



City of Appleton

100 North Appleton Street
Appleton, WI 54911-4799
www.appleton.org

Meeting Agenda - Final Finance Committee

Monday, July 12, 2021

5:30 PM

Council Chambers, 6th Floor

1. Call meeting to order

2. Roll call of membership

3. Approval of minutes from previous meeting

[21-0941](#) June 21, 2021 Finance Committee meeting minutes

Attachments: [MeetingMinutesJun-21-2021-01-16-50.pdf](#)

4. **Public Hearings/Apearances**

[21-0942](#) Brad Viegut from Robert W Baird & Co presentation on the 2021 General Obligation Notes and Water and Sewerage System Revenue Refunding Bonds Sales

Attachments: [2021 Baird Finance Presentation 07.12.21 .pdf](#)

5. **Action Items**

[21-0943](#) Request for Finance Director to sell \$14,500,000 of General Obligation Promissory Notes

[21-0944](#) Request for Finance Director to sell \$8,360,000 Water System Revenue Refunding Bonds

[21-0945](#) Request for Finance Director to sell \$9,040,000 Sewerage System Revenue Refunding Bonds

[20-0527](#) Resolution #8-R-20 City of Appleton Brand Study

Attachments: [#8-R-20 Branding Resolution-format.pdf](#)
[Brand Study RFP Memo.pdf](#)
[CoA Brand Study RFP_DRAFT 020121.pdf](#)

Legislative History

5/6/20 Common Council referred

2/22/21 Finance Committee held
 6/21/21 Finance Committee held

[21-0946](#)

Request to approve the allocation of excess General Fund balance at December 31, 2020 and the following related 2021 Budget amendments:

General Fund

Transfer Out - Debt Service/Capital Projects Fund	+\$3,840,000
Transfer Out - Industrial Park Land Fund	+\$ 250,000
Transfer Out - Facilities Capital Projects Fund	+\$ 210,000
Transfer Out - IT Capital Projects Fund	+\$ 65,000
Mayor's Office	+\$ 75,000
Public Works Department	+\$ 175,000
Finance Department	+\$ 50,000
General Fund Balance - Reserve for Brand Study	+\$ 450,000
General Fund Balance	-\$5,115,000

Debt Service/Capital Projects Fund

Transfer In - General Fund	+\$3,840,000
Debt Service Reduction	+\$3,840,000

Industrial Park Land Fund

Transfer In - General Fund	+\$ 250,000
Industrial Park Land	+\$ 250,000

Facilities Management Capital Projects Fund

Transfer In - General Fund	+\$ 210,000
Parks Improvements	+\$ 200,000
City Hall Improvements	+\$ 10,000

Information Technology Capital Projects Fund

Transfer In - General Fund	+\$ 65,000
Council Chamber AV Project	+\$ 65,000

to allocate excess general fund balance at 12/31/20 per City Fund Balance Policy (2/3 vote of Council required)

Attachments: [Finance Committee - Fund Balance Policy 2021.pdf](#)

[21-0947](#) Request to approve the following 2021 Budget adjustment:

General Fund

Transfer Out - Risk Management Fund	+\$1,300,000
Wage Reserve	- \$1,300,000

Risk Management Fund

Transfer In - General Fund	+\$1,300,000
Uninsured Claims - Workers Compensation	+\$1,300,000

to transfer funds to Risk Management Fund required reserve and current year claims (2/3 vote of Council required)

Attachments: [Finance Committee - Risk Reserve Fund Transfer 2021.pdf](#)
[Actuarial Report 2020 Final Risk Management.pdf](#)

6. Information Items

[21-0948](#) The following 2021 Budget adjustments were approved by the Mayor and Finance Director in accordance with Policy:

HAZMAT Fund

Charges for Services	+\$	8,164
Salaries	+\$	2,655
Miscellaneous Equipment	+\$	5,509

to record reimbursement from Emmi Roth Cheese for hazardous material spill services

7. Adjournment

Notice is hereby given that a quorum of the Common Council may be present during this meeting, although no Council action will be taken.

Reasonable Accommodations for Persons with Disabilities will be made upon Request and if Feasible.

For questions regarding this agenda, please contact Tony Saucerman at (920) 832-6440.



City of Appleton

100 North Appleton Street
Appleton, WI 54911-4799
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Meeting Minutes Finance Committee

Monday, June 21, 2021

5:30 PM

Council Chambers, 6th Floor

1. Call meeting to order

Meeting called to order at 5:30pm

2. Roll call of membership

Present: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

3. Approval of minutes from previous meeting

[21-0871](#)

May 24, 2021 Finance Committee meeting minutes

Attachments: [MeetingMinutesMay-24-2021-08-24-53.pdf](#)

**Firkus moved, seconded by Meltzer, that the Minutes be approved. Roll Call.
Motion carried by the following vote:**

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

4. **Public Hearings/Appearances**

[21-0913](#)

Jake Lenell, CPA and Leah Lasecki, CPA with CliftonLarsonAllen, LLP
presentation of the 2020 Audit and Executive Summary

Attachments: [Finance Committee Presentation.pdf](#)

This Appearance was presented

5. **Action Items**

[21-0875](#)

Request to award the City of Appleton's 2021 Appleton Wastewater Treatment Plant Painting project contract to SDS Painting, Inc in the amount of \$181,760 with a contingency of \$6,740 for a project total not to exceed \$188,500

Attachments: [2021 AWWTP Painting.pdf](#)

Meltzer moved, seconded by Firkus, that the Report Action Item be recommended for approval. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

[21-0877](#)

Request to approve the First Addition to Broadway Hills Estates Development Agreement

Attachments: [Broadway Hills Estates Develop Agreement.pdf](#)

Firkus moved, seconded by Meltzer, that the Report Action Item be recommended for approval. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

[20-0527](#)

Resolution #8-R-20 City of Appleton Brand Study

Attachments: [#8-R-20 Branding Resolution-format.pdf](#)
[Brand Study RFP Memo.pdf](#)
[CoA Brand Study RFP_DRAFT 020121.pdf](#)

Firkus moved, seconded by Meltzer, that the Report Action Item be held until the next Finance Committee meeting on July 12, 2021. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

[21-0442](#)

#5-R-21 Political Signs on City Property

Attachments: [#5-R-21 Political Signs on City Property.pdf](#)
[Finance Committee - Response to Resolution Memo \(0310\).pdf](#)

Motion adopted to include the recommended language as follows:

'That upon negotiating or renegotiating lease of City-owned land, the City Attorney's Office shall endeavor to incorporate language limiting the posting of political signs by the tenant subject to any legal limitations, court decisions and the like in place at the time. A political sign shall be considered a sign erected for the purpose of soliciting support for, or opposition to, a candidate or a political party or relating to a referendum question in an election held under the laws of this state.'

Meltzer moved, seconded by Firkus, that the Report Action Item be recommended for approval. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

[21-0910](#)

Request to approve the 2022 Special Assessment Policy

Attachments: [2022 Assessment Policy.pdf](#)

Firkus moved, seconded by Meltzer, that the Report Action Item be recommended for approval. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

6. Information Items

[21-0915](#)

Elimination of Overdue Fines for Appleton Public Library Materials

Attachments: [Fine Free Proposal Memo 6-8-2021.pdf](#)
[Overdue Fines Memo Council June 2021.pdf](#)

This item was presented

[21-0878](#)

Contract 124-19 was awarded to Hydro-Klean, LLC for \$141,000 for Spot Repairs, Protruding Tap and Mineral Deposit Removals. Payments issued to date total \$31,420. Request final payment of \$65,819.25

This final contract payment was presented

[21-0879](#)

Contract 126-20 was awarded to Miron Construction Co. for the 2020 Fire Station #1 Bathroom Remodeling project in the amount of \$182,257 with a contingency of \$18,226. Three change orders were issued that total \$15,779.27 to make additional wall and ceiling repairs, additional epoxy floors, and fire alarm modifications. Payments to date total \$193,085.36. Request to issue the final contract payment of \$4,950.91

This final contract payment was presented

[21-0881](#)

Contract 127-20 was awarded to Cardinal Construction for the 2020 MSB Exterior Masonry Improvements project in the amount of \$163,462 with a contingency of \$16,346. One change order was issued in the amount of \$8,523.41 to add additional wall repairs in the Cold Storage Building. Payments to date total \$163,386.14. Request to issue the final contract payment of \$8,599.27

This final contract payment was presented

[21-0883](#)

Contract 133-20 was awarded to Cardinal Construction Co. for the 2020 Wastewater Asbestos Flooring Removal project in the amount of \$38,797 with a contingency of \$3,880. One change order was issued in the amount of \$1,513 to make additional asbestos removals. No payments have been made to date. Request to issue the final contract payment of \$40,310.60

This final contract payment was presented

[21-0912](#)

Budget Analyst Position Update

This update was discussed

7. Adjournment

Meltzer moved, seconded by Firkus, that the be adjourned. Roll Call. Motion carried by the following vote:

Aye: 3 - Meltzer, Siebers and Firkus

Excused: 2 - Reed and Van Zeeland

The logo for BAIRD is a blue parallelogram tilted to the right, containing the word "BAIRD" in white, bold, serif capital letters.

BAIRD

City of Appleton

Finance Committee Meeting

July 12, 2021

Bradley D. Viegut, Managing Director

bviegut@rwbaird.com

777 East Wisconsin Avenue

Milwaukee, WI 53202

Phone 414.765.3827

City of Appleton

FINANCE COMMITTEE MEETING

July 12, 2021



Timeline

- Finance Committee considers plan of finance..... July 12, 2021
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Note/Bond Pricing July 21, 2021
- Special Finance Committee considers award resolutions..... July 21, 2021
- Common Council meeting to award Notes/Bonds..... July 21, 2021
- Closing (funds available)..... August 11, 2021
- 2011 Water & Sewer Bonds Paid Off August 25, 2021



Borrowing Amount / Structure / Purpose – General Obligation Promissory Notes, Series 2021

Amount:	\$14,500,000
Issue:	General Obligation Promissory Notes, Series 2021
Purpose:	2021 General Fund CIP
Structure:	Matures April 1, 2022-2031
First Interest:	April 1, 2022
Callable:	April 1, 2028
Estimated Interest Rate:	1.58%



Example Financing Plan – General Obligation Promissory Notes, Series 2021

POS 2021 NOTES								
\$14,500,000								
General Obligation Promissory Notes, Series 2021								
August 11, 2021								
(First Interest April 1, 2022)								
2021 CIP Projects: \$14,500,000								
YEAR	EXISTING NET G.O. DEBT ^(A) (Lewy)	*	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) TIC 1.58%	LESS: HYPOTHETICAL BID PREMIUM	TOTAL	COMBINED G.O. DEBT (Lewy)	YEAR DUE
2021	\$9,497,468	*					\$9,497,468	2021
2022	\$11,228,672	*	\$360,000	\$414,093	(\$773,077)	\$1,016	\$11,229,688	2022
2023	\$10,975,179	*	\$2,090,000	\$335,538		\$2,425,538	\$13,400,716	2023
2024	\$10,967,228	*	\$110,000	\$310,788		\$420,788	\$11,388,015	2024
2025	\$9,948,600	*	\$520,000	\$303,700		\$823,700	\$10,772,300	2025
2026	\$9,362,975	*	\$540,000	\$289,750		\$829,750	\$10,192,725	2026
2027	\$7,093,800	*	\$1,755,000	\$253,131		\$2,008,131	\$9,101,931	2027
2028	\$5,411,900	*	\$1,930,000	\$193,250		\$2,123,250	\$7,535,150	2028
2029	\$3,681,300	*	\$2,215,000	\$136,969		\$2,351,969	\$6,033,269	2029
2030	\$1,777,600	*	\$2,680,000	\$81,900		\$2,761,900	\$4,539,500	2030
2031		*	\$2,300,000	\$25,875		\$2,325,875	\$2,325,875	2031
	<u>\$79,944,721</u>	*	<u>\$14,500,000</u>	<u>\$2,344,993</u>	<u>(\$773,077)</u>	<u>\$16,071,916</u>	<u>\$96,016,637</u>	

(A) Net of bid premium from the 2019 and 2020 Notes.



