

# Transcript of 2023 Executive Budget Overview

By: Mayor Woodford

To: Common Council

At: Appleton Common Council Meeting 10/05/2022 7:00PM

**Mayor Jake Woodford 05:45**

So, I want to move on now to item 22-1233 Presentation of the Executive Budget and Service Plan. We'll try and get that up here on the screen, I've got a presentation to share with you. It should only be about an hour or so. All right.

**Mayor Jake Woodford 06:25**

So, you have before you a gift from the finance department, your budget books, with the 2023 Executive Budget and Service Plan. And just before I get into my presentation, I want to take a moment and thank our colleagues in the Finance Department for the incredible amount of work it takes to assemble this budget. They really—they carry a lion's share of the work to put this booklet together every year for us. And we're just so appreciative of this powerful tool that we have for the for the Common Council and for the community, as well as all of us in administration to carry out our work every year. So, thank you very much for the work Director Ohman and please extend our thank you to the team for their work in assembling this budget.

**Mayor Jake Woodford 07:21**

I'm gonna hit some of the high points, we have a whole month or so a little bit more to talk through the details of the budget. So, I just want to hit a couple of high points tonight for you, just to give kind of broad contours about what's happening with the budget, as I've done in years past. We'll cover expenditures, revenue, sort of the big ins and outs. We'll talk about net new construction, cover some aspects of city operations, give a quick update on our progress toward our debt management plan—implementation of that debt management plan. And then we'll get into emerging challenges. You know, as we're putting together the current year budget, we're also looking forward and thinking about future years and what the decisions we make today are going to mean for future budgets for the city.



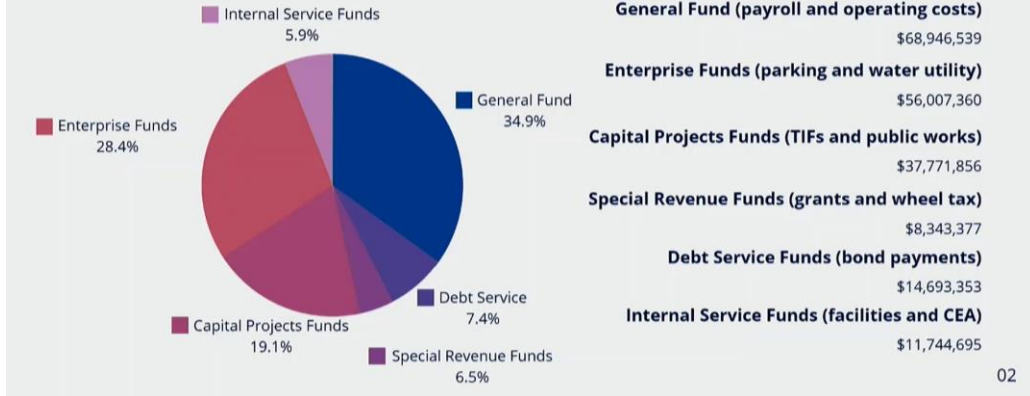
<b>02</b> Expenditures	<b>07</b> Borrowing/ Debt
<b>03</b> Revenues	<b>11</b> Emerging Challenges
<b>04</b> Net New Construction	<b>13</b> Public Feedback Opportunities
<b>05</b> City Operations	

01

**Mayor Jake Woodford 08:11**

So first, this just gives a general overview of expenditures by fund group. This is a breakdown of every expenditure fund group of the city. So general fund, which is our payroll and operating taxes, that's the largest budget center in the city budget. Enterprise funds, that's the parking and the water utility, for example, capital projects, funds like TIFs, and public works capital projects, special revenue funds like grants, and wheel tax. Debt service funds. These are the bond payments that the city makes. And then internal service funds, which are, for example, Facilities and CEA expenses.

