



LETTER OF TRANSMITTAL
2021 CITY OPERATING AND CAPITAL IMPROVEMENT BUDGET

January 1, 2021

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 2021. Calendar year 2020 was like no other in our lifetimes. While external circumstances caused political and social disruption, the City’s financial position persevered through the difficulty and complexity posed by 2020’s challenges. The Mayor and Common Council arrived at a budget the public will appreciate. The City continues to incrementally grow new personnel resources required for a growing community. Our quality public services will continue unchanged, and the tax burden for our citizens and businesses remains one of the lowest in Milwaukee County. The budget that follows is a critical guidepost, and is perhaps the most important instrument, to continue advancing 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 one of the lowest municipal tax rates of any city or village in the County.

While the 2021 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 2020

Calendar year 2020 will no doubt be remembered for the public health crisis brought upon by COVID-19. It was certainly challenging, but the leadership of our Mayor, Emergency Operations Committee members, and specifically, our Community Public Health Officer, pulled the City organization and community through these difficult times. At the time of this writing, there is light at the end of the tunnel. We would be remiss in not acknowledging our true community

heroes: those Firefighter/Paramedics, Police Officers, and Public Health nursing staff on the front lines of the pandemic.

From a financial standpoint, COVID-19 definitely hit the City's bottom line, mostly stemming from the loss of general fund revenue. Staff suspects that with the combination of state funding reimbursement through the CARES Act/Routes to Recovery and overall savings on our general fund expenditure picture that the City will be close to breakeven for the 2020 general fund revenues and expenditures. Should the City not breakeven, the Common Council has reserved an additional \$300,000 above our minimum general fund balance policy for fiscal year ending 2019 to cover the difference in 2020 finances.

Despite COVID-19, a contentious presidential election, and civic demonstrations stemming from social unrest, the City continued to advance both internally as an organization as well as externally in terms of community building.

CHANGE IN STRUCTURE OF BOARDS, COMMITTEES, and COMMISSIONS

In accordance with the City's Strategic Action Plan, 2017-2020, the City undertook a review of its board, committee, and commission structure. This analysis included realigning the City with its water utility department and reducing resource overlap, another SAP initiative.

The major changes to this structure entails the elimination of the long-standing Water and Sewer Utility Commission. This Commission will be combined with the Capital Improvements Committee and Traffic & Safety Committee into a newly formed Board of Public Works & Capital Assets. Over time, the Utility Department will incrementally be drawn back under the umbrella of the City whereas before the Department operated as a segregated department with no clear responsibility to the City's management structure or its elected officials. Potential efficiencies to be examined include, but are not limited to information technology, financial administration, and human resources management, to name a few areas of potential alignment.

The other critical piece of this structural review dealt with the separate Personnel Committee and Finance Committee. The City's Finance Committee had been inactive for years. As a matter of efficiency, and acknowledging personnel and finance go hand-in-hand, the Council combined the two into one Personnel & Finance Committee consisting of three Aldermen.

ECONOMIC DEVELOPMENT ACTIVITY

With the backdrop of a global pandemic, the City's economic development activity remained high. Our housing portfolio continued to diversify in several areas; businesses made decisions for expansions, and tracts of land were prepared for their forthcoming development.

In December 2020, City leadership made a major announcement for a new residential neighborhood along our Lake Michigan shoreline, adjacent to Lake Vista Park. The Lakeshore Commons project is unlike any other in the state or the entire Midwest region. The City will partner with F-Street Development Group (Milwaukee) to bring a progressive, traditional

neighborhood design community rich with amenities and aesthetic. Residential options will range from single family to two-family to multi-family row homes and other leased options. In total, Lakeshore Commons consists of 645 dwelling units. The project shows great vision, and once executed will be something our community will be proud of for generations to come.

