



**LETTER OF TRANSMITTAL
2022 ADOPTED OPERATING AND CAPITAL IMPROVEMENT BUDGET**

January 1, 2022

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 2022 as adopted by the Common Council on November 16, 2021. Local government finance in Wisconsin remains a tricky proposition, with outside pressures and limitations consistently affecting local decision-making autonomy. Each year, there are only a few levers to pull, and this is especially true for our fellow cities and villages not enjoying the growth the City of Oak Creek continues to experience.

Thematically, the 2022 Budget strategy was three-fold. First, ensuring right-sizing of General Fund revenues. This was especially evident in overcoming the loss of General Transportation Aids from the State of Wisconsin, and a significant loss of interest income. Second, meeting the City's Strategic Action Plan (SAP) goals. The reader will note in this transmittal ways in which the Common Council was able to address priority projects despite outside financial limitations. Third, is a mixture of longer-term financial planning characterized by "resilience." The staff prioritized anticipating variables in future budgets, forecasting revenues, paying off debt, structuring refinanced debt in a way to provide future budget flexibility, and also getting ahead of known future cost increases so as to not play "catch up".

While we continue financial planning with an incremental approach to new, recurring cost centers, and longer-term resilience, this 2022 Budget still avails us the ability to provide uninterrupted public services and allows us to continue driving toward our City vision and mission as follows:

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 Oak Creek Operating Budget is not simply a tabulation of anticipated revenues and expenditures. This document serves as a public education tool that not only identifies "how much", but also communicates "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. Our stakeholders should be made aware of that through using our Budget as a communication device.

While the 2022 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 2021

This past calendar year was similar to 2020 in terms of the uncertainty of life and work for all citizens in general. That uncertainty pervaded many of the ways the City of Oak Creek does its business. Our City workforce kept their heads to ground and continued to deliver in the wake of the global COVID-19 pandemic. At the time of this same writing last year, we noted "light at the end of the tunnel". That light would dim and brighten throughout 2021, but with the consummate professionalism of all of our staff, our residents remain in good hands, and always will.

A huge thank you to the elected leadership and City staff for their continued flexibility and adaptability in the wake of so many unknowns. Our financial picture continues to remain strong with sound local fiscal planning buoyed by state and federal pandemic support already receipted in the local treasury, with more on the way.

BOARD, COMMITTEE, and COMMISSION STRUCTURE:

In early 2021, the City followed through on a Strategic Action Plan (SAP) item and implemented a change to its board, committee, and commission structure. The City stood up a new Board of Public Works & Capital Assets, replacing the more independent Water & Sewer Utility Commission. The role of the new Board, in terms of authority and scope, was shaped by action of the Common Council.

The Board met monthly and operated as designed in 2021. This work will continue in 2022 and beyond. The change serves as a platform to further discussions on better aligning the Utility Department with the rest of City operations, especially in terms of central services such as information technology, finance, and human resources.

The City also combined separate Personnel and Finance Committees into one Committee. With the work the Committee undertook in 2021, it became obvious that personnel decisions and financial outcomes are very intertwined. The Committee reached new, four-year Collective Bargaining Agreements with both the Police Association and Fire Local. The Committee studied and recommended an initial step forward in addressing police and fire command staff pay compression (see more below), and began a deliberation on how to best assess a comprehensive compensation benchmarking project organization-wide. There remains more work to do on this front.

ECONOMIC DEVELOPMENT ACTIVITY:

Despite all of the unique external factors in terms of labor, supply chain, and the like, prompted by global conditions, the City's economic development activity remains strong. Calendar year 2021 saw significant vision coming into reality, and projects filling the pipeline for future construction. Although not a comprehensive list, below are the 2021 accomplishments in the area of economic development:

- Final assessed valuation for the Amazon Fulfillment Center topped over \$170,000,000. Amazon is by far our largest employer and property taxpayer;