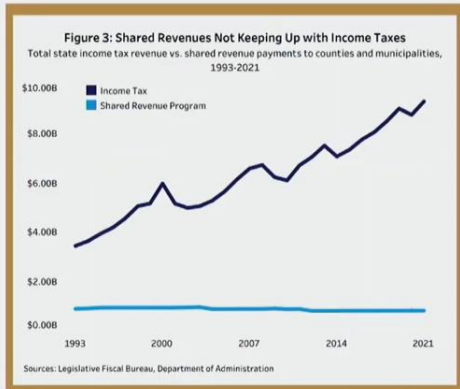
# Expenditures by Group



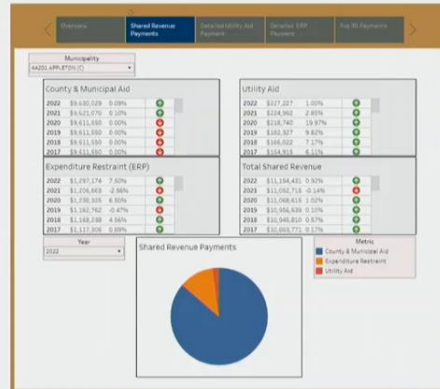
**Mayor Jake Woodford 08:55**

So, you've heard me talk about this before. We've talked in this chamber about challenges with local government funding and shared revenue. And I just want to take a moment and talk about that because it continues to be a factor for us as we develop city budgets.

# Local Government Revenue Squeeze



<https://www.revenue.wisconsin.gov/Pages/RIA/TaxCollectionsandHistory.aspx>



<https://www.revenue.wisconsin.gov/Pages/RIA/Shared-Revenue.aspx>

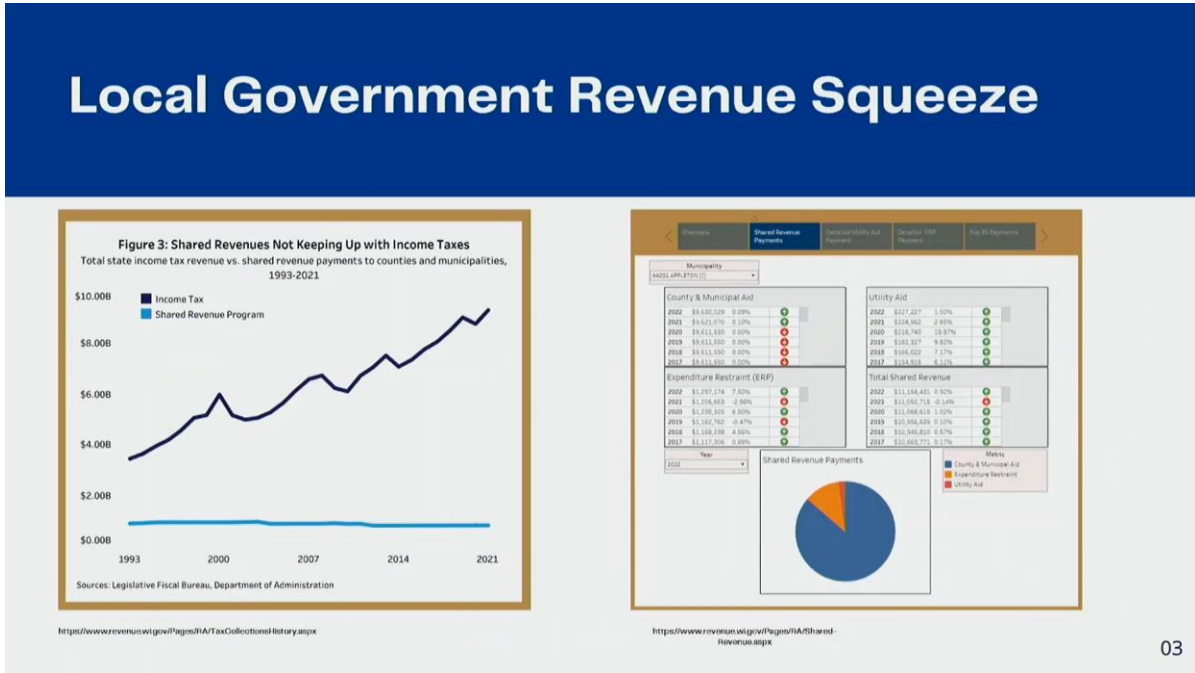
03

**Mayor Jake Woodford 09:11**

We rely on state shared revenue as a portion of the city's overall budget. And I just want to call the Council and community's attention to what has been happening with shared revenue in the state of Wisconsin. And I found this chart that was developed by the Legislative Fiscal Bureau, which is part of the Department of Administration in the state of Wisconsin, that illustrates really well what I'm talking about, which is the bottom line is shared revenue. And I want to note on this chart, on the left hand—on the vertical axis—these are huge numbers. Okay. So, this, this jumps, zero to 2 billion to 4 billion to 6 billion to 8 billion to 10 billion. Billion with a B. Okay. So, these are huge increments on your vertical axis.

