



**LETTER OF TRANSMITTAL
2020 CITY OPERATING AND CAPITAL IMPROVEMENT BUDGET**

January 1, 2020

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 2020. The Mayor and Common Council arrived at a budget the public would appreciate; one that allocates new resources to enhance public services yet avoids unnecessary tax burden for residents. The budget to follow is another tool to successfully advance 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, this document serves as a public education tool that not only identifies “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 among the lowest municipal tax rates of any city or village in the County.

While the 2020 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 2019

CHANGES IN CITY LEADERSHIP

In 2019, the City saw changes to its leadership team due to retirement, resignation, and promotion. With the retirement of Fire Chief, Tom Rosandich, the Police and Fire Commission appointed former Assistant Fire Chief, Mike Kressuk, as the new Fire Chief. With Chief Kressuk’s now vacant Assistant Chief position to be filled, there could potentially be more new faces among the Fire Department command staff.

The Community Development Department, Finance Department, and Engineering-Inspection Services Division also saw staffing changes. In all, two Building Inspectors retired, a new Assistant City Engineer and Assistant Comptroller were promoted from within, and the City

hired both a new Design Engineer and Zoning Administrator/Planner. The “Planspectioneering” team did a wonderful job keeping up with workload during all of this transition.

Library Director, Jill Lininger, welcomed several new employees to the Library staff, and completed a comprehensive reorganization of staffing to suit the needs of all library patrons. Similarly, the Administrative Support Services Division restructured from one large group to a “2-unit” structure to better suit the needs of internal and external customers.

Due to retirements, the City will be filling additional vacancies in the Police Department, Engineering Department, and Water Utility. We wish all retiring employees well in their “next life” and extend a heart-felt “thank you” for their dedicated service to the City.

In furtherance of our Strategic Action Plan goal to “Right-size, Evaluate, and Better Align the City Organization”, the City approved a new Charter Ordinance regarding the manner of selection for the Clerk and Treasurer positions. Effective in April 2021, these two positions will be appointed officers of the City, and no longer elected positions.

ECONOMIC DEVELOPMENT ACTIVITY

Oak Creek had another busy 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 housing offerings also expanded with a diverse portfolio of residential options being constructed throughout the community.

To round out the year, the City announced a partnership with Stand Rock Hospitality for a project featuring two Hilton hotels and a conference & event center. The project, just south of IKEA on land owned by Northwestern Mutual, serves as a catalyst for additional development near the Drexel Avenue/I-94 interchange. This entire corridor, both east and west of the interchange, will be building out over the next several years. The City also entered into a Development Agreement with Highgate, LLC. for a master-planned, mixed use development near 13th & Drexel.

In addition to the above investments, the following is a sample of 2019 accomplishments in the economic development arena; the list is not designed to be all-inclusive:

- Construction and initial building occupancies for Orchard Hills, a 225-unit multi-family neighborhood on 27th St.;
- Approved 84-lot
- Ribbon-cutting for Zund America, Inc. a corporate office headquarters of approximately 50,000 square feet in Drexel Town Square;
- Ribbon-cutting 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;
- Occupancy for new aerospace firm, Astronautics in the former Master Lock headquarters on Howell & Forest Hill;

- Completion of a 180,000 square foot light industrial building at the corner of 6th & Rawson. This project was an environmental clean-up of the former Bioversal site at the corner of 6th & Rawson. The previous buildings served as a significant community eyesore;
- Commencement of construction for the stalled Emerald Row phase 2 apartments (247 units) in Drexel Town Square;
- Near-completion of Lakeshore Veterinary Hospital at the corner of 27th & Ryan Road;
- Near-completion of the Azura Medical Resort on 27th St.;
- Continued build out of two sizeable single family home subdivisions- Glen Crossing and East Brooke Preserve;
- Occupancy of a new multi-tenant building on Howell in Drexel Town Square. The building features First Watch, MACS Macaroni and Cheese Shop, Diesel Barbershop, and Stanton Optical;
- Execution of a Planning Memorandum of Understanding for development of land in the Lakefront District adjacent to Lake Vista Park.