In addition to the Lakeshore Commons development, the following is a sample of 2020 accomplishments in the economic development arena; the list is not designed to be all-inclusive:

- Completion and occupancy of the Amazon Distribution Facility, a 2.6 million SF fulfillment center in the Ryan Business Park at HWY 100 & 13th St;
- Approval of a development agreement for a 136,100 square foot expansion of the Stella & Chewys facility in Oakview Business Park. The building expansion is expected to create 330 new full time jobs over the next several years;
- Final building occupancies for the Seasons at Orchard Hills, a 225-unit multi-family neighborhood on 27th St.;
- Commencement of the first 42 single family rental homes comprising the Residences at Oakview just south of Howell & Oakwood;
- Construction commencement for the Milwaukee Yard, a 101,200 square foot indoor sports facility containing turf for soccer and lacrosse as well hard court space for basketball and volleyball. This facility is located in the Highgate mixed-use development in the northeast quadrant of the I94/Drexel Ave. interchange;
- Substantial completion of Par Terre apartments (247 units) in Drexel Town Square;
- Completion and occupancy of the Ignite Medical Resort on 27th St.;
- Continued build out of two sizeable single family home subdivisions- Glen Crossing and East Brooke Preserve;
- Infrastructure development and land preparation for the Creekside Crossing Marketplace and Highgate mixed-use developments at the northwest and northeast quadrants of the I94/Drexel Ave. interchange, respectively;
- Completion and occupancy of the Oak Park Place assisted living and memory care residence at 20th & Rawson;

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 advanced the following initiatives in 2019; the list is not designed to be all-inclusive:

- Completed analysis and amendment to Municipal Ordinance Ch.2 related to board, committees, and commission structure, and "producing better alignment between the City and its Utility Department";

- Implemented phase 3 of 3 regarding transitioning DPW light-duty fleet vehicles to a leasing model in partnership with Enterprise;
- Finalized City Comprehensive Plan and made significant progress on the zoning code re-write;
- Established a new internal employee newsletter, *The OC Connection*;
- Near completion of the Parks & Open Space Plan update;
- Established a term sheet and approved a purchase and sale agreement for City owned land adjacent to Lake Vista Park (the aforementioned *Lakeshore Commons* development);
- Secured the Government Finance Officers' Distinguished Budget Presentation Award for the City's 2020 Operating Budget document;
- Commenced program development for a new Neighborhood Preservation/Code Compliance initiative. The 2021 Budget includes full allocation for a new full time employee to lead this program;
- Outlined an initial framework for a City/School District community recreation collaboration. The Council and School Board will look to approve an Intergovernmental Cooperation Agreement in early 2021;
- Finalized plan and secured grant funding for various Safe Routes to School infrastructure projects;
- Secured a low-cost clean soil source in partnership with Metro Milwaukee Sewerage District for the purpose of capping the City's north bluff on the Lake Michigan shoreline, readying this acreage for future parks and open spaces as well as private development.

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 2021 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 2021 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 2021.

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 2021 Budget include, but are not limited to:

- A net new construction increase of 4.82% which yields a workable available levy increase of \$1,218,631;
- A **decrease** of \$204,566 in General Transportation Aid revenue from the State.

- A higher Consumer Price Index (CPI) estimated at 1.40%, increasing spending thresholds under the Expenditure Restraint Program (ERP). ERP is not a significant factor in the 2021 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 (\$10,000 spread over all funds).

STATE EXPENDITURE RESTRAINT PROGRAM (ERP) AND LEVY LIMITS

Again in fiscal year 2021, 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 \$282,225 in 2021.

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 2021 allowable levy limit for the City of Oak Creek was 3.40%. More simply put, the City had \$1,218,631 of additional levy capacity available to meet staffing and operational needs in this 2021 Adopted Budget.

SUMMARY OF ADOPTED TAX LEVY AND TAX RATE PAYABLE 2021

The 2021 Budget has a total levy for City operations equaling \$22,751,537. 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.