- The Lakeshore Commons project, a ~720 dwelling unit traditional neighborhood on the City's lakefront, moved to the construction phase. Underground utilities are being installed over the winter before vertical construction commences in early summer. New homes may be occupied as early as August 2022;
- The City negotiated contracts for three strategic pieces of property. The first is the former Peter Cooper property (~46 acres) adjacent to the City's north lake bluff. The City will determine the clean-up and eventual redevelopment of the property, which is part of a larger goal of "controlling our own destiny" regarding developing the lakefront. The second property is Lot 1 (~ 14.5 acres) of Oakview Business Park, a versatile and strategic anchor to the business park. As one of the only remaining lots, the City looks to ensure a highly impactful manufacturing user that can bring other economic benefits to the community in addition to land base. Directly adjacent to Lot 1, the City struck a partnership with a private party to gain certain rights to a 25-acre property that can be combined with Lot 1. This will maximize the marketability of the site for a larger employer. The land transactions are slated to occur in early 2022;
- The Milwaukee Yard, a 101,200 square foot indoor sports facility is nearing completion which is anticipated not later than the end of January 2022;
- Adjacent to the Milwaukee Yard near 13th Street & Drexel Avenue, the first buildings of the HUB 13 apartment development are nearing completion. At build-out, the community will feature 300 dwelling units;
- The City initiated a master TID closure and donation strategy, which was formally approved in November of 2021. The strategy includes using donations to the lakefront (TID #13) from other successful TIDs. This will help capitalize the expensive environmental remediation and bluff stability projects, as well as the continued park-like amenities projects the City is actively pursuing. In total, up to \$21,000,000 can be directed to lakefront initiatives over the next 7-10 years without negatively affecting general property taxpayers.

STAFFING SUCCESSION PLANS DUE TO RETIREMENT:

2021 has been called "the year of the great resignation". While many of our management personnel also retired, these retirements were anticipated and planned for. A quick list of the retirements and succession plans for 2021 and early 2022 is below:

- City Treasurer retired in October of 2021 >> Deputy Treasurer promoted;
- Director of Public Works (DPW) retired in November of 2021 >> an interim Director was appointed from outside the organization;
- Assistant DPW retired in December of 2021 >> an internal DPW staff member was promoted to Assistant DPW;
- City Engineer to retire in January of 2022 >> Assistant Engineer promoted to City Engineer; our Design Engineer was then promoted to Assistant Engineer;
- Police Chief to retire in January of 2022 >> Captain of Administration appointed by Police and Fire Commission to serve as next Police Chief.

City Administration will continue to prioritize building our next generation of leaders from within, or recruiting from outside, whatever is in the best interests of our organization. Our residents deserve the best, most efficient public services, and that can only be accomplished by having the best, most efficient City workforce!

STRATEGIC ACTION PLAN ACCOMPLISHMENTS:

In a lengthy portion of this document, the reader will note the City's Strategic Action Plan (SAP) goals, as well as a progress report on each goal. 2021 remained a busy year for the City team in implementing its 2020-2022 SAP objectives and priorities. The organization advanced the following initiatives in 2021; the list is not designed be all-inclusive:

- Continued marketing and development implementation on the City's lakefront;
- Initiated Committee discussions of a comprehensive employee compensation analysis;
- Hired staff and began implementation of a comprehensive neighborhood preservation/code compliance program ("Creek Code");
- Implemented early phase projects of the Abendschein Park Master Plan including the skate park remodel and visioning of a new indoor/outdoor pavilion that could potentially house a biergarten;
- Finalized an Intergovernmental Cooperation Agreement and implemented a Joint Recreation Platform with the Oak Creek-Franklin Joint School District;
- Selected a consultant and began visioning work on the Drexel Avenue Corridor as a signature gateway to the community;
- Initiated conversations and visioning tasks with Northwestern Mutual to bring about a vibrant entertainment district south of IKEA;
- Established a cross-department staff committee to initiate momentum on a community public art and sculpture program.

It cannot be overstated that the aspirational SAP projects and goals take our entire organization, from the community to the elected officials and staff. Thank you to all stakeholders and staff for their continued investment of time and talent toward SAP priorities!

LOOKING AHEAD: THE 2022 OPERATING AND CAPITAL BUDGET

The purpose of the following budget overview is to identify the staff's priorities, and Mayoral and Council directives, included in the 2022 Budget. The overview also provides context to the City's budget picture vis-a-vis state spending and revenue limitations and other outside variables that affect local government finances in Wisconsin. Additionally, we have summarized human resource enhancement the Common Council approved for 2022.

