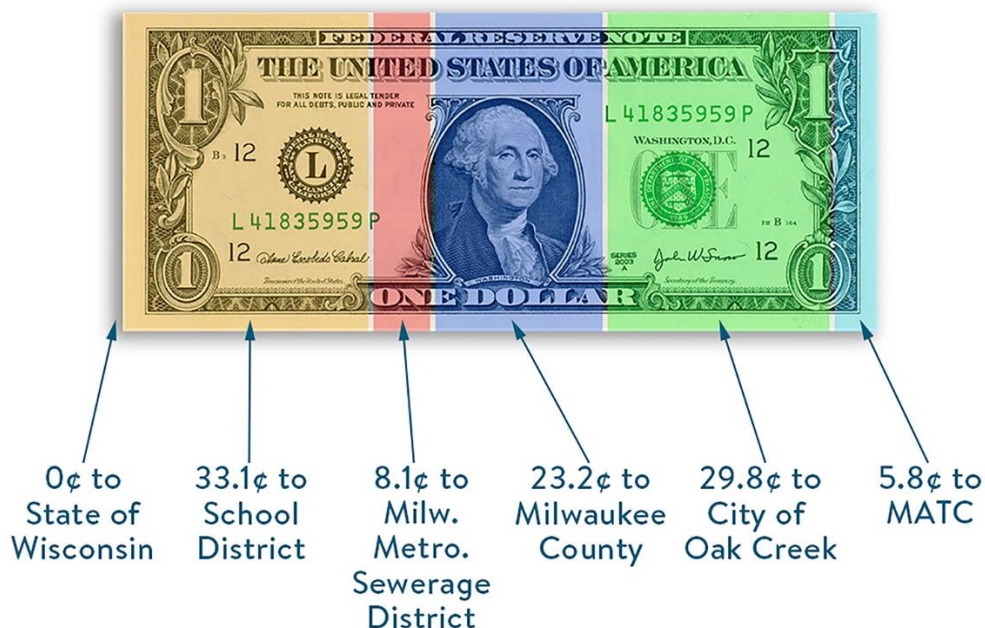
City Property Tax Levy, Historic Trending 2005-2019



WHERE DO YOUR PROPERTY TAX DOLLARS GO?

The City of Oak Creek is only one of several taxing jurisdictions that share your annual property tax payment. Although the City collects your entire tax payment, the City only retains 29.8% (put another way, 29.8 cents of every tax dollar) for City of Oak Creek operations. Other entities, such as Oak Creek-Franklin School District (OCSFD), Milwaukee County, Milwaukee Area Technical College (MATC), and Milwaukee Metro Sewerage District (MMSD) also retain a portion of your annual tax payment (note: this is the 2nd year that the State is not receiving any local property taxes). Below, residents can view a breakdown of how the City distributes your property tax dollars among the multiple taxing jurisdictions.

2018 Tax Dollar Breakdown



To restate, the dollar bill graphic above shows that only 29.8% (put another way, 29.8 cents of every tax dollar) of the funds coming from your property tax dollars are used to operate the City of Oak Creek. The remaining 70.2% of your annual property tax payment goes to other taxing jurisdictions that make their own financial and policy decisions.

For example: an Oak Creek taxpayer with a property valued at \$200,000 would pay a total tax bill (real estate only) of \$4,224 based on the combined tax rate from all taxing jurisdictions of \$21.12/\$1,000 of property value. The City of Oak Creek’s tax share for City operations on the \$200,000 property is \$1,260. The other \$2,964 goes to fund the operations of all the other taxing jurisdictions shown in the dollar bill above.

