

2017 ANNUAL BUDGET



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Dear Members of the Board and taxpayers of the Village of Winneconne,

Please find presented herein, the budget for the Village of Winneconne for fiscal year 2017. The format is a narrative budget and overview followed by the more detailed line-item department and utility budgets proposed for 2017. The budget, as presented, provides a .78% decrease in total expenditures weighed against a 1.96% decrease in total revenues (levy increase to offset declines in pool and recreation revenues). This budget proposes a 0.53% increase in the tax levy which equates to a decrease of \$.21 on a home value of \$100,000 due to a healthy growth of the overall value of the community.

During the past year, the Village attained a net new construction growth of .54% (the lowest percentage in Winnebago County) which, combined with our carryover levy from the previous year, is the maximum amount that the levy may be increased by statute without seeking a referendum. With this budget, we will continue to tax at the statutory levy limit.

Fund Balance is projected to increase by \$6,059 due to a projected sale of capital assets.

Budget assumes the following for personnel:

- No change in employee contribution to their health insurance premium (currently 10% for general employees, 7% for WPPA officers);
- Summer staff returning to Village increase \$0.25/hour/employee;
- WPPA officers will contribute towards retirement at rate of 6%;
- Employee wage increases will be determined based on merit (most see between no increase or a 1.5% increase).

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Expenditure overview by department with net increase/decrease expressed as percentage from 2016 budget as follows: **Total expenditures \$1,889,301.73 (-.61%)**

ADMINISTRATION = \$196,668.27 (+2.19%):

- Proper Wage allocations for staff
- Complete and adopt Zoning and Village Ordinance recodification;
- Continue internal/external training and development of staff (what is our legacy to work, self, and the community);
- Continue to consider alternatives related to cash flow, revenue generation, etc.;
- Continue to update the budget based on priorities and importance.

COURT AND POLICE = \$586,240.79 (+4.97%):

- New wage and benefit rates for all WPPA officers;
- Newer officer at lower end of wage range;
- Employees changing insurance plans to include family plans.

FIRE DEPARTMENT & EMS = \$64,326.24 (-.11%):

- Contribution percentages; Village @ 30.03%, Town Poygan @ 23.34%, Town Winneconne @ 46.63%.

PUBLIC WORKS = \$511,742.49 (-5.21%):

- Continue planning Main Street reconstruction in 2017-2018;
- Begin storm water drainage corrections in northeast quadrant of town;
- Continue road maintenance projects (patching, crack filling, shouldering);
- Continue to update Stop, speed limit, directional, and yield signs in town;
- Work on conversion over to new OSHA standards for safety;
- Complete conversion of signage and storm water system data to GIS format.

ECONOMIC DEVELOPMENT = \$13,849.71 (+.41%):

- Initiate external focus on growth and attraction of business;
- Continue to work on expansion of Industrial Park;
- Expand interactions with GO-EDC for future commercial/industrial recruitment;
- Continue to focus on solutions to in-fill downtown properties after Bridge project.

LIBRARY = \$208,832.43 (+3.26%):

PARKS AND RECREATION = \$193,661.30 (-3.35%):

- Work on better tracking hours on different parks;

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- Work on turf for LWP, waterfront, and ball diamonds;
- Continue upgrade of parks (signage, channel posts, island underbrush, bleachers, sidewalks, sea wall cap @ boat landing, archery range, regrade several areas, aerate parks);
- Look at having a Comprehensive Outdoor Recreation Plan completed for community;
- Continue to work with YMCA of Oshkosh on improving programs.



CEMETERY = \$42,853.23 (+33.12%):

- Trim and clear brush and trees;
- Work on utilizing Pontem software for better cemetery management;
- Allocation of correct wage and benefits for grounds staff.

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CAPITAL IMPROVEMENT PLAN Levy \$257,584 (22%):

In 2012, Village staff initiated a 15-year Capital Plan which incorporates facility needs, equipment replacements, road planning, and utility needs. CIP fund balance at the end of 2016 is projected at \$55,245.

For fiscal year 2017, we propose to continue the levy contribution for long term sustainability of the Capital Improvement Plan. Projected expenditures for 2017 total \$257,584 and are proposed as follows:

- Police Squad replacement (\$15,300);
- Police body armor (\$825);
- Body Cameras (\$1,100);
- New Radios for Public Works (\$13,000);
- Village Hall phone system for entire building (\$18,000);
- Tar Kettle and Air Compressor (\$44,000);
- Marble Park Large Shelter Repairs (\$15,000);
- West Bathroom Improvements in Lake Winneconne Park (\$24,000);
- New sink for Marble Park Pool (\$3,000);
- Sealcoating in numerous parks (\$12,250);
- Piling Caps for North First Street and Waterfront Park (\$2,500);
- Adams Street, Mill and Fill (\$35,300);
- S. 3rd Street, Mill and Overlay (17,000).