VARIABLES AFFECTING THE 2022 BUDGET:

The City's operating revenues and expenditures all work hand-in-hand to determine the amount of levy support (the shortage of revenue after revenues and expenditures net out) needed from the general property tax levy. The factors influencing the 2022 Budget include, but are not limited to:

- A net new construction increase of 2.67% which yields an available levy increase of **\$611,564**;
- A budgeted loss of General Fund revenue totaling \$478,813 broken out by the following components:
 - Reduction in General Transportation Aid (GTA) revenue (based on 6-year rolling average of transportation-related spend) (\$255,883);

- Reduction in earned Interest Income revenue (\$170,000); and
- Reduction in Video Service Provider fees based on new State distribution policies (\$52,930).
- Debt in the principal amount of \$6.4M for previous lakefront infrastructure and park improvements was callable December 1, 2021. The Common Council agreed to refinancing and structuring this levied debt service to accommodate an additional expected loss of General Transportation Aid (\$227,311) and Interest Income (\$85,000) in 2023;
- Decreases in the City's required WRS contributions resulting in about \$24,000 of savings;
- The ability to fund 100% of the debt service associated with the Drexel Avenue / 27th Street intersection improvements and Drexel Avenue interchange projects with TID #7 funds. That totals \$643,219 in 2022 and, prior to the 2021 Budget, was funded entirely by the general property tax levy. This shifting of debt service to TID #7 will prove extremely helpful to our budget capacity into the future;
- In 2013, the City issued \$3M of debt for various road projects. This 2022 Budget incorporates the City "pre-paying" the last two years of that debt issue and puts that equal amount back to the road maintenance budget. The Common Council included an additional \$355,000 of road improvement capacity gained from pre-paying;
- An unexpected decrease of \$71,586 (5.3%) for the City's refuse and recycling collection contract figures. The Common Council chose to fund the refuse and recycling at the cost of the last year of the contract to avoid a required levy increase the next two budget cycles;
- An increase of \$44,025 for technology licenses and other fees, with \$18,160 allocated toward initiating a first-phase switch to the Microsoft Office 365 suite.

HUMAN RESOURCE ENHANCEMENTS INCLUDED IN 2022 BUDGET:

Given the external parameters of this Budget, and the loss of General Fund revenue described above, the addition of new personnel resources was difficult to achieve. The main priority among the Administration was to ensure all existing employees received an equitable pay adjustment reflecting those contained in the Police and Fire Collective Bargaining Agreements.

Despite spending limitation, additional staffing enhancements included in the 2022 Budget encompass the following:

- A 2.00% cost of living adjustment (COLA) as of January 1, 2022 for all part-time and full-time City employees (~\$416,000);
- An additional 0.50% pay increase and normalization of gun allowance pay for police & fire command staff to begin addressing a structural pay compression issue (~\$21,000);
- Moving the part-time Crime Analyst position to full-time (~ \$77,500);
- Adding an Entry-Level Dispatcher position (~\$75,000);
- Moving a part-time Fire Inspector to a full-time position in a 50%/50% cost partnership agreement with the City of Franklin (\$15,800).

In light of positive budget variances revealed midway through the budget process, the Common Council had additional funds totaling \$138,820 to allocate in 2022. The Common

Council and staff discussed using those funds for public safety, but decided to defer until after the 2022 Community Survey results and further financial and needs analysis before adding police and/or fire personnel to the 2022 Budget. Other options for use of these funds could include the implementation of a Compensation Benchmarking Analysis (an SAP directive) to ensure compensation competitiveness organization-wide. This is especially crucial given the public and private sector wage inflation indicators we are presently experiencing on a national scale, among other organizational reasons.

2022 CAPITAL IMPROVEMENTS:

Despite limitations in 2022 General Fund revenues and expenditures, the 2022 Capital Improvement Plan (CIP) Budget shines a brighter light. On Tuesday, September 8, 2021 the Board of Public Works & Capital Assets (BoPWACA) met to review Department/Division requests for capital projects and equipment. Requests totaled **\$6,953,020**. The capacity the 2022 CIP enjoys is a direct result of prudent savings allocation directed by the Common Council over the past several years. As anticipated, the City had cash-on-hand to fund large projects and purchases. While the 2022 CIP relies more heavily on cash than in the past, staff anticipates replenishing cash-on-hand to at least Fiscal Year-Ending 2020 levels with land sale proceeds from the Lakeshore Commons project.