**Mayor Jake Woodford 10:01**

If you look at shared revenue along the bottom looks flat, right? It's actually not flat. If you look closer, it's going down. Shared revenue is going down. And you might think well, okay, that must mean that, you know, overall tax collections are going down too, the state's cutting taxes. Isn't that great? Quite the contrary, actually. That top line is income tax collected by the state. Look where that's going. So, this is what we're talking about when we talk about the lack of additional allocation to municipalities for funding operations. And this is this is a huge driver of why, over the last decade, the City of Appleton has had to shift so much of our work into capital—right—into borrowing, into debt. This right here is a major factor of that.



03

**Mayor Jake Woodford 10:54**

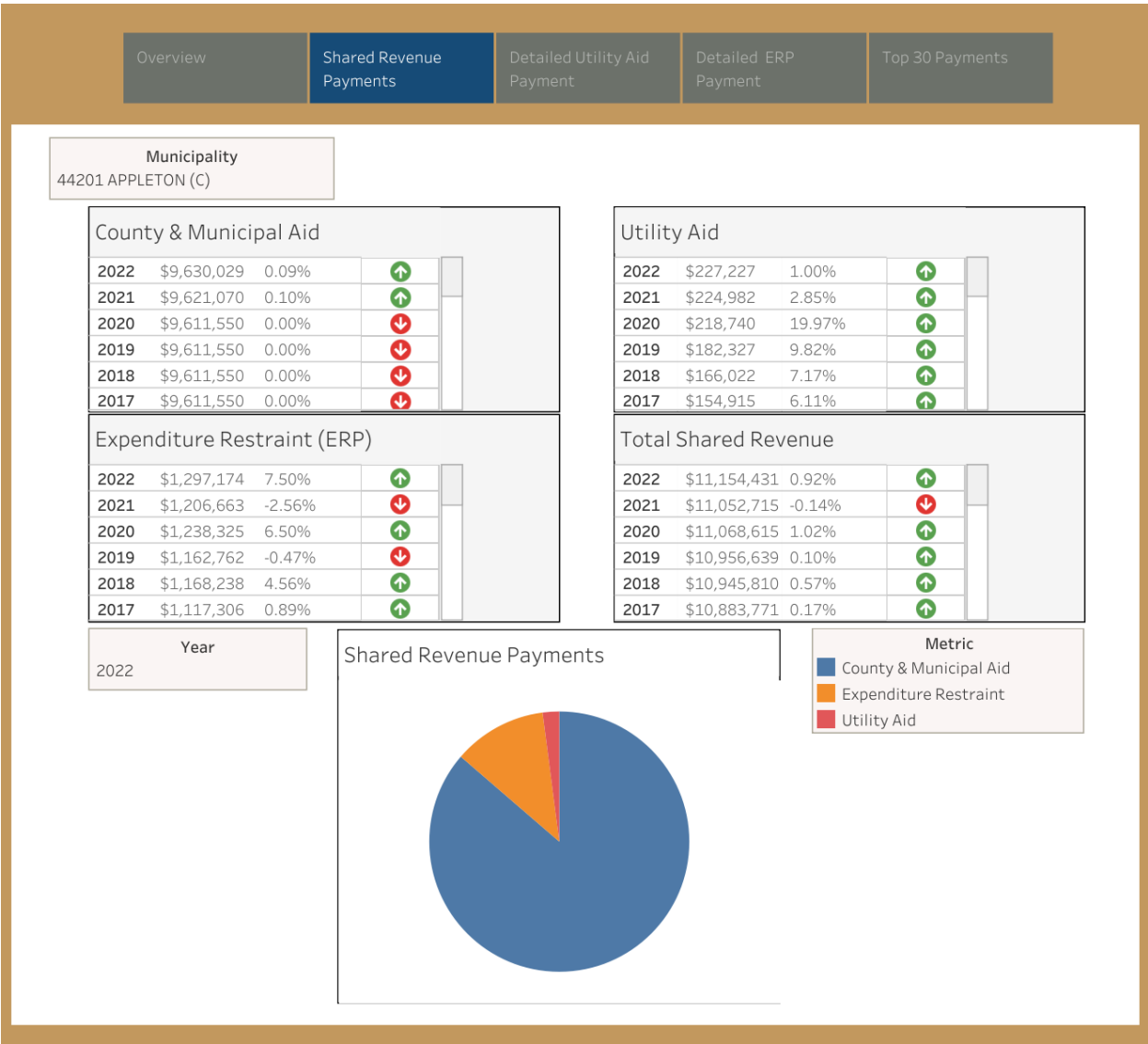
So, I share this just because sometimes this can feel like it's just bellyaching about, you know, we don't have enough money, we don't have enough money. What I'm trying to say is here is this is a structural issue for us in local government in Wisconsin. And Wisconsin is special in this way and not in a good way. There are other ways to fund municipalities that other states have figured out, and we seem to have not figured it out yet in the state of Wisconsin. And so this is meaningfully impacting our ability to deliver services for our residents and maintain municipal operations.