MONTHLY COSTS FOR CITY SERVICES

When doing our household budgets, many of us look at our expenses on a monthly basis. To give you, our residents, an idea of the monthly costs for the suite of City services you receive, we have further itemized “where your tax dollars go.” Keep in mind, the monthly example includes only the \$1,260 you pay to operate the City of Oak Creek. On a monthly basis, that amounts to \$105 (\$1,260/12 months = \$105 per month). Breaking that amount out on a monthly basis, the \$105 (based on a property valued at \$200,000) is allocated to the following City services as follows:

Monthly tax bill (\$105)

• EMS Fund,	\$18.39	
• Fire (Non-EMS) & EOP,	\$5.14	
Total Fire		\$23.53
• Police & Municipal Court,	\$23.95	
• Consolidated Dispatch Services Fund,	\$6.66	
Total Police		\$30.61
• Administrative Services,	\$18.61	
• Community Dev., Engineering, & Inspection,	\$4.38	
• Debt Service,	\$4.31	
• Solid Waste Fund,	\$6.43	
• Dept. of Public Works	\$12.40	
• Health, Rec, & Library,	\$4.72	
Total All Others		\$50.86
Total Monthly rate		\$105.00

Now, put the above monthly costs side-by-side with your other monthly expenses. What do you pay for your cell phone? What about your bill for cable television? A typical cell phone or cable bill is probably more expensive on a monthly basis than what you pay monthly for the full range of Oak Creek services and amenities!

PERSONNEL REQUESTS/COSTS INCLUDED IN 2019 BUDGET:

The 2019 Operating Budget includes the following employee wage plan:

- 2.25% wage increase for the LAW Unit (non-public safety union employees);
- 1.0%/1.0% split wage increase for the Police and Fire (public safety) Bargaining Units;
- 2.25% across the board increase for all part-time and full-time non-represented positions.

In addition to accommodating the above wage plan, the Mayor and Common Council approved numerous new personnel requests recommended by the City Administrator. The City included the following new positions in the 2019 Budget:

- The addition of one (1) Police Patrol officer;
- The addition of one (1) School Resource Officer (SRO) position. **Note:** this position's cost share needs to be negotiated with the School District before the City can make the hire;
- The addition of one (1) part-time Crime Analyst position in the Police Department;
- The addition of one (1) full-time Patron Services Librarian;
- Increase of \$20,150 in summer seasonal wages to address labor demands in Drexel Town Square, increased parks/open space maintenance, and City special events staffing.

CAPITAL IMPROVEMENT PROJECTS IN 2019 BUDGET

The Capital Improvement Budget ("CIP") accounts for the City's equipment and larger infrastructure projects among other items. The City's CIP is currently not funded by the general property tax levy; rather, the CIP has various funding sources which the reader can find in the CIP section of this document (see table of contents). A brief summary of new or unique CIP projects included in 2019 are as follows:

- \$1,000,000 for road maintenance and repaving projects (exact roads to be determined);
- \$90,000 of funding to begin a fleet vehicle leasing program in the Department of Public Works;
- \$75,000 of funding to begin a large bridge maintenance fund for future repairs to bridges the City of Oak Creek is responsible to maintain;
- \$60,000 of funding to begin implementation on certain recommendations contained in the City's Safe Routes to Schools analysis;
- \$190,000 for a rebuild of the skate park at Abendschein Park and \$46,950 for completion of the rubber safety surface at Lake Vista Park;
- \$144,745 of funding for various maintenance items in City facilities.

OTHER LARGE COST CENTERS ADDRESSED IN 2019 BUDGET:

Personnel and capital improvement needs, although the most costly, are certainly not the only increases facing the City each budget cycle. The City leadership team identified the following larger cost increases, which the Common Council also addressed in the 2019 Budget:

- Increase in budget salt/brine costs (\$30,825);
- Increase in technology, software, and other license/program fees in the IT arena (\$55,350);
- Increase costs for intergovernmental agreements with Milwaukee County involving public safety communications (\$17,365);
- Increase in premiums for Property, Casualty, and Worker’s Compensation insurance (\$34,000).

CONCLUSION:

There is no doubt this is one of the most exciting times in Oak Creek’s history. City officials deliberately manage growth and outside investment in Oak Creek and take the same deliberate approach internally to continue the high quality of public services our residents enjoy. The City is blessed with an incredible professional staff, involved residents, and a dedicated group of Elected Officials, all working together to make Oak Creek realize its fullest potential.

It is not by accident that, more and more, Oak Creek is recognized as a community of choice for new business and new residents. With this 2019 Budget, we pursue our mission, and continue driving the bright future of the south shore.

Prepared & Respectfully Submitted by:



Andrew J. Vickers, M.P.A.
City Administrator



Bridget M. Souffrant
Assistant City Administrator/Comptroller