Of the total 2022 CIP funds requested by Departments and Divisions, all but \$200,000 were adopted with a funding source. The \$200,000 relates to the Drexel Avenue Storm Water Lift Station replacement project, and is not a matter of disagreement on the merits of the project, but rather how the City should fund it. Funding options include: 1) incrementally over time; 2) all at once with a debt issuance; or 3) some combination of 1 & 2. A final decision is still forthcoming.

The Common Council endorsed the CIP recommended by the BoPWACA without changes and is included in the 2022 Budget. In short, the 2022 CIP represents the most robust CIP budget adopted by the Common Council, in terms of funding for projects and equipment, within at least the last five budget cycles.

STRATEGIC ACTION PLAN ITEMS:

The City's Strategic Action Plan, 2020-2022 (SAP) guides certain projects and initiatives in our organization and community. Our organization has been very successful in relying on the SAP as a guidepost to drive our decision-making, and each annual operating budget represents the Common Council's direction for the next year. The following items included in the 2022 Budget correspond directly to SAP initiatives:

- **Explore new methods, best practices to maximize useful life of roads and bridges; Per CIP Funding Alternative Analysis white paper: Increase road budget by \$350,000 for preventive maintenance to prolong road life.** The 2022 Budget includes an additional \$355,000 for road design and construction that would not be there without pre-paying debt (as described below). The intended goal of the CIP white paper was to have \$350,000 in addition to our \$1M allocation, so there remains work to do in future budgets;
- **Market the Lakefront development on a regional and national scale.** As we continue with our Lakeshore Commons project, our 2022 Budget provides for: 1) \$80,000 for a lakefront master planning consultant; and 2) \$519,325 for an East Side

Fiberoptic project to better connect the lakefront with high speed technology capacity;

- **Finalize succession plan for the Recreation Department; explore joint community recreation platform with OCFJSD.** This is the first budget created after the City and School District ratified an Intergovernmental Cooperation Agreement for a shared recreation platform. The partnership for joint recreation yielded the City a net savings of about \$125,000 in 2022.
- **Become a City known for its successful special events and community gatherings.** The 2022 Budget includes an additional part-time staff, re-directed from the former Recreation Department, to assist the Communications and Tourism functions of the City;
- **Develop and Implement a comprehensive neighborhood preservation/code compliance program.** The 2022 Budget includes \$8,500 for software selected to assist in administering and reporting out our Creek Code platform - an FTE position was fully-funded in the 2021 Budget for this program; and
- **Implement Abendschein Park Master Plan:** The 2022 Budget includes \$1,384,000 for the construction of an indoor/outdoor pavilion structure at the park which may be potentially used to house a biergarten.

SUMMARY OF ADOPTED TAX LEVY AND TAX RATE PAYABLE 2022

The 2022 Budget has a total levy for City operations equaling \$23,309,433. The levy is the amount of money needed to balance the budget after all revenues and expenditures are considered. 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.