STRATEGIC ACTION PLAN ACCOMPLISHMENTS

In a large section of this Budget document, 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 though, that 2019 was a very busy year for the City team as it relates to SAP implementation. The organization accomplished the following initiatives in 2019; the list is not designed be all-inclusive:

- Transitioned Clerk and Treasurer positions to appointed versus elected positions (effective April 2021);
- Completed analysis entitled *Street Light CIP and LED Conversion Analysis*;
- Completed analysis entitled *Street Lighting Special Charge Analysis*;
- Implement phase 1 of 3 regarding transitioning DPW light-duty fleet vehicles to a leasing model in partnership with Enterprise;
- Finalized a draft for public review of the City Comprehensive Plan;
- Engaged firm to redesign City homepage- go live target of February 2020;
- Secured the Government Finance Officers' Distinguished Budget Presentation Award for the City's 2019 Operating Budget document;

While the SAP outlines the City's most pressing priorities, the initiatives have to be achieved in addition to very busy daily tasks; this is no small effort. A big "thank you" to the staff and Elected Officials for their continued investment of time and talent in the City's SAP priorities!

LOOKING AHEAD: THE 2020 OPERATING BUDGET

The purpose of the following budget overview is to identify the staff's priorities, and Mayoral and Council directives, included in the Adopted 2020 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 2020.

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 2020 Budget include, but are not limited to:

- A net new construction increase of 3.73% which yields a workable available levy increase of \$835,027;
- A **decrease** of \$90,658 in general transportation aid revenue from the State. For all practical financial purposes, all other state aids have remain unchanged from last year;
- A higher Consumer Price Index (CPI) estimated at 1.85%, increasing spending thresholds under the Expenditure Restraint Program (ERP). ERP is not a significant factor in the 2020 Operating Budget, but staff is still showing a revenue offset and contingency expenditure to keep the ERP capacity for future years;
- An increase in required WRS contribution: Up 0.15% for general employees and up 0.53% for public safety (\$90,000 spread over all funds).

STATE EXPENDITURE RESTRAINT PROGRAM (ERP) AND LEVY LIMITS

Again in fiscal year 2020, 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 \$297,435 in 2020.

The State levy limit went largely unchanged as per the State's 2020-2021 budget. Generally speaking, the City is limited to annual levy increases equal 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 2020 allowable levy limit for the City of Oak Creek was 3.73%. More simply put, the City had \$835,027 of additional levy capacity available to meet staffing and operational needs in this 2020 Adopted Budget.

SUMMARY OF ADOPTED TAX LEVY AND TAX RATE PAYABLE 2020

The 2020 Budget has a total levy for City operations equaling \$21,532,906. The levy is the amount of money needed to balance the budget after all revenues and expenditures are taken into account. 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.