Borrowing Amount / Structure / Purpose – Water System Revenue Refunding Bonds, Series 2021

Amount:	\$8,360,000
Issue:	Water System Revenue Refunding Bonds, Series 2021
Purpose:	<ul style="list-style-type: none">• \$7,000,000 - Water System Projects• Current Refunding of 2011 Revenue Bonds
Structure:	Matures January 1, 2022-2041
First Interest:	January 1, 2022
Callable:	January 1, 2029
Estimated Interest Rate:	2.29%
Estimated Present Value Savings:	\$224,335



Example Financing Plan – Water System Revenue Refunding Bonds, Series 2021

PRELIMINARY 2021 BONDS \$6,535,000						
Water System Revenue Refunding Bonds, Series 2021 Dated August 11, 2021 (First Interest January 1, 2022) 2021 Projects Financed: \$7,000,000						
YEAR DUE	EXISTING WATER DEBT ⁽¹⁾ (Revenue Only)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1) TIC 2.38%	TOTAL	COMBINED WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (Projected 2020 Net Revenues)
2021	\$8,294,282				\$8,294,282	1.44
2022	\$8,274,947		\$184,422	\$184,422	\$8,459,369	1.41
2023	\$4,441,818	\$255,000	\$203,650	\$458,650	\$4,900,468	2.44
2024	\$4,440,793	\$265,000	\$195,850	\$460,850	\$4,901,643	2.44
2025	\$4,419,223	\$270,000	\$187,825	\$457,825	\$4,877,048	2.45
2026	\$4,422,699	\$280,000	\$179,575	\$459,575	\$4,882,274	2.45
2027	\$3,495,648	\$290,000	\$171,025	\$461,025	\$3,956,673	3.02
2028	\$3,495,825	\$300,000	\$162,175	\$462,175	\$3,958,000	3.02
2029	\$2,330,188	\$305,000	\$153,100	\$458,100	\$2,788,288	4.28
2030	\$2,316,444	\$315,000	\$143,406	\$458,406	\$2,774,850	4.30
2031	\$2,319,981	\$325,000	\$133,006	\$458,006	\$2,777,988	4.30
2032	\$2,106,338	\$340,000	\$122,200	\$462,200	\$2,568,538	4.65
2033	\$1,937,163	\$350,000	\$110,988	\$460,988	\$2,398,150	4.98
2034	\$1,385,588	\$360,000	\$99,450	\$459,450	\$1,845,038	6.47
2035	\$1,101,525	\$370,000	\$87,588	\$457,588	\$1,559,113	7.66
2036	\$709,200	\$385,000	\$75,319	\$460,319	\$1,169,519	10.21
2037	\$457,075	\$395,000	\$62,644	\$457,644	\$914,719	13.06
2038	\$458,475	\$410,000	\$49,563	\$459,563	\$918,038	13.01
2039	\$459,397	\$425,000	\$35,994	\$460,994	\$920,391	12.98
2040	\$459,834	\$440,000	\$21,938	\$461,938	\$921,772	12.96
2041		\$455,000	\$7,394	\$462,394	\$462,394	25.83
	\$57,326,439	\$6,535,000	\$2,387,110	\$8,922,110	\$66,248,548	

Projected 2020 Net Revenues Available for Debt Service: **\$11,945,612**
 (Additional Bonds Test requires 1.1x max annual debt service)

(1) Net of estimated debt service savings related to the current refunding of the 2011 Bonds.



Illustration of Hypothetical Refunding – Water System Revenue Refunding Bonds, Series 2021

Calendar Year	BEFORE REFINANCING			TOTAL DEBT SERVICE	AFTER REFINANCING				TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS	
	\$3,170,000 Water Sys. Rev. Bonds, 2011 Dated August 24, 2011				\$3,170,000 Water Sys. Rev. Bonds, 2011 Dated August 24, 2011		\$1,825,000 Water Sys. Rev. Ref. Bonds, 2021 (CR) Dated August 11, 2021 ⁽¹⁾				TIC = 1.58%
	PRINCIPAL (1/1)	RATE	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	TOTAL			
2021	\$155,000	4.000%	\$81,160	\$236,160	\$155,000	\$81,160			\$236,160	\$0	
2022	\$160,000	4.000%	\$74,860	\$234,860	***		\$160,000	\$47,167	\$207,167	\$27,693	
2023	\$170,000	4.000%	\$68,260	\$238,260	***		\$165,000	\$48,488	\$213,488	\$24,773	
2024	\$175,000	4.000%	\$61,360	\$236,360	***		\$170,000	\$43,463	\$213,463	\$22,898	
2025	\$180,000	4.000%	\$54,260	\$234,260	***		\$170,000	\$38,363	\$208,363	\$25,898	
2026	\$190,000	4.000%	\$46,860	\$236,860	***		\$180,000	\$33,113	\$213,113	\$23,748	
2027	\$195,000	4.000%	\$39,160	\$234,160	***		\$185,000	\$27,638	\$212,638	\$21,523	
2028	\$205,000	4.000%	\$31,160	\$236,160	***		\$190,000	\$22,013	\$212,013	\$24,148	
2029	\$215,000	4.000%	\$22,760	\$237,760	***		\$200,000	\$16,163	\$216,163	\$21,598	
2030	\$220,000	4.000%	\$14,060	\$234,060	***		\$200,000	\$9,913	\$209,913	\$24,148	
2031	\$230,000	4.200%	\$4,830	\$234,830	***		\$205,000	\$3,331	\$208,331	\$26,499	
	<u>\$2,095,000</u>		<u>\$498,730</u>	<u>\$2,593,730</u>	<u>\$155,000</u>	<u>\$81,160</u>	<u>\$1,825,000</u>	<u>\$289,648</u>	<u>\$2,114,648</u>	<u>\$2,350,808</u>	<u>\$242,922</u>

Maturities callable 1/1/2021 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2021 ISSUE.

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds as of 6/3/21 +25bps. Actual rates may vary. If actual rates are higher than those assumed, the interest cost savings would be lower. This illustration provides information and is not intended to be a recommendation, proposal or suggestion for a refinancing or otherwise to be considered as advice.

ROUNDING AMOUNT.....	\$179
POTENTIAL GROSS SAVINGS.....	\$243,101

(2) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$224,335
POTENTIAL PRESENT VALUE SAVINGS %.....	11.564%

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.66% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	13.169%	\$255,485
-0.20%	12.626%	\$244,951
-0.10%	12.095%	\$234,640
+0.10%	11.012%	\$213,641
+0.20%	10.484%	\$203,398
+0.30%	9.962%	\$193,259



Amount / Structure / Purpose – Sewerage System Revenue Refunding Bonds, Series 2021

Amount:	\$9,040,000
Issue:	Sewerage System Revenue Refunding Bonds, Series 2021
Purpose:	<ul style="list-style-type: none">• \$7,000,000 - Sewer System Projects• Current Refunding of 2011 Revenue Bonds
Structure:	Matures May 1, 2022-2041
First Interest:	November 1, 2021
Callable:	May 1, 2029
Estimated Interest Rate:	2.25%
Estimated Present Value Savings:	\$290,745



Example Financing Plan – Sewerage System Revenue Refunding Bonds, Series 2021

PRELIMINARY 2021 BONDS \$6,905,000						
Sewerage System Revenue Refunding Bonds, Series 2021 Dated August 11, 2021 (First Interest November 1, 2021) 2021 Projects Financed: \$7,000,000						
YEAR DUE	EXISTING SEWERAGE DEBT ⁽¹⁾ (Revenue Only)	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1) TIC 2.36%	TOTAL	COMBINED SEWERAGE DEBT ⁽¹⁾ (Revenue Only)	DEBT SERVICE COVERAGE (Projected 2020 Net Revenues)
2021	\$1,817,188		\$48,617	\$48,617	\$1,865,804	2.06
2022	\$1,781,925	\$255,000	\$214,950	\$469,950	\$2,251,875	1.70
2023	\$1,787,744	\$260,000	\$207,225	\$467,225	\$2,254,969	1.70
2024	\$1,786,263	\$270,000	\$199,275	\$469,275	\$2,255,538	1.70
2025	\$1,776,163	\$275,000	\$191,100	\$466,100	\$2,242,263	1.71
2026	\$1,778,538	\$285,000	\$182,700	\$467,700	\$2,246,238	1.71
2027	\$1,556,088	\$295,000	\$174,000	\$469,000	\$2,025,088	1.89
2028	\$1,382,763	\$305,000	\$165,000	\$470,000	\$1,852,763	2.07
2029	\$1,080,838	\$310,000	\$155,775	\$465,775	\$1,546,613	2.48
2030	\$1,086,969	\$320,000	\$145,925	\$465,925	\$1,552,894	2.47
2031	\$783,538	\$335,000	\$135,281	\$470,281	\$1,253,819	3.06
2032	\$510,650	\$345,000	\$124,231	\$469,231	\$979,881	3.91
2033	\$507,000	\$355,000	\$112,856	\$467,856	\$974,856	3.93
2034	\$508,200	\$365,000	\$101,156	\$466,156	\$974,356	3.94
2035	\$509,200	\$380,000	\$89,050	\$469,050	\$978,250	3.92
2036	\$510,000	\$390,000	\$76,538	\$466,538	\$976,538	3.93
2037	\$510,600	\$405,000	\$63,619	\$468,619	\$979,219	3.92
2038	\$506,050	\$420,000	\$50,213	\$470,213	\$976,263	3.93
2039	\$510,991	\$430,000	\$36,400	\$466,400	\$977,391	3.92
2040	\$510,366	\$445,000	\$22,181	\$467,181	\$977,547	3.92
2041		\$460,000	\$7,475	\$467,475	\$467,475	8.20
	\$21,201,069	\$6,905,000	\$2,503,567	\$9,408,567	\$30,609,635	

Projected 2020 Net Revenues Available for Debt Service: \$3,834,803
 (Additional Bonds Test requires 1.2x max annual debt service)

(1) Net of hypothetical debt service savings related to the current refunding of the 2011 Bonds.