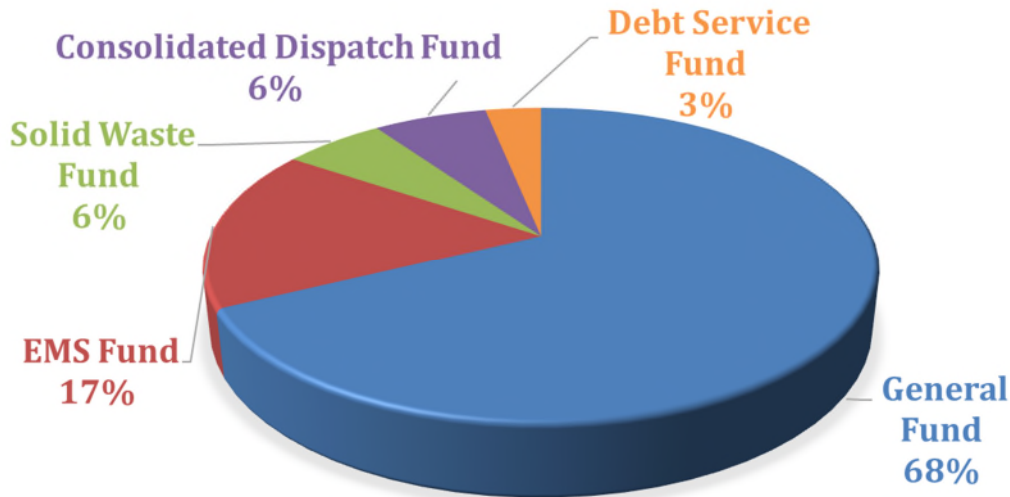
2022 Tax Rate Calculation

\$29,051,419	General Fund expenditures
- \$13,278,270	General Fund revenues (less General Fund tax levy)
= \$15,773,149	(General Fund tax levy)
+ \$3,908,890	(Paramedic Fund tax levy)
+ \$1,521,979	(Consolidated Dispatch Fund tax levy)
+ \$1,360,483	(Solid Waste Fund tax levy)
+ \$744,932	(Debt Service Fund tax levy)
= \$23,309,433	(TOTAL Tax Levy – City Operations)
+ \$14,252,285	(Tax increment levy)
= \$37,561,718	(TOTAL Tax Levy)
\$94,140,096	(All taxing jurisdictions total tax levy)
\$4,444,689,200	(Total City assessed value)
.0211803553	(Mill rate)
× 1000	
\$21.18/\$1,000	(Combined tax rate for <u>all</u> taxing jurisdictions)

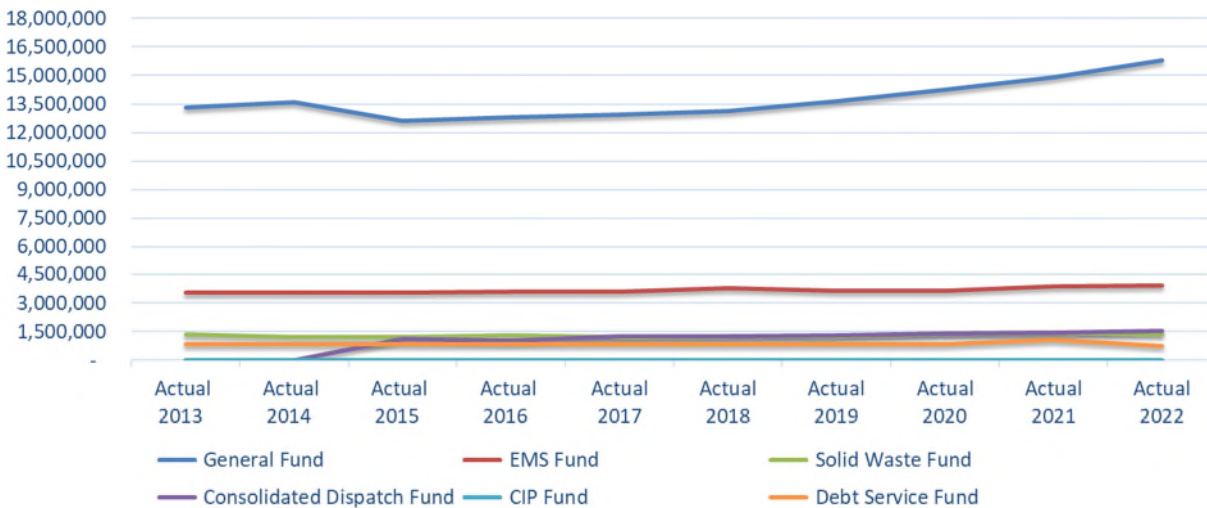
As calculated above, the combined tax rate for 2021 (payable 2022) is \$21.18 for every \$1,000 of property value. This is a decrease of 56 cents per \$1,000 of property value from the 2020 (payable 2021) tax rate.