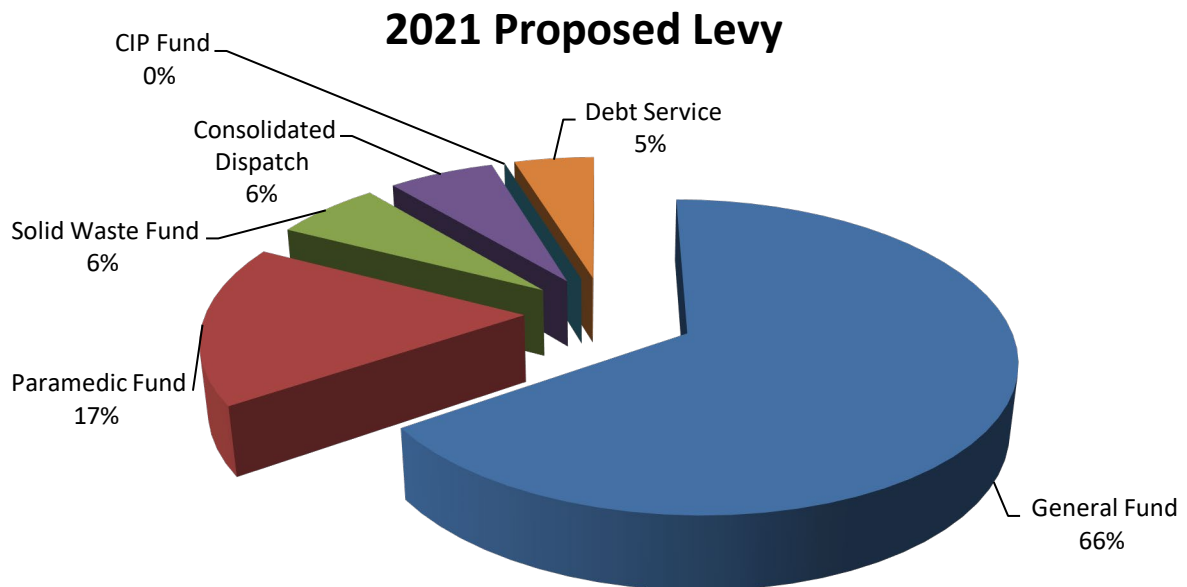
2021 Tax Rate Calculation

\$27,507,413	General Fund Expenditures
- \$12,601,645	General Fund Revenues (less General Fund tax levy)
= \$14,905,768	(General Fund tax levy)
+ \$3,874,240	(Paramedic fund tax levy)
+ \$1,437,760	(Consolidated Dispatch tax levy)
+ \$1,448,769	(Solid Waste Fund tax levy)
+ \$1,085,000	(Debt Service Tax Levy)
= \$21,751,537	(TOTAL tax levy - City Operations)
+ \$11,765,168	(tax increment levy)
= \$33,516,705	(TOTAL tax levy)
\$86,683,356	(All taxing jurisdictions total tax levy)
\$4,102,096,300	(total City assessed value)
.021744335	(mill rate)
× 1000	
\$21.74/\$1,000	(combined tax rate for <u>all</u> taxing jurisdictions)

As calculated above, the combined tax rate for 2020 (payable 2021) is \$21.74 for every \$1,000 of property value. This is an increase of 8 cents per \$1,000 of property value from the 2019 (payable 2020) tax rate.