City of Appleton

FINANCE COMMITTEE MEETING

July 12, 2021



Illustration of Hypothetical Refunding – Sewerage System Revenue Refunding Bonds, Series 2021

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING					POTENTIAL DEBT SERVICE SAVINGS	
	\$3,735,000 Sewerage Sys. Rev. Bonds, 2011 Dated August 24, 2011			TOTAL DEBT SERVICE	\$3,735,000 Sewerage Sys. Rev. Bonds, 2011 Dated August 24, 2011		\$2,135,000 Sewerage Sys. Rev. Ref. Bonds (CR) Dated August 11, 2021 ¹		TOTAL NEW DEBT SERVICE		
	PRINCIPAL (5/1)	RATE	INTEREST (5/1 & 11/1)		PRINCIPAL (5/1)	INTEREST (5/1 & 11/1)	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1)	TOTAL		
							TIC= 1.56%				
2021	\$180,000	4.000%	\$96,350	\$276,350	\$180,000	\$49,975		\$14,514	\$14,514	\$244,489	\$31,861
2022	\$190,000	4.000%	\$88,950	\$278,950	***		\$185,000	\$62,538	\$247,538	\$247,538	\$31,413
2023	\$195,000	4.000%	\$81,250	\$276,250	***		\$185,000	\$56,988	\$241,988	\$241,988	\$34,263
2024	\$205,000	4.000%	\$73,250	\$278,250	***		\$195,000	\$51,288	\$246,288	\$246,288	\$31,963
2025	\$210,000	4.000%	\$64,950	\$274,950	***		\$200,000	\$45,363	\$245,363	\$245,363	\$29,588
2026	\$220,000	4.000%	\$56,350	\$276,350	***		\$205,000	\$39,288	\$244,288	\$244,288	\$32,063
2027	\$230,000	4.000%	\$47,350	\$277,350	***		\$215,000	\$32,988	\$247,988	\$247,988	\$29,363
2028	\$240,000	4.000%	\$37,950	\$277,950	***		\$220,000	\$26,463	\$246,463	\$246,463	\$31,488
2029	\$250,000	4.000%	\$28,150	\$278,150	***		\$225,000	\$19,788	\$244,788	\$244,788	\$33,363
2030	\$260,000	4.000%	\$17,950	\$277,950	***		\$235,000	\$12,594	\$247,594	\$247,594	\$30,356
2031	\$300,000	4.250%	\$6,375	\$306,375	***		\$270,000	\$4,388	\$274,388	\$274,388	\$31,988
	\$2,480,000		\$598,875	\$3,078,875		\$49,975	\$2,135,000	\$366,195	\$2,501,195	\$2,731,170	\$347,705

Maturities callable 5/1/2021 or any date thereafter.

CALLABLE MATURITIES

******* REFINANCED WITH 2021 ISSUE.

LESS CASH ON HAND IN PRIOR D/S FUND.....	(\$31,861)
ROUNDING AMOUNT.....	\$793
POTENTIAL GROSS SAVINGS.....	\$316,637
(2) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$290,745
POTENTIAL PRESENT VALUE SAVINGS %.....	12.641%

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +25bps for municipal bonds as of 6/3/21. Actual rates may vary. If actual rates are higher than those assumed, the interest cost savings would be lower. This illustration provides information and is not intended to be a recommendation, proposal or suggestion for a refinancing or otherwise to be considered as advice.

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.63% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	14.402%	\$331,256
-0.20%	13.807%	\$317,550
-0.10%	13.215%	\$303,955
+0.10%	12.070%	\$277,605
+0.20%	11.484%	\$264,139
+0.30%	10.919%	\$251,143

Resolution #8-R-20
City of Appleton Brand Study

Submitted By: Former Alderperson Chris Croatt

Date: April 22, 2020

Referred To: Finance Committee

Whereas, the City of Appleton has been identified locally, regionally, and nationally as a leader in many aspects and has been recommended as a preferred place to call home, work, and raise a family for a variety of positive reasons.

And Whereas, the City of Appleton is getting regional and national attention with positive accolades and endorsements such as a best affordable place to live, a best place for children, low unemployment, fiscal restraint, a community with many parks, trails, and playgrounds, and many more.

And Whereas, the City of Appleton, like other entities (public and private) providing a service or product offering, has a brand image.

And Whereas, a strong brand image and identity is an important attribute for any entity (public or private sector) looking to attract top talent and new business and foster impactful economic development.

And Whereas, a brand's strength comes from the following attributes:

1. Motivational vision statement
2. Clearly defined mission
3. Clearly defined values
4. Marketing consistency
5. High brand equity

And Whereas, branding is part of a marketing plan/strategy and the strength of a brand is a direct result of supporting marketing-related activities through funding mechanisms and execution plans.

And Whereas, Appleton's quality of life, vibrancy, and values could be better conveyed by an updated logo, slogan, and messaging.

Therefore Be It Resolved...The City of Appleton should evaluate all financing options to appropriate the necessary funds to launch a brand study in 2020 or include a brand study in the 2021 budget. Such a study should be conducted by a highly qualified firm to be identified through the RFP process. At a minimum, the scope of the brand study should include logo redesign, development of a graphic standards manual for the entire organization, further definition of mission, value proposition, key marketing strategies, and a detailed recommendation of brand-strengthening activities that can be planned and budgeted for.

And Therefore Be Resolved...As part of the defined RFP language and study conducted by an outside entity, citizen input through open dialogue sessions be included as part of the overall process as well as options for a phased in implementation plan based on budgetary limitations or other factors.



“...meeting community needs...enhancing quality of life.”

OFFICE OF THE MAYOR

Sheng L. Riechers
Senior Communications Specialist
100 N. Appleton Street
Appleton, Wisconsin 54911
Phone: (920) 832-5814
Email: sheng.riechers@Appleton.org

MEMORANDUM

TO: Finance Committee
FROM: Sheng Riechers, Senior Communications Specialist
DATE: February 1, 2021
RE: Resolution #8-R-20 (City of Appleton Brand Study)

Resolution #8-R-20 regarding conducting a brand study for the City of Appleton was submitted on April 22, 2020 and referred to the Finance Committee. The Finance Committee referred the resolution to staff, in this case, the Mayor’s Office. Mayor Woodford sent a memorandum on September 29, 2020, requesting that the Office of the Mayor be allowed to further research and prepare a draft Request for Proposals (RFP), to be delivered by February 1, 2021.

As the City embarks on the second decade of the 21st Century, it needs a new logo and overall branding. Appleton’s current logo was commissioned by Mayor Richard De Broux, designed, and adopted in 1994 as City Hall moved into its current location in City Center. While the themes of the existing logo around economic vitality and sustainability remain important aspects of the community, our City has grown and changed over the last 27 years in ways that would be better represented by new imagery and typography. Leaving the City’s brand unchanged could put the City of Appleton at a competitive disadvantage.

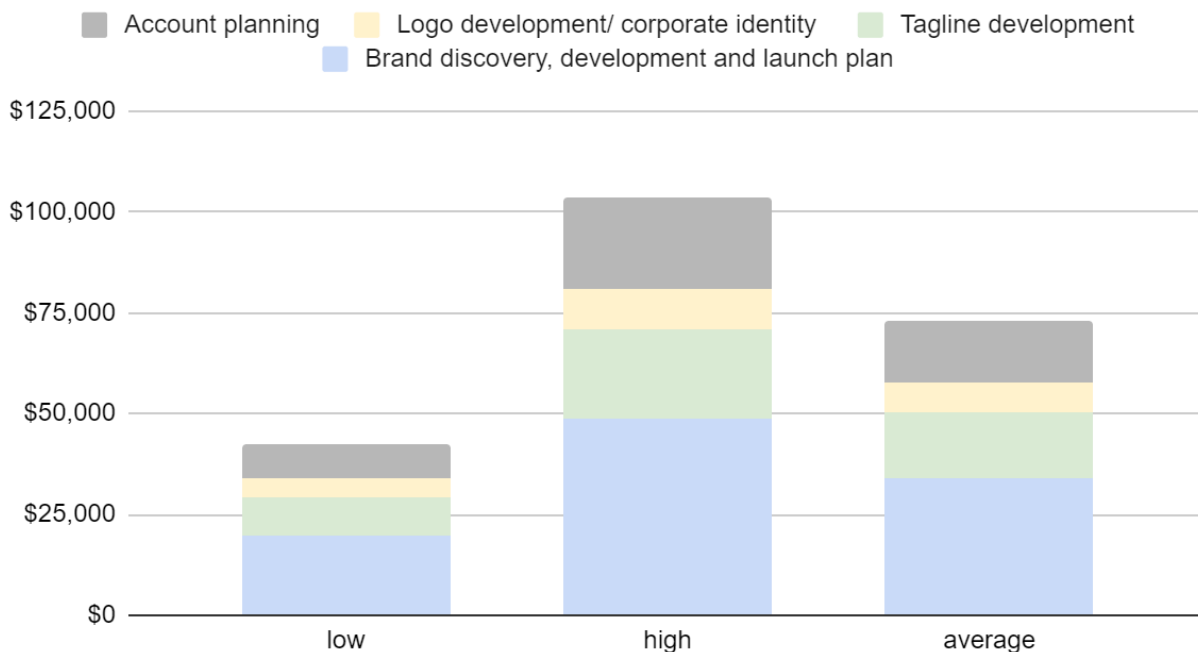
Branding is more than just the logo; it touches every aspect of the City's visual representation and the ways in which the City describes itself. Inconsistent use of the existing logo, including misuse of design elements such as color palette, not only weaken the City's brand identity, it can create doubt around official documents and City representatives. Presently, there are at least a half dozen graphic representations of the City of Appleton in official use that incorporate inconsistent design elements such as apples, trees, colors, etc.

A clear, consistent brand should support the City's strategic priorities. It should also improve service to residents by stating and reinforcing the City's values. Finally, the City's brand should serve as a point of pride for the taxpayers of Appleton.

The purpose of this RFP is to solicit proposals to establish a contract through competitive negotiation with a qualified consulting firm with experience in municipal identity/branding, including development of a brand values statement; logo development and associated graphic standards; marketing research (both quantitative and qualitative); message/positioning development; and recommendations for brand rollout through various marketing tactics.

According to a 2020 survey of small to mid-sized advertising agencies published by Second Wind, the City can expect to pay the following rates for a brand development initiative. Please note that this cost breakdown does not include the design, production or purchase of any collateral assets such as: website, signage, vehicle wraps, apparel, letterhead, business cards, or any other asset that may incorporate the City logo and/or brand. We are still working to gather comparable implementation cost information.