2022 TAX LEVY

The 2022 Tax Levy is broken out proportionately to each Fund receiving levy support as follows:



The history of City property tax levies is as follows:



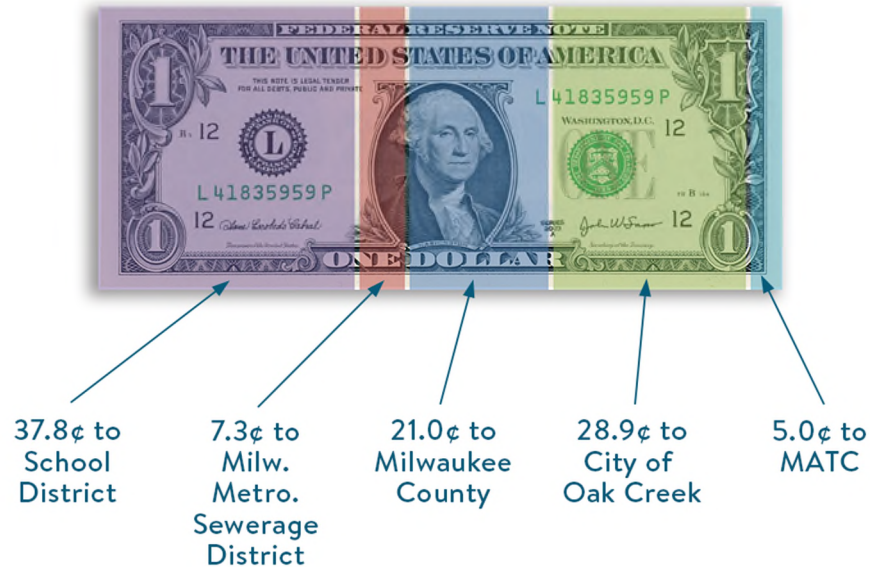
WHERE DO YOUR PROPERTY TAX DOLLARS GO?

This year, the City of Oak Creek (City portion only) tax rate **decreased by 21 cents** for every \$1,000 of your property value. The City's goal with this communication is to provide additional information to our taxpayers about how your property tax dollars are spent. Here goes...

It's important to note 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 Joint School District (OCFJSD), Milwaukee County, Milwaukee Area Technical College (MATC), and Milwaukee Metro

Sewerage District (MMSD) also retain a portion of your annual tax payment. Below, residents can view a breakdown of how the City distributes your property tax dollars among the multiple taxing jurisdictions.

2021 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 your total property tax dollars is 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 \$250,000 would pay a total tax bill (real estate only) of \$5,295 based on the combined tax rate from all taxing jurisdictions of \$21.18/\$1,000 of property value. **NOTE: This year, the “combined” tax rate for all taxing jurisdictions decreased 56 cents/\$1,000 of property value, including the City-only portion decrease of 21 cents/\$1,000 of property value.** The City of Oak Creek’s tax share for City operations on the \$250,000 example property is \$1,530. The other \$3,765 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 \$1,530 a property valued at \$250,000 pays to operate the City of Oak Creek. On a monthly basis, that amounts to \$127.50 (\$1,530/12 months = \$127.50 per month). Breaking that amount down on a monthly basis, the \$127.50 is allocated to City of Oak Creek services as follows:

Monthly Tax Bill Breakdown

\$127.50 on a property valued at \$250,000

Police and Municipal Court	\$24.75
Dispatch	\$7.14
TOTAL POLICE	\$31.89
EMS	\$18.32
Fire and Emergency Operations	\$5.36
TOTAL FIRE	\$23.68
Administrative Services	\$23.23
Development	\$19.26
Public Works	\$11.82
Refuse and Recycling Collection	\$6.38
Health, Recreation and Library	\$4.70
Debt Service	\$3.49
Engineering and Inspection	\$3.05
TOTAL ALL OTHERS	\$71.93
TOTAL MONTHLY RATE	\$127.50

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!

The City of Oak Creek staff and Elected Officials always operate in a manner that gives our taxpayers the best “bang for your buck”. Your interests drive our decisions; we are here to serve those interests. We feel the City of Oak Creek provides a good value in City services and amenities for your tax dollars, and hope you feel the same way.

CONCLUSION:

Overall, the Common Council should be proud of the accomplishment contained in its 2022 Budget. The public services our taxpayers enjoy will remain unaltered from previous years. The quality of life for all resident, businesses, and visitors continues to be enhanced wherever possible given financial realities and the overall fiscal prudence of the Common Council. We were able to provide an equitable wage adjustment to all of our part time and full-time staff to ensure services and quality of life can advance forward.

We thank all of the Department Directors, Division Managers, and support staff for making this budget process, and resulting document, a reality. Our organization is strong from top-to-bottom, and it is only with the trust and support of the Mayor and Common Council that we all can continue on with the noble work of public service.

Prepared & Respectfully Submitted:



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