**Mayor Jake Woodford 10:55**

This is good news for all residents of the city of Appleton because this means this is new activity that's contributing to the tax base.

**Mayor Jake Woodford 11:32**

The chart on the right just illustrates a view that anybody can find, anybody can use from [revenue.wi.gov](http://revenue.wi.gov) that breaks down shared revenue and the various components of shared revenue from municipalities. I just wanted to share that as a point of information.



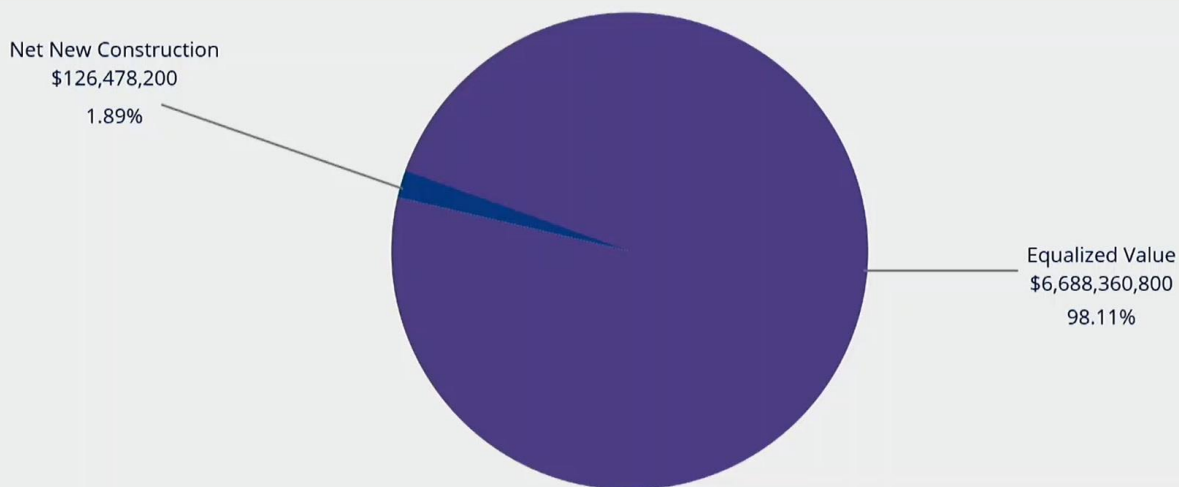
**Mayor Jake Woodford 11:48**

Okay, so Net New Construction. In addition to that we are levy limited. Right. So, we have a limit on how much we can increase the tax levy every year—something I think actually is an appropriate thing for municipalities, that there should be some limits in place. But what this means is we're limited in Wisconsin statutorily by the rate of net new construction. So that determines our percentage of increase on the tax levy every year to fund operating. So, in the last year in the city of Appleton, our total dollar amount of net new construction was \$126,478,200. That's huge. Like tremendous new activity in the City of Appleton. Awesome. I mean it's really awesome. We should celebrate this and we do. This is compared to last year which was also an awesome year. Last year we did about \$77,000,000 in net new construction. So tremendous growth in the city of Appleton.

**Mayor Jake Woodford 12:59**

So, let's put that in context. So, how's net new construction calculated? Well, net new construction is calculated against the total equalized value of the community. The value of every asset—every physical asset in the community. So, what's that look like? Well, our total equalized value in this in this last year, was about \$6.7 billion, billion with a B. Okay, so an awesome year net new construction 126 million, we're jumping up and down, this is great. Well, what's that amount to for a rate of net new construction? 1.89%. That, wow, that sliver represents the amount of net new construction in the city. So that's it, in terms of what we can raise our tax levy by, that's, that's, that's what establishes the number. Okay.