At the end of 2017, Capital Improvement Plan fund balance is projected at \$10,000.

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DEBT SERVICE FUND (levy contribution \$294,798):

In 2017, the Village and utilities will pay \$742,409.53 in principal and \$190,942.06 in interest (total payments of \$933,351.59) for debt service.

The Village is statutorily allowed a legal margin for debt in relation to total equalized value. For 2017, the Village is allowed a total of \$9,798,735 of general obligation debt service (5% of equalized value). Not all municipal debt is applicable to the statutory limitation; for the Village in 2016, the Village will have \$4,427,296 of debt attributed to the statutory limit (2.26% of equalized value).

Annual payments in 2017 **applicable** to the statutory limit are the following:

- 2009 GO bonds (\$375,277.50) for capital equipment and road projects (“Tree Streets”) due in 2029. The Village Board approved a refinancing of this debt early (early refunding) that will begin to improve interest rates in 2020;
- State Trust Fund Loan (\$42,098.26) for project expenses in TIF #8 (Highlands @ RiverCrossing) funded entirely by the TIF and expires in 2033;
- CDA Lease Revenue Bonds the Village Board refinanced into General Obligation Debt in 2016 (\$221,547.50). The debt comes due in 2026;

Annual payments in 2017 and **NOT attributed** to the statutory limit are the following:

- Rural Water Revenue Bonds (\$103,303) from 1999 and utilized for WWTP upgrades and the addition of Sanitary District #3 discharge to the plant. Majority of this note is paid for by Town of Winneconne Sanitary District #3 (90%) with balance from WWTP revenue and expires in 2018;
- USDA Revenue Bonds (\$191,125) paid entirely by WWTP revenue for the plant upgrades in 2011 and expires in 2040;

The Village has an **available** statutory borrowing capacity of \$5,371,439 (54.8%). A debt operating level of 50% of statutory limit is considered “safe” by most accounting standards and recommendations. Additional debt of the Village is anticipated in 2017 in preparation for the 2018 Main Street Reconstruction, 15-year Road plan, and other TIF related projects.

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TAX INCREMENT FINANCE DISTRICTS (Revenue \$177,502):

The Village has 5 TIF districts (#3, #5, #6, #7, and #8) which had a 1.38% equalized value increase from 2016 to a total value of \$32,719,400 (increment \$20,025,500). We anticipate new projects to occur in the Industrial Park in 2017 (renovations, expansions, new builds etc.) as well as within TID's 3/5/6.

Overall, TIF revenue is declining due to a decrease in the property tax portion for the Technical College. The State of Wisconsin is deflecting a portion of Tech College revenue away from the property tax which results in a decline of \$0.89/\$1,000 mil rate. For TIF districts, this amount comes out of the TIF revenue.

- District #3 is related to the downtown district (Main Street from 2nd Avenue to 3rd Street) and has been a distressed district for many years (receiving revenue from district #5 since 2005 and #7 beginning in 2017) with projected closure in 2024;
- District #5 consists of the eastern business district (located along Main Street from 9th Avenue to the eastern limit). This district is currently sharing revenue with TIF #3 and involved in a pay-go as part of the Shopko Hometown development with projected closure in 2024;
- TIF #6 is a small district just south of downtown and includes the property that the Village Hall is located on. This district supports debt payment for the 2006 CDA GO Bonds. A potential for additional development exists within the district due to proposed property changes for Main Street Reconstruction with projected closure in 2028;
- TIF #7 includes the Winneconne Industrial Park. Full cost recovery will occur in 2015; except for anticipated additional expenses for upcoming project(s) and cost sharing with TIF #3;
- TIF #8 is associated with Highlands @ RiverCrossing (424 Cleveland Street) and is self-sufficient with projected closure in 2038.

Future planning and project(s) for TIFs includes:

- Main Street reconstruction (crosses thru TIFs #3, #5, and #6);
- Explore options for expansion or re-siting of an industrial park expansion;
- Continue work towards a hotel development for the community;
- Examine TIF related debt service and cash position to balance funds with planning.

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WATER UTILITY = \$655,769(18.6% increase) NO RATE CHANGE **PROPOSED:**

On anticipated revenue of \$546,550, the utility will run a deficit in 2017 of \$109,219. The deficit is attributable to the annual maintenance of effort payment due to Dixon Engineering for the Industrial Park Water Tower painting completed in September of 2014 and incorporating the Capital Improvements into the overall Water Utility Budget. Overall, the utility is projected to have a fund balance of \$438,000 (82% of annual revenue). Utility Return on Rate continues to perform well with a three-year average rate of 4% (3% to 6% is the target for PSC). Utility rate increase is not proposed for this year.