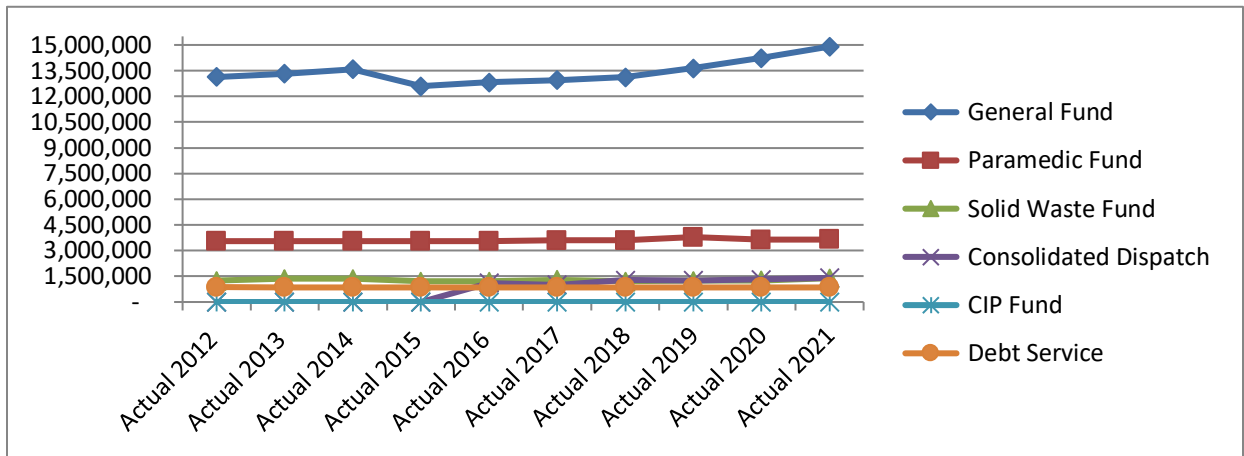
2021 Tax Levy

The 2021 Tax Levy is broken out proportionately to each fund receiving levy support as follows:



The history of City property tax levies is as follows:

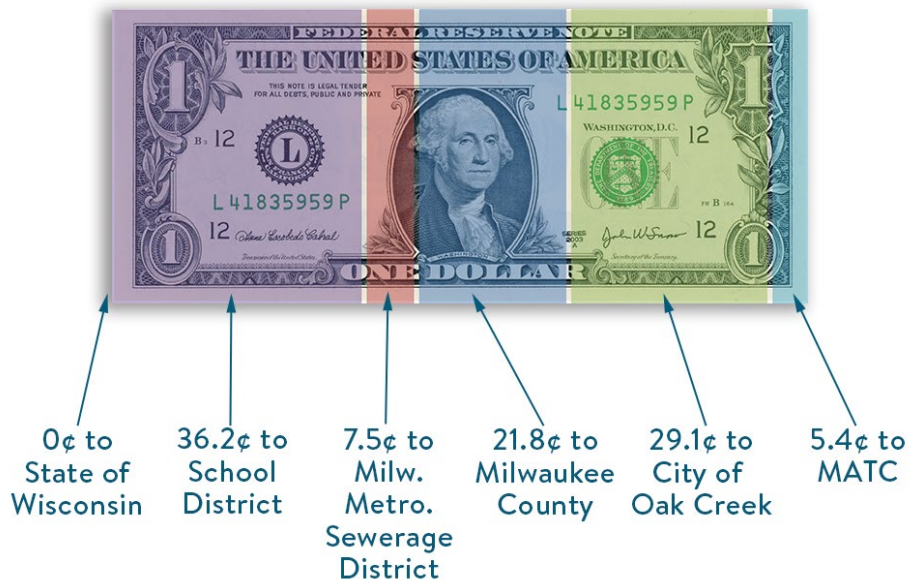
City Property Tax Levy, Historic Trending 2012-2021



WHERE DO YOUR PROPERTY TAX DOLLARS GO?

The City of Oak Creek is only one of several taxing jurisdictions that receives a share of your annual property tax payment. Although the City collects your entire tax payment, the City only retains 29.1% (put another way, 29.1 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.

2020 Tax Dollar Breakdown




To restate, the dollar bill graphic above shows that only 29.1% (put another way, 29.1 cents of every tax dollar) of your total property tax dollars is used to operate the City of Oak Creek. The remaining 70.9% 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 \$4,348 based on the combined tax rate from all taxing jurisdictions of \$21.74/\$1,000 of property value. **NOTE: This year, the “combined” tax rate for all taxing jurisdictions increased 8 cents/\$1,000 of property value, despite the fact the City-only portion increased by 7 cents/\$1,000 of property value.** The City of Oak Creek’s tax share for City operations on the \$200,000 example property is \$1,266. The other \$3,082 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 \$1,266 you pay to operate the City of Oak Creek. On a monthly basis, that amounts to \$105.50 (\$1,266/12 months = \$105.50 per month). Breaking that amount down on a monthly basis, the \$105.50 is allocated to City of Oak Creek services as follows:

Monthly tax bill (\$105.50)

		
• EMS Fund,	\$17.97	
• Fire (Non-EMS) & EOP,	\$5.05	
Total Fire		\$23.02
• Police & Municipal Court,	\$24.00	
• Consolidated Dispatch Services Fund,	\$6.67	
Total Police		\$30.67
• Administrative Services,	\$19.69	
• Community Dev., Engineering, & Inspection,	\$3.95	
• Debt Service,	\$5.02	
• Solid Waste Fund,	\$6.72	
• Dept. of Public Works	\$11.64	
• Health, Rec, & Library,	\$4.79	
Total All Others		\$51.81
Total Monthly rate		\$105.50

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 2021 BUDGET

The 2021 Operating Budget includes the following employee wage plan:

- 1.75% across the board wage increase for all part-time and full-time positions;
- 1.56% wage increase for the Labor Association of Wisconsin, Inc. unit (non-public safety union employees). The City is limited by state law to the 1.56% increase. The City is making an additional one-time payment to employees in this group so their 2021 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 2021 Adopted Budget as follows:

- \$136,200 for an additional Police Officer. \$113,905 for Police Department pre-hiring strategy was budgeted already in the 2021 budget and reallocated to this new position;
- \$127,360 for an additional Firefighter/Paramedic, and a part-time Fire Inspector for \$29,000;
- One additional IT Technician, a net cost increase of \$3,857;
- \$88,400 for an additional Emergency Services Dispatcher. This position is contingent upon, and will only be filled, if the City/School District recreation collaboration is approved.

CAPITAL IMPROVEMENT PROJECTS IN 2021 BUDGET

The Capital Improvement Program 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 2021 are as follows:

- \$1,000,000 for road maintenance and repaving projects (exact roads to be determined);
- \$400,000 for rehabbing W. Puetz Rd from 27th St. to the I94 overpass;
- \$241,000 for replacing HVAC control systems at the PD station and DPW facility;
- \$200,000 for fleet vehicle leasing program in the Department of Public Works;
- \$75,000 of funding a large bridge maintenance fund for future repairs to bridges the City of Oak Creek is responsible to maintain;
- \$241,000 to update HVAC control systems at Department of Public Works and Police;
- \$900,000 for clean soil capping at Lake Vista north properties;
- \$180,000 for a replacement Dump Truck at Department Public Works.

In sum, staff requested a total of \$4,734,655 for Capital requests and the Common Council was able to accommodate a total 2021 Capital budget of \$4,159,830. This is quite impressive, and was only made possible by sound past fiscal planning by our Mayor and Aldermen.

OTHER LARGE COST CENTERS ADDRESSED IN 2021 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 2021 Budget:

- Increase of \$236,688 to accommodate the required levy for general obligation debt service (\$1,086,688 total for 2021);
- Increase of \$54,000 resulting from increased contractual costs for the City refuse & recycling collection contract with Advanced Disposal Services;
- Increase of \$115,000 for Workers Compensation and General liability insurance premiums;
- Increase of \$10,000 is required WRS contribution;
- Increase of \$36,000 for Annual License Fees in Dept-43, Central Service-IT Services.

The City made no changes to water rates, sewer rates, or storm water utility fees in 2021. These are separate fees for services outside of the general property tax levy.

CONCLUSION

There is no doubt that the secret recipe for success in the City’s organization is the clearly defined roles of elected officials and professional staff. The individuals that serve City residents and taxpayers of the City are of the highest caliber. 2020 threw the world for a loop, yet with passion and determination, our public servants continue to pull us through even the most pressing challenges.

The City’s leadership is proud to present this 2021 Operating Budget to the Oak Creek public. We continue to maintain and even enhance public services at reasonable costs. The budget document to follow is a comprehensive look at how the Common Council’s budget priorities will manifest into tangible community progress.

Prepared & Respectfully Submitted by:



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