# 2022 Net New Construction



04

## Mayor Jake Woodford 13:55

And the other thing to note is that when you have a good year, in Net New Construction, the pie gets bigger, right? So now the denominator is gonna be bigger next year, because we had a great year of net new construction. And in addition, when property values are appreciating in your community, as they are in Appleton and communities across the country, the equalized value is also increasing. Right? So, we've got multiple factors working against us when it comes to meeting that rate in Net New Construction. Okay. Now, that's our total—that's our total amount by the way of new Levy, for operations, meaning that's—that's it in terms of new money coming into the City.

## Mayor Jake Woodford 14:35

Consumer Price Index, as of August of 2022 was over 8%. That that tracks the rate of inflation across the economy. It was like 8.3%. Okay, so let's put that into context when we say okay, 1.89% new money to fund operations to cover the cover the additional cost of doing business each year. Okay, inflation is running over 8%. So, this gets eaten up in a heartbeat, right? Just by basic operating expenses. This isn't new stuff, this isn't, this isn't fun stuff, this isn't just this isn't waste. This is just doing what we do.

## Mayor Jake Woodford 15:17

So, full time equivalent employees. Just want to, again, broad contours of the budget, we'll have lots of time to get down and dirty with the details, which I hope we will over the next month. I'm a little offended that you know, everybody in the audience left after the special session. I'm so glad you're here. I'm glad you're here. And thank you for that. But yes, we'll have lots of time over the over the next few weeks to go through the budgets in detail. So, we very much look forward to that. So, these are just broad contours.

**CITY OF APPLETON  
2023 BUDGET  
Budgeted Full-Time-Equivalent Personnel Positions**

DEPARTMENT	2020	2021	Adopted 2022	Amended 2022	2023
Finance	8.20	8.20	8.20	8.20	9.20
Fire	96.00	96.00	96.00	96.00	96.00
Health	11.95	11.95	12.03	12.03	12.03
Health Grants	1.54	1.54	1.45	1.45	2.45
Information Technology	10.00	10.00	10.00	10.20	10.20
Legal Services	8.67	8.67	8.67	8.67	8.67
Library	45.00	45.00	45.00	45.00	45.00
Library Grants	0.50	0.50	0.50	0.50	0.50
Mayor	4.00	4.00	4.00	4.00	4.00
Facilities Management	10.26	10.26	10.26	10.26	10.26
Facilities Capital	1.68	1.68	1.68	1.68	1.68
Parks & Recreation	16.39	16.39	16.39	16.39	16.39
Reid Golf Course	2.70	2.70	2.70	2.70	2.70
Human Resources	6.15	6.15	6.15	6.15	6.15
Risk Management	2.98	2.98	2.98	2.98	2.98
Community & Economic Devel.	16.93	16.93	16.93	16.93	16.93
Housing, Homeless & Block Grants	2.35	2.35	2.35	2.35	2.35
Police	140.00	140.00	140.00	140.00	140.00
Public Works	59.02	59.02	61.19	61.69	61.69
Sanitation	17.68	17.68	17.80	17.80	17.80
CEA	14.23	14.23	14.88	14.88	14.88
Parking	11.38	11.38	10.54	10.54	10.54
Capital (TIF, Subdivision, etc.)	6.21	6.21	7.71	7.71	7.71
Stormwater Utility	20.41	20.41	20.46	20.46	20.46
Water Utility	36.71	36.53	35.00	35.00	35.00
Wastewater Utility	29.40	29.58	29.29	29.29	29.29
Valley Transit	60.10	60.10	60.10	61.10	61.10
<b>Total Regular Employees</b>	<b>640.41</b>	<b>640.41</b>	<b>642.24</b>	<b>643.94</b>	<b>645.94</b>

**2023  
Budgeted  
FTEs**

05

**Mayor Jake Woodford 15:49**

But on a broad contours basis, if you just look to the bottom line, the number of FTEs in the City of Appleton has grown slightly. But that's not—that's not new add. That's not just straight up new add. This is the result of a lot of work to consolidate part time and seasonal positions. You've seen some of these things moving through committees over the course of last year. As we talked about challenges with recruiting and retention, particularly for non-benefited positions, we've just been finding it's so much harder to recruit and retain people for part time roles or non-benefited roles. So, what department heads have been doing is working really hard to consolidate those positions. And it means, you know, changing roles, dropping some seasonal and part time roles, which don't show up on this chart to create full time positions with those with those offsetting savings. So just I just want to call that out. Because you might look at this and just think, oh, we're just growing— we're just growing the org chart. There's must be new money coming in. No, what's happening is these are reconfigurations and reallocations to strategically develop positions that we can then fill and hire and keep full.