Branding Costs



Price Range	Brand discovery, development, and launch plan	Tagline development	Logo development/ corporate identity	Account planning	Totals
low	\$19,651	\$9,734	\$4,664	\$8,091	\$42,141
high	\$48,703	\$22,116	\$10,270	\$22,303	\$103,392
average	\$34,180	\$15,928	\$7,472	\$15,200	\$72,779

Brand discovery, development, and launch plan: Includes data collection, analysis and compiling of Brand Discovery Report; developing and writing a brand positioning statement; communications audit; writing an inward marketing plan including employee brand training; compiling visual and verbal brand communications guides, budget timetable and launch plan; all research, planning meetings and related materials; account service charges; and all associated costs of production and presentation.

Tagline development: Includes research, analysis, planning meetings, concepting, administrative and account service charges, and associated costs of production and presentation.

Logo development/ corporate identity: Includes research, concept, layout/design, digital file creation, photography/ illustration, digital proofs, art direction and account service charges; and completed digital files prepped for pre-press.

Account planning: Includes research and analysis (“discovery”), planning meetings, copy, account service charges and all associated costs of production and presentation.

City of Appleton



**Request for Proposals
Rebranding, Positioning, and Marketing Services**

Proposals Due by TBD



CITY OF APPLETON REQUEST FOR PROPOSALS

**CITY OF APPLETON
REBRANDING, POSITIONING, AND MARKETING SERVICES**

Appleton, Wisconsin

CLOSING DATE FOR PROPOSALS: TBD

Proposals must be received at the City of Appleton, 100 N. Appleton St., Appleton, Wisconsin 54911, on or before the closing date and time indicated above.

Please send the proposal to the attention of: **Sheng Riechers, Senior Communications Specialist**

Statement of Need

As the City embarks on the second decade of the 21st Century, it needs a new logo and overall branding. Appleton's current logo was commissioned by Mayor Richard De Broux, designed, and adopted in 1994 as City Hall moved into its current location in City Center. While the themes of the existing logo around economic vitality and sustainability remain important aspects of the community, our City has grown and changed over the last 27 years in ways that would better be represented by new imagery and typography. Leaving the City's brand unchanged could put the City of Appleton at a competitive disadvantage.

Branding is more than just the logo; it touches every aspect of the City's visual representation and the ways in which the City describes itself. Inconsistent use of the existing logo, including misuse of design elements such as color palette, not only weaken the City's brand identity, it can create doubt around official documents and City representatives. Presently, there are at least a half dozen graphic representations of the City of Appleton in official use that incorporate inconsistent design elements such as apples, trees, etc.

A clear, consistent brand should support the City's strategic priorities. It should also improve service to residents by stating and reinforcing the City's values. Finally, the City's brand should serve as a point of pride for the taxpayers of Appleton.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals to establish a contract through competitive negotiation with a qualified consulting firm with experience in municipal identity/branding, including development of a brand values statement, marketing research (both quantitative and qualitative), and message/positioning development; logo development and associated graphic standards; and recommendations for brand rollout through social media marketing as well as traditional marketing.

The City of Appleton is seeking the development of a comprehensive brand marketing campaign to drive business attraction and retention, energize current residents, position the municipality as a desirable community for relocation, and to enhance general perception. The successful execution of this project will create positive impressions of the City to existing and prospective residents, businesses, visitors, and employees. Considerations must be made to include City, business and industrial assets, tourism initiatives, special events, parks and recreation amenities, and cultural and historical assets. Further, the initiatives must be adaptable to various functions, which include, but are not limited to destination marketing, economic development, and professional recruitment and (employee and resident) retention.

City Background

The City of Appleton is a “full-service” municipality employing approximately 640 individuals (FTEs) in a wide range of occupations including police and fire protection, public works-related services including refuse pickup, street construction, maintenance and cleaning, snow and ice control, planning, inspection, health, parks and recreation, library, mass transit, water and wastewater disposal services, among others. This branding initiative should take into consideration how the City’s overall brand and positioning will accommodate or incorporate the follow departments, which may or may not have their own logo/brand guide:

- Appleton Public Library
- Department of Public Works
- City Attorney
- Utilities
- Technology Services (IT)
- Parks, Recreation & Facilities
- Valley Transit
- Human Resources
- Police
- Fire
- Finance
- Health
- Community and Economic Development
- Mayor

2019 Census Data:

Population: 74,098

Median Household Income: \$58,112

Median Housing Value: \$147, 800

Total Housing Units: 30,447

Number of Firms: 5,714

Percent of households with a broadband internet subscription: 86%

Race: White 80.7%, Asian 7.4%, Hispanic/Latinx 6.1%, Black/African American 3.4%, Multiracial 2.3%, Native American 0.6%

2020 National Recognition:

#1 [Best Place to Raise Kids](#)

#13 [Most Livable Small City](#)

#6 [Best Place to Live on a \\$60,000 Salary](#)

#9 [Best Place to Work in Manufacturing](#)

Project Contact(s)

Sheng Riechers

Senior Communications Specialist

Office of the Mayor

100 N. Appleton Street

Appleton, WI 54911

Phone: 920-832-5814

Email: sheng.riechers@appleton.org

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GENERAL INFORMATION

General Information and Requirements

1. In accordance with WI Statutes, all proposals received, and all materials contained therein, once opened are public record, and subject to disclosure to any person, organization, or firm, including other firms responding to this Request for Proposals.
2. The City of Appleton reserves the right to accept or reject any or all proposals, or part thereof, to waive any informalities or technicalities, or to award contracts in the best interest of the City of Appleton. In all instances, the City of Appleton's decision shall be final.
3. The City of Appleton reserves the right to reject any or all items in the proposal, if in its judgment the item does not meet the needs of the City of Appleton, or for any reason it deems suitable.
4. Prospective firms hereby warrant by virtue of submission of proposals that all terms, conditions, and requirements as stated in this document are valid, enforceable, and binding upon the selected firm.
5. Indemnification Clause
The prospective firm agrees to indemnify, defend and hold harmless the City and its officers, officials, employees and agents from against any and all liability, loss, damage expense, costs (including attorney fees) arising out of the submitted proposal, caused in whole or in part by provider or anyone for whose acts any of them may be liable, except where caused by sole negligence or willful misconduct of the City.
6. Eligibility
 - a. The consultant should specialize in project management, research, marketing, and creative design as it relates to the development of a community brand. To be eligible to respond to the RFP, the consultant must demonstrate that it is a firm with significant knowledge and experience in providing branding, positioning and marketing services.
 - b. Priority will be given to those firms that have experience with local governments in this type of work.
 - c. Three (3) references required. Include samples from these references.
 - d. The City of Appleton desires to issue a contract to a single qualified consultant to lead the project. Consulting proposals based on a consortium approach where more than one firm will provide support within a consulting team are acceptable with a single project manager point of contact.

Submission of proposals

1. The Proposals shall be mailed or delivered to Senior Communications Specialist on or before the deadline indicated above. (see contact information on page 1)
2. Proposal shall be on company letterhead and signed by an authorized representative of the company.
3. Firms will submit their proposal along with their fee structure document for performing the required services outlined in this RFP. The fee structure will be in a separate documented named "Fee Structure." Submissions containing the proposal and any related materials shall be named in the following manner: *"Rebranding, Positioning, and Marketing Services"*.
4. The firm shall submit one (1) electronic copy by email to AppletonRebrand@appleton.org. The following must appear in the subject line of the email: *Rebranding, Positioning and Marketing Services*. Proposals may only be sent electronically; hard copies that are delivered or mailed will be rejected.
5. The City of Appleton will not be liable for any costs incidental for the preparation of the RFP.

Evaluation of the Proposals

1. The City of Appleton will evaluate and analyze all proposals, and select the firm that, in the City of Appleton's sole and final judgment, represents the best qualified and fiscally responsible solution for the City of Appleton. The City of Appleton reserves the right to seek clarification from prospective firms on any issue in their proposal or take any other action it determines necessary to evaluate the proposals and construct a solution that is in the City of Appleton's best interest. The City of Appleton also specifically reserves the right to conduct candidate interviews.
2. Proposal will be evaluated by the City using the following criteria:
 - a. Experience and success with providing rebranding, positioning, and marketing services to similar organizations
 - b. Skill, ability, and capacity to perform the specific scope of services required
 - c. Specific plans or methodology to be used to perform the services
 - d. Proposed metrics to measure success
 - e. Reference letters from other clients
 - f. Quality of proposal and samples
 - g. Proposed lump sum fee and pricing structure
3. The City reserves the right to (a) accept or reject any/or all submissions of proposals; (b) to waive any irregularity, technicality, informality or discrepancy in a proposal; (c) accept any alternative submission of proposals presented, which in its opinion, would best serve the interests of the City; (d) give full and proper evaluation of the Vendor or team presenting the proposal.

SCOPE OF WORK

1. Project Management – The consultant will lead all aspects of the City's community marketing and branding initiative, including the following:
 - a. Serve as advisor to the Steering Committee (to be determined) – This team will be made up of representatives from the City and community. Meetings throughout the process will be required.
 - b. Facilitate various focus groups comprised of community members, City employees and businesses to determine existing attitudes, perceptions, opportunities, and challenges to enhancing the City's image. The consultant will be expected to employ creative means of public involvement and community engagement to ensure that community members are aware of and involved in the project.
 - c. Serve as the purchasing agent between the City of Appleton and vendors involved in the branding initiative. The City will not pay any agency commission fees associated with this service.
2. Research – Research will be the basis for the development of a brand concept, creative elements, messaging/positioning, and the overall brand initiative. The consultant will create and implement a brand research plan, which will include qualitative and quantitative research with key stakeholders to identify the following:
 - a. The key elements of the City of Appleton
 - b. Analysis of competitor marketing strategies
 - c. Measures that will be used to determine if the branding effort is successful
3. Strategic Plan – The consultant will develop strategic objectives that will help better inform the City of Appleton on implementation, management, and ongoing promotion of the brand to include, but not limited to the following:
 - a. Promotion of the use of the brand among City of Appleton departments
 - b. Maintenance and consistency of brand image and messaging while providing suitable flexibility for the target audiences of the participating departments
 - c. Recommendations of ways to articulate the brand; define markets and promotional avenues; and advise on strategies to better promote and create brand awareness

4. Creative/Development of Brand – The consultant will develop creative elements that include slogan/tag line, logo, typeface, voice/tone, market positioning, personality, and other deliverables to support the overall brand initiative. A minimum of three distinct creative options must be presented, based on the results of the research. The selected logo design will be delivered, with the final option delivered with a style manual and guidelines for use in the following
 - a. Print and electronic advertising
 - b. Website design
 - c. Media placement (TV/Radio/Outdoor)
 - d. Public relations
 - e. Events
 - f. Collateral (letterhead, business cards, memos, etc.)
 - g. Signage (building, street, welcome, vehicles, etc.)
5. Implementation Plan – The consultant will develop an action plan for implementation of the brand in sufficient detail to allow the Steering Committee to understand the approach and work plan. An Action Plan should include, but not be limited to the following:
 - a. Estimated costs/budget associated with the implementation process
 - b. Proposed timelines for development of creative elements
 - c. Recommended positioning, logo and brand guidelines
 - d. Plan for brand identity applications and brand identity maintenance
 - e. Plan for how public officials, City employees/volunteers, businesses and residents will work together to implement and promote the new brand
6. Goals/Objectives – the primary goals/objectives to be achieved by the branding initiative include but are not limited to:
 - a. Consistency – The brand should convey a consistent message and image to audiences both within and outside the City of Appleton. A defined message that will market the City of Appleton locally, statewide, nationally and internationally as a great place to live, work, and play; a community historically focused on sustainability and conservation; the right place for development, redevelopment and investment; the perfect mix for a business-friendly community.
 - b. Community Identity/Pride – Identify and promote what makes the City of Appleton distinct and appealing in a regionally competitive environment for investors, businesses, retailers, visitors, and residents.
 - c. Community and Economic Development Promotion – Promote a healthy economy, attract private investment, new residents, and young professionals, and retain key businesses and creative talent.
 - d. Flexibility – The brand must be flexible and adaptable in order to meet the needs of a variety of departments and municipal functions within the City, as well as groups and businesses within the City (chamber of commerce, convention and visitor’s bureau, etc.). It must also be flexible enough to grow and evolve along with any changes in the market.
 - e. Endorsement – The brand must be authentic and resonate with community members in the City of Appleton and the greater Fox Cities area.