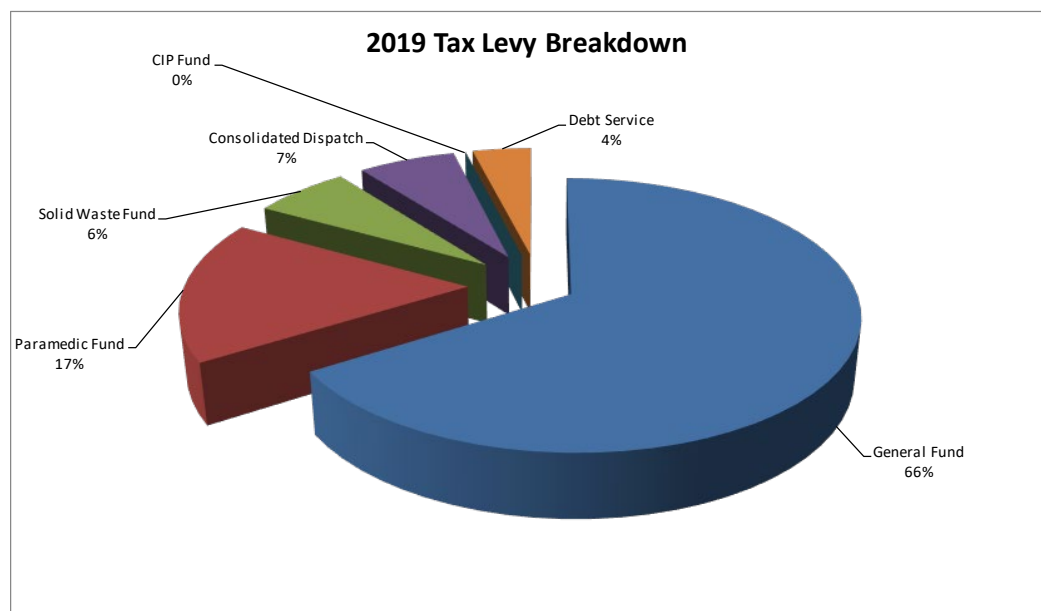
2020 Tax Rate Calculation

\$26,694,918	General Fund Expenditures
- \$12,283,012	General Fund Revenues (less General Fund tax levy)
= \$14,411,906	(General Fund tax levy)
+ \$3,655,849	(Paramedic fund tax levy)
+ \$1,406,461	(Consolidated Dispatch tax levy)
+ \$1,390,836	(Solid Waste Fund tax levy)
+ \$850,000	(Debt Service Tax Levy)
= \$21,532,906	(TOTAL tax levy - City Operations)
+ \$7,859,800	(tax increment levy)
= \$29,392,706	(TOTAL tax levy)
\$83,386,085	(All taxing jurisdictions total tax levy)
÷ \$3,760,176,500	(total City assessed value)
= .021664222	(mill rate)
× 1000	
\$21.66/\$1,000	(combined tax rate for <u>all</u> taxing jurisdictions)

As calculated above, the combined tax rate for 2019 (payable 2020) is \$21.66 for every \$1,000 of property value. This is an increase of 54 cents per \$1,000 of property value from the 2018 (payable 2019) tax rate.

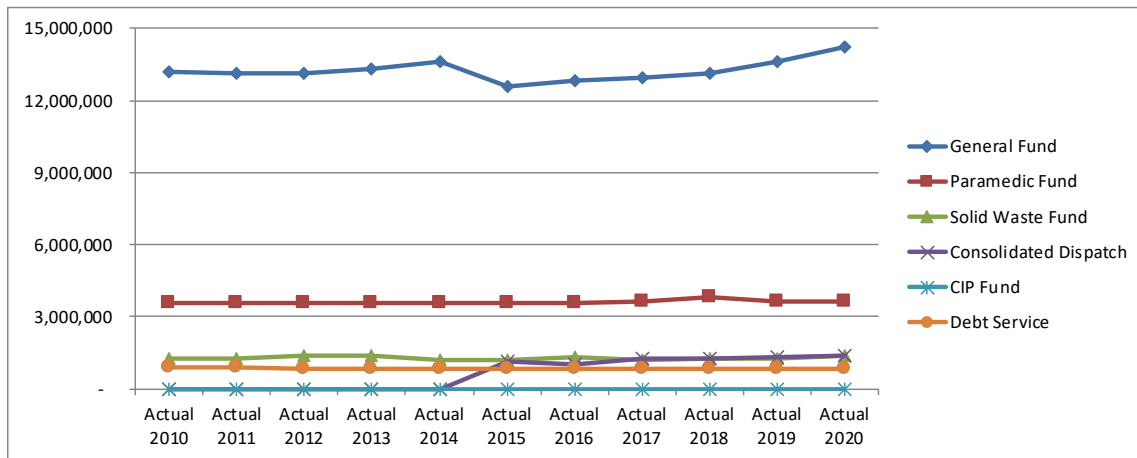
2019 Tax Levy

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:

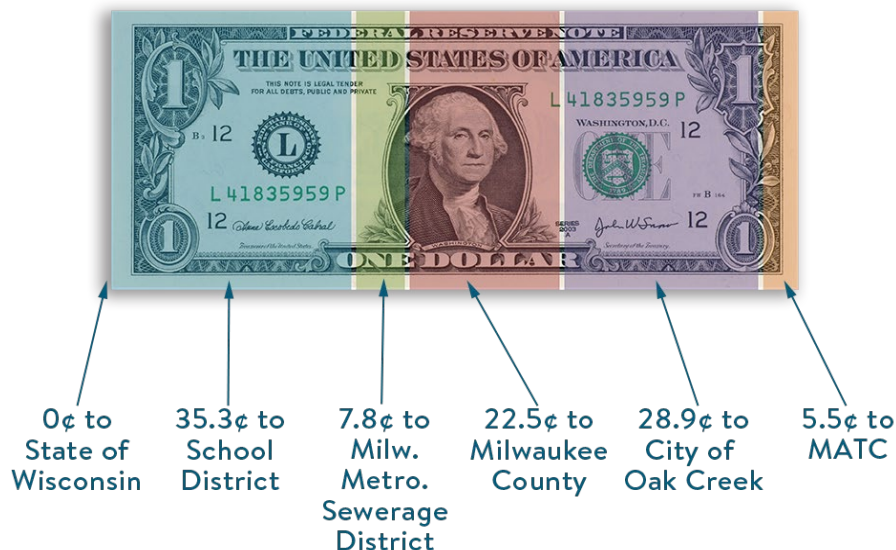
City Property Tax Levy, Historic Trending 2005-2020



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 28.9% (put another way, 28.9 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: the State is no longer 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.