**Mayor Jake Woodford 17:02**

Just to, just to drive home the point about the kind of environment we're working in, the market that we're dealing with on the employment front, this was a headline from earlier this year that you might recall. The county struggling to keep employees. They were they were at a—at that time, they were losing about an employee a day. Now, fortunately, in the City of Appleton, we weren't facing quite the same situation. But this is the environment that we're working in and that our fellow bodies of government, levels of government, and fellow municipalities are dealing with too, right? So, this is this is real, it's happening, it's happening around us. And this creates a really intense competitive environment, right, because the county—as the article even says "financial incentives downplays for those who stay." So, this is happening throughout the sector now and not just in local government, not just in the public sector. This is happening in the private sector, too. We're not alone in this. But the level of activity between municipalities and organizations and the level of competition is intensifying.

## Outagamie County is struggling to keep employees this year, losing one a day. Financial incentives now in play for those who stay.



**Sophia Voight**  
Appleton Post-Crescent

Published 6:01 a.m. CT May 26, 2022 | Updated 10:59 a.m. CT May 26, 2022

APPLETON - Outagamie County is experiencing record levels of employee turnover, with an average of one person leaving their county job each day in 2022, according to the county's human resources department.

Deputy Director of Human Resources Justin Kluesner told county board members Tuesday that since January the county hired 199 people but lost 136 employees.

There are over 200 open positions for the county, he said.

In an effort to retain and attract full-time employees, the county board passed a resolution to provide those who stay in their county jobs through the end of the year an additional \$1,500. The bonuses will be distributed in two, one-time payments — \$500 in June and another of \$1000 in December.

Resignations are largely coming from the Appleton International Airport, which has had 22 resignations since January; the Brewster Village nursing home with 46 resignations; and the Health and Human Services Department with 34 resignations.

# Baker Tilly Compensation Study

- 5% merit-based pay increase for non-represented employees
- Additional dollars to bring all employees to the market minimum of their paygrade

06

### Mayor Jake Woodford 18:37

So, we embarked on a new compensation classification study. This is something we've been working on over the last year. And this was this was necessary work in any case. You need to update your compensation classification plan occasionally to make sure you're keeping up with market. So, this is this is work we need to do. But we went out for RFP. We identified Baker Tilly, the Council approved hiring Baker Tilly and conducting the study.

### Mayor Jake Woodford 18:43

The study was a great exercise for us as a city because over time, just by natural moves and changes, equity adjustments, you sort of drift from the original plan that you create. That just happens over time. That plan the original plan degrades, so it was time in any case. But what the Baker Tilly compensation study told us is that, well, by and large, the city of Appleton has done a pretty good job of keeping up with market and staying on pace. We do have some areas of our organization where we've lagged market or we haven't kept up with, with where the market is going, where that's where that's taken us. The other thing is that we know all of our employees have opportunities, more opportunities now than maybe they've had in a long time. We also know that everybody who works for the city is dealing with the same inflationary pressures that are pressuring every budget. So, as we were working through the budget and putting together our proposal, we wanted to prioritize a healthy compensation increase, a merit based compensation increase for non-represented employees. So, what we're bringing forward is a recommendation for a 5% increase for non-represented employees. And I just want to call out that this this increase right recommendation does a couple of things. First, it will lift, most employees who would have would have not been compensated within the new market ranges of the Baker Tilly study, it'll pull them up into the market range just by virtue of the 5% increase. The other thing that it will do is help bring us more into parity between our represented and non-represented units within the organization. Because over the last five years, the compet—the rate of compensation increases for non-represented employees, that means employees who are not in a union, has lagged the group that is that are in unions on a base wage basis. Okay. And so, this helps bring us into—closer into parity on the base wage rate of increase over the five year period.

**Mayor Jake Woodford** 20:51

So, the other piece is we are recommending an additional pool of money, it's about 17,000, just north of \$17,000, that would lift all the all the remaining employees who would fall out of the new market ranges, it would lift those employees also into the into the new market ranges for their positions as determined by the Baker Tilly study. So that's included in the budget. I just want to call that out, because that's a that's a major thing. And I'll just say from a competitive positioning standpoint, this this—if we're if we do this, it will put Appleton in a very strong competitive position in the marketplace.