PROPOSAL REQUIREMENTS

Each proposal will include six (6) sections. Each section is laid out below with the expectations clearly defined for each section. Each section also has a percentage identified, that percentage is the weighting value added to the final score for each section as determined by the selection committee.

Executive Summary and Introductory Letter (5%)

1. Executive Summary
 - a. Fees must not be included in this letter or in any portion of the submittal except on the “Fee Structure” document.
 - b. Executive Summary defines proposal elements in less than one (1) page. Provide an overview of the proposed services and plan, your organization, and its ability to be able to provide the services proposed.
2. Introductory Letter
 - a. This letter shall stipulate the following:
 - b. All terms and conditions outlined in the RFP are acceptable to the Consultant, or if not, clearly define those elements and reasons for the objection.
 - c. Person(s) authorized to represent the Consultant during the evaluation process, any negotiations, and signing of agreements that may result.
 - d. Any additional items that the Consultant believes should be added to the project.
3. Misc.
 - a. The proposal is not more than 50 pages in length and sections are bound separately

Description of Firm (15%)

This relates to the Consultant’s firm and any sub-consultants. All sub-consultants and their respective roles, qualifications, and experience must be clearly identified. This section will provide a basis for judging how well the Consultant’s qualifications and experience relate to this specific project. Consultant firm profiles may be included. Elements that will be evaluated are:

1. Background & Stability of the Consultant firm. (Length of time in business, ownership, affiliations, financials, etc.)
2. Background of any sub-consulting firm(s) used on this project and an explanation of prior relationships with the consultant.
3. Three (3) relevant projects the Consulting firm has completed. **Please only provide examples of projects that the project team members have worked on.**
 - a. Each example should include a brief summary of the project, including how you measured and met success, image samples of the final product(s), and total lump sum cost with percentage breakdown of account management fees, creative development fees and media buying costs.
 - b. Provide references for each example and include name, title, address, email, and phone number for the contact person.
4. Please describe how the Consulting Firm(s) handles conflicts, errors, and/or missing information in design concepts and project specifications.
5. Please describe the Consulting Firm’s quality assurance/quality control (QA/QC) policies and procedures designed to minimize or eliminate errors, omissions and/or missing information.
6. Available resources from the firm.

Project Team (35%)

This criterion relates to the project principal, project manager, key staff, and sub consultant staff. This section will provide a basis for judging how well the project team's qualifications, experience with similar projects, and time allocation relate to this specific project. Individual resumes must be included. Proposed hours for each project team member must be identified in this section. Elements that will be evaluated are:

1. Number of people and hours assigned to this project with information to be provided in a spreadsheet format that clearly identifies staff and hours.
2. The lead for each discipline (i.e. – graphic designer with the most billable project time) shall have a **minimum of five (5) years of experience** with comparable projects. Please provide references and examples.
3. Extent of principal and project manager involvement in meeting with the Project Team as often as necessary to meet objectives and additional meetings, as consultant believes necessary to enhance this project.
4. Key project team members on similar projects and unique qualifications that make them a valuable resource on this specific project, including experience with other design teams and consulting firms.
5. Project team members are experienced with rebranding and/or working with municipal organizations.
6. Key project team member roles during this project.
7. Does the project team cover all phases of this project?
8. Project Manager's technical and managerial experience with projects of similar scope and nature.
9. Provide examples of the firm's responsiveness capabilities.

Project Understanding (35%)

A discussion of the approach the Consultant will use to complete the project. The proposal shall include a clear and concise understanding of the project, the work to be completed, and the coordination required based on existing information. Elements that will be evaluated are:

1. Detailed description of Firm's approach provided for each task demonstrating project understanding and needs.
2. Clear and concise explanation of specific tasks and associated schedule that provides quantifiable deliverables.
3. Defines issues to be resolved in the course of the project.
4. Incorporates coordination and involvement of City staff within key elements.
5. Description of project quality control that will meet the City of Appleton's needs and meet budget parameters.
6. Key project meetings identified with staff to ensure that a high-quality project will be delivered.
7. Recognition of elements with project not identified in this proposal the City of Appleton may wish to consider.
8. Include value-added services or creativity to proposal elements and/or incorporate new desirable elements not originally identified.
9. Firm makes clear their ability to effectively meet scope of work.

Project Schedule (10%)

This relates to the Consultant's time requirements to complete those tasks identified. Elements that will be evaluated include:

1. Time required to complete tasks (duration)
2. Inter-relations between tasks (dependencies)
3. Key events during the project (milestones)
4. Critical input points from the City of Appleton
5. Ability to meet the overall schedule

Additional Information

The Consultant may submit any information they believe relevant that does not fit within the body of the proposal. This may include brochures, company information, supplemental resumes, additional project descriptions, and any other information the consultant believes is useful. This additional submittal will be used by the Project Team as they see fit and may not have a significant bearing on the selection process.

FEE INFORMATION

Proposed consultant fees for this project must be submitted in a separate document named "**Fee Structure**". The fee structure relates to the total estimated fee for this project as described by the consultant in Section Proposal Requirements – Project Understanding and Project Schedule. The fee structure should provide a schedule of fees for all relevant products and services described in the Scope of Work, including but not limited to cost of project management, strategic development, and paid media. Proposed resources for each task must be identified, including hours and wage rates for consultants and sub consultants. The Consultant must identify work the Consultant will not provide and must be provided by the City of Appleton. Elements that will be evaluated include:

1. Availability of resources from the consultant and sub consultant(s) for the project.
2. Estimated hours and fees to complete individual work elements.
3. Total **not-to-exceed** fee for the project. Note that your fee is to complete a scope of work as outlined in the RFP. If the account executive underestimates the amount of effort required to complete the work, they will **not** receive extra compensation. The account executive is expected to plan to the City of Appleton's project budget and perform thorough cost estimating. If the bids exceed the project budget the account executive will complete re-plan and bidding at no additional cost to the City to meet the project budget.
4. List of tasks not performed by consultant or sub consultant(s) for project that must be performed by the City.
5. Identify firm's reimbursable expenses and detailed costs of expenses.

EVALUATION PROCESS

A Steering Committee will evaluate proposals. The proposals will be evaluated and ranked based on the information submitted in the proposals according to the evaluation criteria. The City of Appleton is intending to identify a Consultant with the following attributes:

1. Compliance with, and satisfaction of the requirements of this RFP.
2. Qualified and experienced team members who have designed and successfully implemented similar projects.
3. A demonstrated ability to provide a variety of functional and flexible designs through creative use of community engagement, resources and project team input.
4. A demonstrated ability to work with municipalities, elected officials and involve the general public on similar type projects.
5. A demonstrated ability to assemble a comprehensive and well-coordinated set of project documents.
6. A demonstrated ability to effectively coordinate and complete all tasks described above.
7. A demonstrated ability to produce accurate cost estimates and effective cost control.
8. A demonstrated ability to provide effective and timely administration of project deliverables.
9. A demonstrated ability to provide effective design cost control.

Project fees will be evaluated separately after ratings of the proposals are completed. Weighing of the project fee will be subjective; however, lowest cost does not assure selection. The City of Appleton reserves the right to select any Consultant it believes to be in its best interest and to negotiate fees or to reject any or all proposals at its sole discretion. The proposals will require an estimated ten (10) working days for evaluation.

The Steering Committee may request that consultant firms schedule trips for the Steering Committee to view relevant projects. If the Steering Committee deems interviews are required, they will be held approximately two weeks after the proposals are received. The Steering Committee will make a recommendation to the City of Appleton Community and Economic Development Committee and the Finance Committee, who will recommend the award of the contract to the Common Council. These officials have the right to terminate the project or to change the contract or budget, subject to subsequent agreement by the proposed Consultant.

The City of Appleton will not be liable for any costs incidental to the preparation of the Request for Proposals, presentations, or interviews relating to the selection process.

Public Information

Proposals will be treated as proprietary and confidential from the time of receipt and through the review process; however, the Consultant shall understand that all submitted proposals become the property of the City of Appleton and information included therein or attached thereto shall become public record pursuant to Wisconsin Statute after recommendation for endorsement of contract is made. Any specific portions of the proposal which the Consultant desires to remain confidential due to legitimate "proprietary information" or "trade secret" must be clearly labeled as such upon submittal. Any such designations as "proprietary information" or "trade secret" must be strictly limited by the Consultant with the understanding that the Wisconsin Public Records Law supports a presumption of disclosure.

Moreover, Consultant agrees to indemnify, defend and hold harmless the City of Appleton and its officers, officials, employees and agents from against any and all liability, loss, damage expense, costs (including attorney fees) arising out of the release or non-release of all or part of Consultant's submitted proposal in response to a request for said information pursuant to Wisconsin's Public Records Law.

TIMETABLE

- Issue RFP – TBD
- Submit questions by – TBD
- Receive answers by – TBD
- Request for Proposal Deadline – TBD
- RFP Review Begins – TBD
- In-Person Interviews Anticipated to Begin – TBD
- CED Committee Approval – TBD
- Finance Committee Approval – TBD
- City Council Approval – TBD

INSURANCE

Provider shall furnish required certificate of insurance specified below for small exposure work and is attached to this document. The certificate shall name the CITY; its officers and employees, as additional insured.