Operationally, working with MCO, we will continue the meter replacement and radio read installation program that began in 2015. This program will take 5 years to complete with an annual cost of \$25,000. We have been testing meters for the last 5 years and we continue to see a failure rate on low flow in the range of 42% of meters tested. This translates into an inaccurate financial picture of revenue for the utility and for individual customers because:

- 42% of the meters in our system fail on low flow conditions (0.25 gpm);
- Being a residential based system, most of our meters operate in low flow conditions;

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- 42% of customers are not paying “fair share”;
- Leakage rates continue at higher rates than expected (25% or more unaccounted for water loss).

After completing the Well study and fire flow study, for the two wells that supply all the water to the Village, we identified several areas that need improvements and will start an RFQ (Request for Qualifications) process for engineering to prepare a Workplan for the water supply system improvements. Per the SEH water study of 2012 and the MSA Well study in 2016, it has been identified that the system has a need for an additional well capacity of 150 gpm. Well #1 will need a larger pump and several upgrades to accommodate this need. Due to the age of Well #2, we will need a new softener system, pumps, and electrical and metering system within the next few years. Due to the occurrence of manganese in our system and its apparent increasing effects, we need to examine our treatment alternatives. I mention this since these needed improvements and upgrades will be an ongoing five year project with a cost of corrections could approach \$1.4 million for both wells.

We propose to continue the transition to GIS to aid in project construction design and existing field locate aspects of the utility. GIS provides us to place all distribution system components (valves, laterals, hydrants, mains, etc) into an interactive aerial map. This feature reduces the time spent trying to locate facilities in the field and aids in understanding facilities in place when conducting rehab design activity. The one-time cost of this work is estimated at \$6,000 plus an annual maintenance budget of \$700.

The Capital Improvement Plan includes security fencing around both well facilities and for the elevated tower, although this was identified as a requirement through the DNR inspection, it is ultimately for protecting our residents and our natural resources. Additionally, there are costs for engineering the well upgrades and the Main street reconstruction that will take place over the next several years. We will also be replacing an older, obsolete Kennedy hydrant located near the High School (from the operations budget).

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WASTEWATER UTILITY = \$884,373 (18.7% increase) NO RATE CHANGE PROPOSED:

On anticipated revenue of \$878,356, the utility will run a surplus in 2017 of \$55,519. With a cash balance of \$1.7 million, the utility remains well funded.

The plant WPDES permit expired in September, 2015. We, like the rest of the State, are waiting for the new outfall standards for discharge of Phosphorus and Total Suspended Solids. Now, the levels are not known; however, speculation is a phosphorus discharge limit around 0.1 ppm. Currently, the plant is capable of meeting 1.0 ppm and sometimes can meet 0.5 ppm. Likely, a standard below 0.5 ppm will be unattainable with the current plant make-up. I anticipate in the Summer of 2017 we will begin working with a design consultant to formulate a plan of compliance (the WDNR will permit a timeline of compliance within our permit). I mention this information because the long term (8 year) cost for this correction could approach \$1 million.

Operationally, working with MCO, we will continue the meter replacement and radio read installation program that began in 2015. This program will take 5 years to complete with an annual cost of \$25,000. We will continue the transition to GIS, this is even more important with the CMOM requirements (Capacity, Management, Operations, Maintenance Plan) that have been implemented as of August 1st of this year. GIS will greatly aid in project construction design, maintenance required and completed, and in field location and identification of assets of the utility. To date, 85% of all services, all manholes, and all mains are included in the GIS map of the Village. This greatly reduces man-hours needed both in the field and in the office trying to find and understand the asset. Operationally, this will cost about \$700 per year to maintain the GIS with a one-time fee of \$6000.

We continue efforts to gather inventory data and information on the full system. To expand on this effort, we will begin manhole improvements in several locations to include manhole reconstruction and to eliminate “open pick” manhole covers and install chimney seals for several manholes in the system (approximately 45% of sanitary manholes are still “open pick”). The anticipation is that this effort will reward us by reducing long term inflow and infiltration into the system.

The Capital Improvement Plan includes \$60,000 for work at WWTP and engineering for the upcoming Main Street reconstruction project. A new dehumidifier is required for WWTP as the old system has failed and moisture that is created has a potential to get into pumps and motors to run the plant. Also, a manual valve on the plant has failed and operating the system has become increasingly difficult to regulate levels without this needed repair.

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Thank you for the faith and trust you have placed in myself and the staff of the Village. We endeavor to continue Winneconne's tradition as a great place to live and raise a family. We can sustain that goal through collaboration and cooperation of the community. A large part of that trust is a transparent, open, communicative presentation of the budget and its anticipated benefits.



On behalf of the staff, we look forward to a successful 2017.

Thank you for your interest in the Village of Winneconne finance and budget,

Mitchell W. Foster, MPA

Village Administrator