**Mayor Jake Woodford** 21:31

I was at a League of Municipalities conference a few weeks ago hearing from counterparts from other communities who are struggling to do a percent a half 2%. How are we going to how are we going to do this for our employees? So, you might be asking, Well, how did we do this? What's the magic here? And the magic here is because as you saw, we got 1.89% new money coming in. So, we don't we don't have money coming in to fund this. So, what we did was we worked at the departmental level budget by budget, identifying cost savings opportunities and reallocation opportunities within budgets to move to move resources from operating expenses into salary, and—salary and fringe. A huge effort, but a really important one. Yeah. Let me let Chris, let me make sure. What's your one, six?

**Alderson Chris Croatt (District 14)** 22:28

This might be might be easy. I know.

**Mayor Jake Woodford** 22:29

Yeah, go ahead.

**Alderson Chris Croatt (District 14)** 22:30

I know the answer is in the book. But what does the 5% equate to from a dollar perspective?

**Mayor Jake Woodford** 22:35

A dollar perspective

**Alderson Chris Croatt (District 14)** 22:37

Just to put it into perspective as to what we're talking about here for? It's a big number?

**Mayor Jake Woodford** 22:41

What was 1%? Was 200. Okay, one 1% was about 215,000 of the general fund. Right? 1%? So, times five. Yeah, yeah.

**Alderson Chris Croatt (District 14)** 22:55

Okay so, a million dollars?

**Mayor Jake Woodford** 22:57

Yeah. It's a significant increase pool. And I think, you know, as we take this up, and we talk about this, this is something that we want to engage with, you know. We're calling this out here so that it's out in the open, we can talk about it. But as we weigh the options, you know, the option of having a high vacancy rate, the option of falling into a pattern where we're losing an employee a day where we're not keeping pace—not only is it going to be more expensive, we believe for the city in the long run, it also will degrade our ability to get work done in the meantime. Because when you have when you have a high rate of vacancy, and you have a lot of turnover, a lot of churn, it's harder to get work done. It just It just is. So, it's more costly from that perspective, not to mention the fact that communities that have been struggling with this have had to create funding programs, special incentive programs, in addition to those base wages, just to just to stabilize their employment. So, we will talk more about this as we go. But I

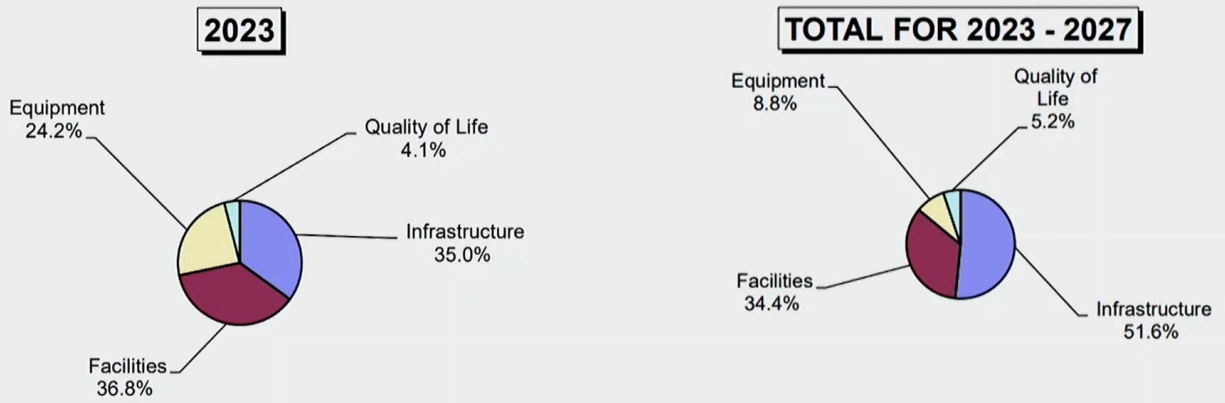


just want to call it out here because it's an important aspect of the budget. And it was a major driver of the work of the leadership team and the Department as we went.

**Mayor Jake Woodford 24:08**

Alright, let's talk CIPS. Just at a super high level. Again, we're gonna get into the details as we go. But for 2023 I just want to call out the proportions of this chart. As you see facilities represents a fairly significant portion of the '23 capital budget. It's slightly higher than infrastructure. The thing I want to note is that over the five-year period, and even over the previous period, over half of our capital investment has been in infrastructure and will be in infrastructure.