CITY OF APPLETON INSURANCE REQUIREMENTS “PROFESSIONAL SERVICES”

It is hereby agreed and understood that the insurance required by the City of Appleton is primary coverage insurance and that any insurance or self-insurance maintained by the City of Appleton, its officers, council members, agents, employees or authorized volunteers will not contribute to a loss. Proof of the required insurance must be submitted to the applicable City of Appleton department before the contract or purchase order is considered for approval by the City of Appleton. All insurance must be in full force and effect prior to commencing work and must remain in full force and effect for the longer of the following: (a) until the entire job is completed, (b) for the length of time that is specified in the contract, or (c) as listed below.

PROFESSIONAL LIABILITY

- A. Liability limits:
 - (1) \$1,000,000 - Each claim, and
 - (2) \$1,000,000 - Annual aggregate.
- B. Must continue coverage for two (2) years after final acceptance of service/job.

GENERAL LIABILITY COVERAGE

- C. Commercial General Liability limits:
 - (1) \$1,000,000 - Each occurrence limit,
 - (2) \$1,000,000 - Personal Liability and Advertising Injury,
 - (3) \$2,000,000 - General aggregate, and
 - (4) \$2,000,000 - Products-Completed Operations aggregate, which must be carried for two (2) years after the acceptance of the completed work.
- D. Claims made form of coverage is not acceptable.

- E. Insurance must include:
- (1) Premises and Operations liability,
 - (2) Contractual liability,
 - (3) Personal Injury,
 - (4) Explosion, Collapse and Underground coverage, and
 - (5) The general aggregate must apply separately to this project/location.

BUSINESS AUTOMOBILE LIABILITY

- A. Liability limits:
- (1) \$1,000,000 - Combined single limit for Bodily Injury and Property Damage for each accident.
- B. Must cover liability for Symbol #1 – “Any Auto” – including owned, non-owned and hired automobile liability.

WORKERS’ COMPENSATION AND EMPLOYERS LIABILITY – If required by Wisconsin State Statute or any workers’ compensation statute of a different State.

- A. Liability limits:
- (1) \$100,000 - Each accident,
 - (2) \$500,000 - Disease Policy limit, and
 - (3) \$100,000 - Disease, for each employee.

UMBRELLA LIABILITY – If exposure exists, provide coverage at least as broad as the underlying General Liability, Business Automatable Liability, Workers’ Compensation and Employer’s Liability, with a minimum limit of \$5,000,000 for each occurrence and \$5,000,000 aggregate, and a maximum self-insured retention of \$10,000.

ADDITIONAL REQUIREMENTS

- B. Primary and Non-Contributory Requirement – All insurance must be primary and non-contributory to any insurance or self-insurance carried by City of Appleton.
- C. Acceptability of Insurers – Insurance is to be placed with insurers who have an *A.M. Best* rating of no less than A- and a Financial Size Category of no less than Class VI, and who are authorized as an admitted insurance company in the State of Wisconsin.
- D. Additional Insured Requirements – The following must be named as additional insured on all Liability Policies for liability arising out of project work: “City of Appleton, and its officers, council members, agents, employees and authorized volunteers.” On the Commercial General Liability Policy, the additional insured coverage must be on ISO Form CG 20 10 07 04 and also include Products–Completed Operations equivalent to ISO Form CG 20 37 07 04 or their equivalents for a minimum of two (2) years after acceptance of work. This does not apply to Workers Compensation Policies.
- E. Certificates of Insurance – Certificates of Insurance must be acceptable to the City of Appleton and must be submitted prior to commencement of the work to the applicable department. In addition, ISO Form CG 20 10 07 04, for ongoing work exposure, and ISO Form CG 20 37 07 04, for products-completed operations exposure, or their equivalents, must be provided to the City. These certificates must contain a provision that coverage afforded under the policies will not be canceled or non-renewed until at least 30 days’ prior written notice has been given to the City.

EXHIBITS

The following Exhibits are attached.

Exhibit A – Current Brand Guide

Exhibit B – 2021 Communications Plan

Exhibit C – Various Graphic Representations Currently in Use

DRAFT

EXHIBIT A

DRAFT

EXHIBIT B

DRAFT

DRAFT



“...meeting community needs...enhancing quality of life.”

TO: Finance Committee
FROM: Mayor Jacob A. Woodford
Tony Saucerman, Finance Director
DATE: July 12, 2021
RE: General Fund Balance Policy

The City has a general fund balance that states:

At least 75% of general fund balance in excess of the reserve policy (currently three months operating expenditures) be used for the reduction of long-term liabilities. Utilization of the remaining funds are subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures with final Council approval.

Each year upon the conclusion of the annual audit, the general fund balance is reviewed to determine if such excess funds are available. The audit report, presented to the Finance Committee on June 21, 2021 noted an unadjusted general fund balance of \$7,011,075 in excess of the City’s reserve policy at December 31, 2020.

December 31, 2020

General Fund Balance in excess of reserve policy per audit	\$ 7,011,075
Less: Unrealized investment gains included in fund balance:	
For the year ended 12/31/20	\$(1,078,901)
For the year ended 12/31/19	<u>\$ (814,017)</u>
Adjusted fund balance applicable to reserve policy	<u>\$ 5,118,157</u>

Reasons for the Excess

It is unusual to have this large of an excess at year end. There were a few major factors that contributed to the excess. First, three of the City’s TIF Districts are paying back advances (loans) that the general fund made in prior years. As the advances are paid back, this adds available cash to the general fund balance. The result of these TIF advance repayments in 2020 was a \$1,660,000 increase in the unassigned general fund balance.

Second, federal CARES funding for COVID-19 relief expenses also played a significant role in generating the surplus. Approximately \$1.3 million of these grant funds were able to be used pay to for public health and public safety personnel costs which replaced the budgeted general fund spending.

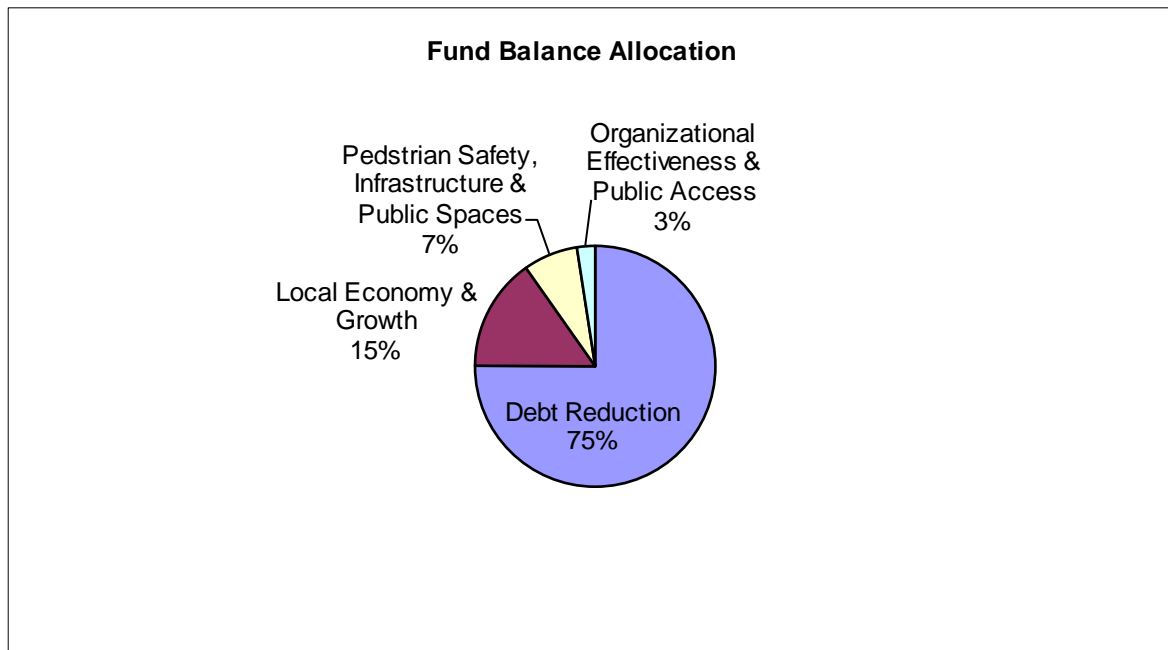
Third, overall health care claims costs and expenses were down in 2020 which generated approximately \$850,000 in savings to the general fund.

Finally, on the revenue side, the City received approximately \$850,000 of grant funds from FEMA and the State of Wisconsin in 2020 as reimbursement for storm damage cleanup costs from storms in prior years. This revenue was not included in the 2020 Budget since the approved amount and timing for receiving these funds were unknown, and extremely difficult to predict, at the time of budget preparation.

Application of the Policy

Applying the policy to the adjusted excess fund balance results in approximately \$3,840,000 (75%) being designated to be used to reduce long-term liabilities and \$1,275,000 (25%) subject to the recommendation of the Finance Committee.

Per discussion with staff, we are respectfully requesting the Finance Committee’s approval to allocate the excess fund balance as follows:



Debt Reduction	\$3,840,000
Local Economy & Growth	
Brand Study	\$ 50,000
Brand Study Implementation	\$ 450,000
Industrial Park Land Acquisition	\$ 250,000
Total Local Economy & Growth	\$ 750,000
Pedestrian Safety, Infrastructure Maintenance & Public Spaces	
Enhanced Crosswalks	\$ 100,000
Green Dot Sidewalk Program	\$ 75,000
Parks – Jones Park Shade & Acoustical Improvements	\$ 200,000
Total Pedestrian Safety, Infrastructure Maint. & Public Spaces	\$ 375,000

Organizational Effectiveness & Public Access	
Council Chambers AV Upgrades	\$ 65,000
Council Chambers Hearing Loop	\$ 10,000
Economic Development Study	\$ 25,000
Data Analyst Fellow	\$ 50,000
Total Organizational Effectiveness & Public Access	\$ 150,000
Total General Fund Allocation	\$5,115,000

Director Saucerman will work with the City's financial advisor to determine the most cost-effective use of the remaining \$3,840,000 slated for debt reduction (either call any eligible existing debt or reduce the 2022 borrowing package).

If you have any questions on these requests, feel free to reach out to either Mayor Woodford or Director Saucerman. Thank you for your consideration.



"...meeting community needs...enhancing quality of life."

TO: Finance Committee

FROM: Tony Saucerman, Finance Director

DATE: **July 12, 2021**

RE: **Risk Management Reserve Fund**

Background

The City accounts for its general, automobile, Police professional, public official's liability, and workers compensation costs in the Risk Management fund. Costs incurred in each of these areas, up to certain commercial insurance limits, are paid from this fund. Additionally, in accordance with Governmental Accounting Standards Board (GASB) Statement #10, the fund is also subject to carrying a reserve for expenses and losses expected to arise from outstanding claims, as well as amounts expected to arise from claims which have been incurred but not yet reported to the City. The amount of this reserve is determined by a bi-annual study performed by a third-party actuarial firm that looks at actual settled claims, workers comp payment reserves, frequency of claims, industry averages, and other economic and social factors.