2019 Tax Dollar Breakdown



To restate, the dollar bill graphic above shows that only 28.9% (put another way, 28.9 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 71.1% 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 \$4,332 based on the combined tax rate from all taxing jurisdictions of \$21.66/\$1,000 of property value. **NOTE: This year, the “combined” tax rate for all taxing jurisdictions increased 54 cents/\$1,000 of property value, despite the fact the City-only portion decreased by 4 cents/\$1,000 of property value.** The City of Oak Creek’s tax share for City operations on the \$200,000 example property is \$1,252. The other \$3,080 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 our residents an idea of the monthly costs for the suite of City services received, we have further itemized “where your tax dollars go.” Keep in mind, the monthly example includes only the \$1,252 you pay to operate the City of Oak Creek. On a monthly basis, that amounts to \$104.33 (\$1,252/12 months = \$104.33 per month). Breaking that amount down on a monthly basis, the \$104.33 is allocated to City of Oak Creek services as follows:

Monthly tax bill (\$104.33)

• EMS Fund,	\$17.71	
• Fire (Non-EMS) & EOP,	\$4.98	
Total Fire		\$22.69
• Police & Municipal Court,	\$23.92	
• Consolidated Dispatch Services Fund,	\$6.81	
Total Police		\$30.73
• Administrative Services,	\$18.93	
• Community Dev., Engineering, & Inspection,	\$4.23	
• Debt Service,	\$4.12	
• Solid Waste Fund,	\$6.74	
• Dept. of Public Works	\$12.11	
• Health, Rec, & Library,	\$4.78	
Total All Others		\$50.91
Total Monthly rate		\$104.33

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/satellite television? A typical

cell phone or cable/satellite 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 2020 BUDGET

The 2020 Operating Budget includes the following employee wage plan:

- 2.25% wage increase for the Police and Fire (public safety) Bargaining Units;
- 2.25% across the board wage increase for all non-represented (non-union) part-time and full-time positions;
- 2.07% wage increase for the Labor Association of Wisconsin, Inc. unit (non-public safety union employees). The City is limited by state law to the 2.07% increase. The City is making an additional one-time payment of \$125.00 to employees in this group so their 2020 compensation increase reflects the same as all other employees.

In addition to accommodating the above wage plan, the Mayor and Common Council approved new personnel funding requests in the 2020 Adopted Budget as follows:

- Funding totaling \$113,905 for Police Department wages for the pre-hiring strategy;
- Replacing two (2) part-time Police Mechanics with one (1) full-time Mechanic; a net cost of \$41,882 after eliminating the part-time wages;
- The addition of two (2) part-time Library Aide positions; a net cost of \$13,322 after eliminating a Substitute Library Assistant position.

CAPITAL IMPROVEMENT PROJECTS IN 2020 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. A brief summary of large, new, or unique CIP projects included in 2020 are as follows:

- \$1,000,000 for road maintenance and repaving projects (exact roads to be determined);
- \$200,000 for funding phases 1 and 2 of the 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;
- Door repair (Fire Station 1) and building systems replacements (Fire Station 3) totaling \$228,000;
- \$60,000 for upgrading fire extrication equipment;
- \$160,000 for a new salt brine system for DPW snow & ice control operations;
- Replacement of play structures at Manor Marquette and Riverton Meadows Park totaling \$200,000.

OTHER LARGE COST CENTERS ADDRESSED IN 2020 BUDGET

Although personnel and capital improvement needs may be the most costly, they 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 2020 Budget:

- Increase of \$10,000 for Building Maintenance in Dept-40, General Government;
- Increase of \$59,700 for Annual License Fees in Dept-43, Central Service-IT Services;
- Increase of \$8,495 for Snow and Ice Removal (salt) in Dept-83 Public Works-Streets Division;
- Increase costs for license fees and intergovernmental agreements with Milwaukee County involving public safety communications (\$20,863 note: this is across all funds).

In the Solid Waste Fund (Fund 11) additional property tax levy was required to accommodate additional costs of \$114,887 for refuse & recycling collection in 2020. Although not a general fund expenditure, the levy increase required for these additional costs in the Solid Waste fund could have been utilized for General Fund expenses, or the Capital Fund to achieve established SAP funding goals.

CONCLUSION

The dedicated Elected Officials and professional City staff serving the taxpayers and citizens of Oak Creek are of the highest caliber. Our team chemistry is even more critical in the current period of growth for the City of Oak Creek. We want to thank all of the staff for helping prepare this budget document. We were able to maintain and, where possible, enhance resources to continue to provide the best public services in a cost-conscious manner. With this adopted budget, the City of Oak Creek will continue driving the future of the south shore in a positive direction.

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