The reserve balance historically maintained in the City's Risk Management fund, and confirmed most recently by the 2018 actuarial study was \$1.9 million. This balance was able to be maintained due to relatively stable claims experience over many years. Unfortunately, over the past two years, the City has experienced significantly increased costs, particularly in the workers compensation area for both new claims and claims filed in prior years. As a result of the increased claim experience, the actuarial study performed for the period ending December 31, 2020, reported a reserve requirement of approximately \$2.9 million, a \$1 million increase. As required by GASB #10, this increased reserve amount was reported in the December 31, 2020 audited financial statements which resulted in the Risk Management fund showing a substantial deficit at the end of the year.

Additionally, as mentioned previously, current year workers compensation claims are significantly higher than past years and have, after only 5 months, equaled the annual budget amount. Projections of expected claims cost show an additional \$300,000 necessary to fund claims to the end of the year.

As a result of these circumstances, in order to bring the Risk Management fund back into compliance and provide the necessary resources to pay current and future claims, I am requesting a transfer of \$1.3 million from the City's general fund wage reserve to the Risk Management fund. This will allow the Risk Management fund to pay current year

claims as well as meet the fund's responsibility for maintaining a sufficient reserve balance.

Wage Reserve Fund

The wage reserve fund is a designation of a portion of the City's general fund balance reserved for pay plan increases, contract settlements, increased employee costs due to health insurance status changes, employee pay grade changes, and any other additional unexpected labor costs. The wage reserve fund is increased via the budget process when new funds are requested to pay for anticipated wage increases. The wage reserve is drawn down at the end of the budget year for any deficiencies sustained by general fund departments between budgeted and actual personnel costs.

However, over the past several years, due mainly to vacancies occurring throughout the year that provide surplus budget funds to the departments, the wage reserve has, for the most part, not been needed at the end of the year to make up for any deficiencies. As a result, the reserve has continued to grow year after year to a current balance of approximately \$2.3 million.

This requested transfer will reduce the balance to approximately \$1 million which is still a generous reserve to draw upon for any unanticipated general fund personnel costs that might arise.

Thank you for your consideration. As always, feel free to contact me should you have any questions or concerns.

Illinois Risk Management Services

An Illinois Health and Hospital Association Company

CITY OF APPLETON
ACTUARIAL ANALYSIS
LOSS & EXPENSE RESERVES
AS OF DECEMBER 31, 2020

Prepared for: Mr. Brian Margan
Risk Manager
City of Appleton

Prepared by: Michael B. Delvaux, FCAS, FSA, MAAA
Consulting Actuary

Jessica A. Savoie
Actuarial Analyst

IRMS Actuarial Services
March 15, 2021

CITY OF APPLETON
LOSS & EXPENSE RESERVES
ACTUARIAL ANALYSIS AS OF DECEMBER 31, 2020

INTRODUCTION

In the 1980's the City of Appleton insured its workers compensation, general liability and automobile liability exposures through retrospectively rated plans purchased in the commercial market. In January of 1990 the City began self-insuring a portion of these exposures though the amount the City retains has varied by year and coverage. IRMS Actuarial Services has been retained by the City of Appleton to perform an actuarial analysis to estimate the loss and expense reserves for the City's self-insured general liability, automobile liability and workers compensation exposures. This report provides a summary of our findings. A technical supplement that includes supporting data and work-papers is available upon request.

LIMITED DISTRIBUTION

This report is intended for the management of the City of Appleton. This report contains significant proprietary information. It is expected that it be held confidential and is not intended for public inspection. Any further distribution without our prior written permission is unauthorized.

EXECUTIVE SUMMARY

We project that the ultimate losses and defense and cost containment expenses (D&CC which are claim adjustment expenses directly attributable to specific claims) resulting from exposures incurred January 1, 1990 through December 31, 2020 will be \$15,470,338. As of December 31, 2020, \$12,565,617 has been paid, resulting in an unpaid claim liability of \$2,904,721. The following table provides a summary of our estimates of unpaid claim liabilities within the deductible by coverage:

City of Appleton Unpaid Loss & D&CC (Undiscounted) As of December 31, 2020			
Coverage	Case Reserve Outstanding	Incurred But Not Reported Reserves	Total Net Reserves for Unpaid Losses & D&CC
General Liability	488,278	318,379	806,657
Auto Liability	40,073	34,545	74,619
Workers Compensation	1,342,307	681,138	2,023,445
TOTAL	1,870,658	1,034,063	2,904,721

Next we developed indications for additional funding needed to cover loss and D&CC expenses for the upcoming year, January 1, 2021 through December 31, 2021. The following table summarizes our estimates of the additional liability that will arise during the next year:

City of Appleton 2021 Funding Indications Undiscounted	
Coverage	Central Estimate
General Liability	151,670
Automobile Liability	59,124
Workers Compensation	651,115
Total	861,910

We estimate that an additional \$861,910 in contributions will be necessary in 2021 to fund losses occurring within the City's retention during the year.

It is important to note that none of the estimates that appear in this report contemplate any costs, either previously paid or yet to be paid, on claims related to environmental clean-up expenses or liability costs. We understand that the city is involved with a clean-up effort of the Fox River. The expenses related to this event are outside the scope of this report.

DESCRIPTION OF HISTORICAL LIMITS & COVERAGES

Prior to January 1, 1990 the City purchased first dollar coverage (retrospectively rated) from the commercial market. It should be noted that we have assumed there to be no remaining liability prior to 1990. Beginning in 1990 the City retained the first \$250,000 per claim of workers

compensation coverage. This retention increased to \$350,000 in 2002 for police and fire employees and to \$300,000 for all other employees. Effective January 1, 2011, the workers compensation retention for all employees other than fire and police employees increased to \$325,000. Finally, the workers compensation retention was increased to \$500,000 effective January 1, 2013. These are the retentions that underlie our unpaid estimates as of December 31, 2020. The workers compensation funding estimate for 2021 assumes this \$500,000 will remain.

The City also began retaining a portion of its GL and AL exposures in 1990. Specifically, in 1990 the City began purchasing excess commercial insurance for its general liability and automobile liability coverage attaching at \$100,000 per occurrence with an aggregate limit of \$400,000. This retention increased to \$150,000 per occurrence with an aggregate limit of \$600,000 from 1991-1993 and increased to \$175,000 per occurrence with an aggregate limit of \$700,000 from 1994 to 2010. The retention limit increased to \$200,000 with an aggregate of \$800,000 for policy year January 1, 2011 through January 1, 2021 with a liability policy purchased from Cities and Villages Mutual Insurance Company.

In addition, beginning in January of 1999, the City purchased Employment Practice Liability Insurance (EPLI). The City's retention for this coverage consists of a \$25,000 self-insured deductible. There is a per occurrence limit of \$1,000,000 and an aggregate limit of \$1,000,000 per policy period for this coverage. This was previously uninsured exposure. We have incorporated the City's EPL liability with the GL.

SECTION ONE - ULTIMATE CLAIM COSTS

Appleton purchases an excess policy from Cities and Villages Mutual Insurance Company and thus is responsible for the first portion of each loss occurrence. The amount of each loss that Appleton retains varies by which year the loss event occurs as described in the previous section.

The job of the actuary is to estimate the ultimate costs that will arise from each year (i.e. estimate the bulk and IBNR reserves) taking into account the random fluctuations that occur in claim costs. The following table shows the paid as well as the incurred losses and D&CC, along with our estimates of the ultimate losses and D&CC as of December 31, 2020.

City of Appleton Estimated Ultimate Loss & D&CC Within Retention				
Accident Year	Auto Liability	General Liability	Workers Compensation	Total
1990	37,903	41,086	166,651	245,640
1991	20,590	63,570	95,093	179,253
1992	38,381	40,413	261,004	339,798
1993	9,681	35,421	299,488	344,590
1994	14,099	57,369	189,832	261,300
1995	21,955	48,331	175,170	245,456
1996	19,750	48,757	115,955	184,462
1997	66,662	94,325	128,619	289,606
1998	7,735	8,912	116,666	133,313
1999	91,493	7,378	182,520	281,391
2000	34,879	80,171	145,109	260,160
2001	18,626	3,729	289,023	311,378
2002	25,463	189,144	649,116	863,723
2003	25,743	24,897	155,089	205,729
2004	27,162	20,621	222,669	270,452
2005	14,634	21,606	695,317	731,557
2006	5,857	82,365	584,143	672,365
2007	5,761	63,051	259,013	327,826
2008	19,780	36,774	299,641	356,195
2009	32,255	105,147	963,740	1,101,142
2010	179,229	84,307	282,322	545,858
2011	81,315	40,837	518,141	640,293
2012	10,668	77,228	273,611	361,508
2013	10,640	181,430	213,049	405,119
2014	15,083	29,187	712,114	756,385
2015	46,810	4,781	896,828	948,419
2016	44,211	58,456	354,869	457,536
2017	49,483	275,180	828,672	1,153,335
2018	43,297	159,255	390,631	593,183
2019	32,659	103,506	996,793	1,132,958
2020	38,323	128,321	703,766	870,409
Total	1,090,129	2,215,556	12,164,653	15,470,338

As this table shows, we estimate that the total costs arising since the City began partially self-insuring in 1990 will be \$15,470,338. This table also shows the inherent volatility in these coverages with the ultimate costs on a nominal basis.

The following table compares our current estimates to those made in the City's prior analysis in 2018.

City of Appleton Estimated Ultimate Loss & D&CC On Loss occurring through December 31, 2018 Comparison to Previous Analysis			
Accident Year	As of 12/31/20	As of 12/31/18	Change
1990	245,640	245,640	0
1991	179,253	179,253	0
1992	339,798	339,798	0
1993	344,590	344,590	0
1994	261,300	261,300	0
1995	245,456	245,456	0
1996	184,462	184,462	0
1997	289,606	289,606	0
1998	133,313	133,313	0
1999	281,391	281,391	0
2000	260,160	260,160	0
2001	311,378	311,378	0
2002	863,723	675,154	188,569
2003	205,729	205,729	0
2004	270,452	270,452	0
2005	731,557	714,258	17,299
2006	672,365	672,365	0
2007	327,826	326,280	1,546
2008	356,195	357,882	-1,687
2009	1,101,142	860,892	240,251
2010	545,858	560,972	-15,114
2011	640,293	654,837	-14,544
2012	361,508	386,326	-24,818
2013	405,119	350,511	54,608
2014	756,385	787,673	-31,288
2015	948,419	727,122	221,297
2016	457,536	574,829	-117,293
2017	1,153,335	782,706	370,629
2018	593,183	676,915	-83,732
Total thru '18	13,466,971	12,661,249	805,722

As shown, our estimate of ultimate loss increased \$805,722 from the City's previous analysis in 2018. Most of this increase is coming from the workers compensation coverage which had significant deterioration in several older years since our last review. Interestingly, this is the opposite of our finding from two years ago in which the workers

compensation experience was favorable. This is indicative of how volatile the liability coverages are and how uncertain actual claim results can be. The poor workers compensation experience has led us to increase our prospective funding estimates as will be discussed later in section 3 of this report. Despite the volatility, overall we believe these changes are within a normal range of variability for these lines of business for a self-insured entity the size of Appleton.

SECTION TWO - RESERVE FOR UNPAID LOSSES AND D&CC

To derive estimates of net unpaid losses and D&CC as of December 31, 2020, we simply subtract payments net of recoveries from our estimate of net ultimate losses and D&CC. This results in an estimated reserve for net unpaid losses and D&CC as of December 31, 2020 as shown below:

Coverage	Estimated Net Ultimate Losses & D&CC	Net Paid Losses and D&CC as of December 31, 2020	Estimated Net Unpaid Losses & D&CC
General Liability	2,215,556	1,408,898	806,657
Auto Liability	1,090,129	1,015,510	74,619
Workers Compensation	12,164,653	10,141,208	2,023,445
Total	15,470,338	12,565,617	2,904,721

In summary, our Central estimate of the ultimate losses and D&CC resulting from all claims within the City's retention is \$15,470,338. As of December 31, 2020 \$12,565,617 has been paid resulting in a net reserve for unpaid losses and D&CC of \$2,904,721. Of this amount, \$1,870,658 is in the form of case reserves established by the claims adjusters for specific, known claims. The remaining \$1,034,063 is IBNR (Incurred But Not Reported) and provides a provision for further development of loss on known claims plus a provision for any claims that have occurred but which have not yet been reported.

SECTION THREE – NEW YEAR ESTIMATES

The last section presented our estimate of the unpaid liability associated with all exposures through December 31, 2020. In order to assist management in their financial planning for 2021

we project the anticipated loss and D&CC for the upcoming period. In order to do this we begin first with our estimates of ultimate loss for all the previous years for each coverage. We then trend the losses for claim cost inflation, benefit changes and wage increases (for workers compensation) in order to bring the historical losses to 2021 claim levels. The following table summarizes these trended historical years and projects loss & D&CC estimates for the upcoming year:

City of Appleton Estimated Loss & D&CC per \$100 of payroll at 2020 Cost Levels				
Accident Year	Auto Liability	General Liability	Workers Compensation	Total
1995	132	494	1,085	1,711
1996	114	469	690	1,273
1997	342	791	687	1,819
1998	38	70	595	703
1999	403	51	850	1,305
2000	149	529	676	1,354
2001	72	22	1,226	1,320
2002	96	1,060	2,507	3,664
2003	99	139	593	831
2004	106	115	852	1,072
2005	52	107	2,393	2,552
2006	20	378	1,903	2,301
2007	18	272	779	1,069
2008	61	149	868	1,078
2009	95	401	2,684	3,179
2010	515	309	768	1,592
2011	230	140	1,434	1,804
2012	30	260	758	1,049
2013	29	577	549	1,155
2014	36	80	1,626	1,742
2015	114	13	2,114	2,241
2016	107	156	822	1,084
2017	117	701	1,867	2,684
2018	98	383	864	1,346
2019	69	238	2,172	2,480
2020	80	283	1,502	1,865
Selected PP	125	320	1,374	1,819
% change	-4.1%	+1.1%	+15.8%	+11.3%
Proj 2021	59,124	151,670	651,115	861,910

In total we project \$861,910 as the cost of Appleton's self-insured portion of next year's (2021) exposure from these three coverages. This is a 11.3% increase from our previous funding estimate driven primarily by the poor loss development shown in the workers compensation and general liability coverages.

SECTION FOUR – DISCOUNTING & RISK MARGIN FOR ADVERSE DEVELOPMENT

Claim liabilities are subject to uncertainty. All of the above estimates we describe as our central estimates. They are our best or expected estimate of loss after consideration of several different actuarial methodologies that we applied to each line of business. Due to the random nature of claims, when all the unpaid claims occurring prior to December 31, 2020 are known, the true cost will be either higher or lower than our estimates. To measure the level of uncertainty in the reserves, we have developed computer models that simulate many potential claim occurrences.

The estimates presented in previous sections are also calculated on an undiscounted basis. That is, it will take years for all of the unpaid claims to be paid. Meanwhile, the assets supporting these liabilities will continue to earn investment income. For your consideration, we incorporate the concept of the time value of money and present the value of these unpaid liabilities on a discounted basis as well.

Actuarial Standards of Practice state that a discounted reserve estimate is not an actuarially sound estimate unless a risk margin is applied. Therefore, in practice, discounting and applying a risk margin are often done concurrently and this is the approach we will follow in this section. It should be pointed out that we are not advocating that Appleton discount its reserves or what an appropriate discount yield may be. These are decisions left to City management.

We start with our \$2,904,721 central estimate of total undiscounted, unpaid liability and simulate the potential variation around that estimate. By simulating several thousand possible outcomes, we establish a probability that the results will be below certain levels. We then apply discount factors assuming a certain investment yield. The following table shows the results of our simulations at various discount yield assumptions:

City of Appleton All Lines Combined As of December 31, 2020				
Probability	Simulated Unpaid Loss & D&CC			
	Undiscounted	2%	3%	4%
70%	3,133,016	2,917,446	2,823,671	2,737,619
75%	3,370,860	3,138,925	3,038,031	2,945,447
80%	3,660,920	3,409,027	3,299,451	3,198,900
90%	4,026,128	3,749,107	3,628,600	3,518,018
95%	4,578,844	4,263,793	4,126,742	4,000,979
Central	5,590,720	5,206,046	5,038,708	4,885,153

This table represents our estimate of the unpaid losses and D&CC under different probability levels and interest yield assumptions. For instance, at a 3% investment yield assumption, we estimate that there is an 80% probability that the total reserves will be adequate if they are set at \$3,299,451. Conversely, there is a 20% chance that amount will be inadequate. If the reserves do prove to be inadequate, Appleton would need to draw on funds from other sources to pay its claims. Choosing the appropriate probability level depends entirely on Appleton's attitude toward risk and its ability to cover adverse outcomes.

LIMITED DISTRIBUTION AND USE

This report is solely for the use of the City of Appleton and its auditors. While we realize that this report will become a public document, we ask that we be notified if any other parties request a copy of our report.

OTHER CONSIDERATIONS

It is important to note that estimates of future unpaid claim liabilities cannot be known with certainty. While our estimates were prepared with appropriate actuarial methodologies and judgments, the true cost of future claims could vary significantly in either direction from our estimates.

Wisconsin Statutes 893.80 and 345.05 provide governmental immunities including a cap on the amount of liability for any single claimant against a local governmental unit of \$50,000

(\$250,000 if the accident includes the use of a city-owned motor vehicle.) Note that this limitation limits the liability to each claimant not each occurrence. There may be multiple claimants from any single occurrence. To the extent that the impact of these statutes has affected Appleton data in the past, these limitations are incorporated into our projections. Claims brought in federal court are not affected by these state statutes. To the extent that federal claims are represented in Appleton data, these also are incorporated into our projections.

We have not included exposures stemming from environmental pollution or asbestos claims. The estimates in this report include no provision for any of these types of claims.

The data underlying our analysis is critical to the assumptions used to derive our estimates. We have assumed that all of the data underlying our analysis accurately reflects the experience of the City of Appleton.

* * * * *

We appreciate this opportunity to be of service to the City of Appleton, and look forward to presenting our results. We also stand ready to answer any questions you may have.

Respectfully submitted,



Michael B. Delvaux, FCAS, FSA, MAAA
Consulting Actuary



Jessica A. Savoie
Actuarial Analyst

Appendix A – Un-pooled Results by LOB

Undiscounted

	auto	general Liab	work comp	sum total	pooled
55%	63,691	801,628	1,679,049	2,544,368	2,604,078
60%	68,587	846,766	1,876,585	2,791,939	2,762,448
65%	74,126	896,436	2,074,120	3,044,681	2,941,536
70%	80,664	951,269	2,271,655	3,303,588	3,133,016
75%	88,468	1,013,772	2,469,190	3,571,430	3,370,860
80%	98,447	1,083,110	2,765,493	3,947,051	3,660,920
85%	111,738	1,167,041	3,160,564	4,439,343	4,026,128
90%	132,952	1,276,775	3,654,401	5,064,128	4,578,844
95%	174,221	1,449,152	4,642,078	6,265,451	5,590,720
Central Estimate	74,619	806,657	2,023,445	2,904,721	2,904,721

Discounted at 2%

	auto	general Liab	work comp	sum total	pooled
55%	59,309	746,472	1,563,521	2,369,301	2,424,902
60%	63,868	788,504	1,747,465	2,599,837	2,572,376
65%	69,025	834,756	1,931,408	2,835,189	2,739,141
70%	75,114	885,816	2,115,352	3,076,282	2,917,446
75%	82,381	944,019	2,299,295	3,325,694	3,138,925
80%	91,674	1,008,586	2,575,211	3,675,470	3,409,027
85%	104,050	1,086,742	2,943,099	4,133,890	3,749,107
90%	123,804	1,188,926	3,402,957	4,715,686	4,263,793
95%	162,234	1,349,442	4,322,676	5,834,351	5,206,046
Central Estimate	69,484	751,155	1,884,220	2,704,859	2,704,859

Discounted at 3%

	auto	general Liab	work comp	sum total	pooled
55%	57,402	722,478	1,513,265	2,293,145	2,346,959
60%	61,815	763,159	1,691,296	2,516,271	2,489,692
65%	66,807	807,924	1,869,327	2,744,058	2,651,097
70%	72,700	857,343	2,047,358	2,977,401	2,823,671
75%	79,733	913,675	2,225,389	3,218,797	3,038,031
80%	88,727	976,167	2,492,436	3,557,330	3,299,451
85%	100,705	1,051,811	2,848,499	4,001,015	3,628,600
90%	119,824	1,150,710	3,293,576	4,564,111	4,126,742
95%	157,019	1,306,067	4,183,733	5,646,818	5,038,708
Central					
Estimate	67,251	727,010	1,823,656	2,617,917	2,617,917

Discounted at 4%

	auto	general Liab	work comp	sum total	pooled
55%	55,653	700,460	1,467,148	2,223,261	2,275,435
60%	59,931	739,902	1,639,754	2,439,587	2,413,818
65%	64,771	783,302	1,812,359	2,660,433	2,570,305
70%	70,484	831,215	1,984,965	2,886,664	2,737,619
75%	77,303	885,831	2,157,570	3,120,704	2,945,447
80%	86,023	946,418	2,416,479	3,448,920	3,198,900
85%	97,636	1,019,756	2,761,691	3,879,083	3,518,018
90%	116,173	1,115,642	3,193,204	4,425,019	4,000,979
95%	152,234	1,266,264	4,056,233	5,474,731	4,885,153
Central					
Estimate	65,201	704,855	1,768,080	2,538,136	2,538,136