# Capital Improvements Program



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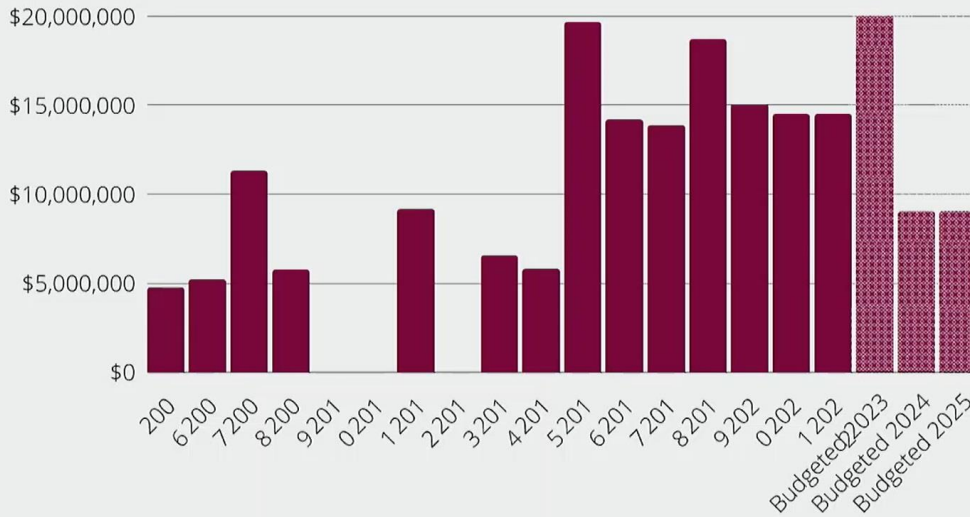
**Mayor Jake Woodford 24:44**

You'll also notice equipment costs are higher than normal in '23. And that's driven by a couple of things, just escalating costs for equipment in general, but we've also accelerated some purchasing. We've moved some things up in the capital plan. Fire apparatus has been increasing in cost pretty rapidly, inflating pretty rapidly. So, we tried to get some purchasing in to get ahead of the curve. But that's driving a larger percentage of equipment than we usually see. The rest is fairly stable and fairly stable over the course of the plan, but I just want to give both of those perspectives just as we get into these conversations about what '23 looks like, versus what the what the average looks like for the remainder of that the five-year plan.

**Mayor Jake Woodford 25:31**

Borrowing Over Time. We talked a lot about this. Where we are right now in our in our plan is we work with we worked with our financial advisors at Baird to develop a plan to stabilize and overtime reduce the city's debt. And for some reason, the years are not rendering properly here. So just to orient you, the last three bars on the right, the first of those three bars and the different in the in the dotted color there, that that is the proposed '23 budget, followed by '24 and '25. Just to orient you on where we are on the chart. But the idea, again, is to is to stabilize over time. There's been a lot of work in the pipeline in the capital plan that we've had to get to, significant capital projects. And as we wrap those projects up, '23 really represents a high watermark, before we, before we really sunset this period of aggressive borrowing that the city has been in.

# Borrowing Over Time



08

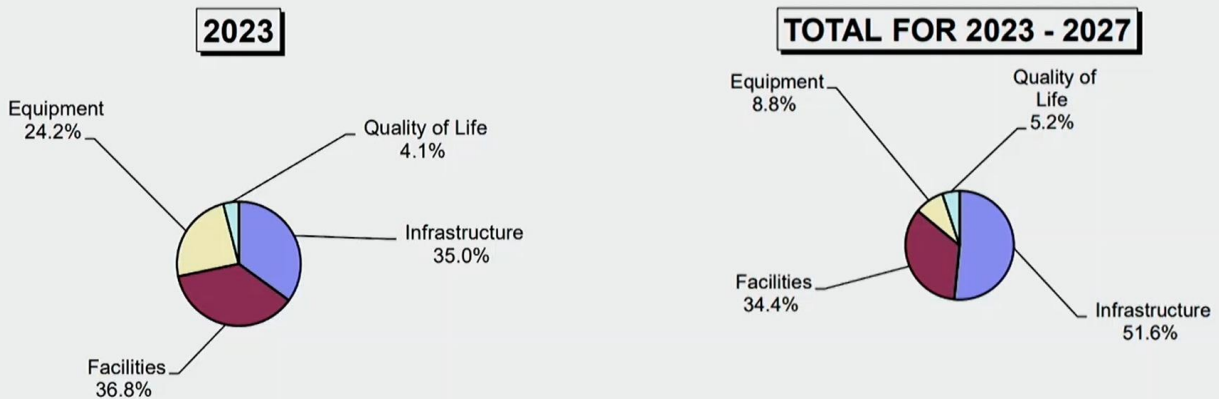
**Mayor Jake Woodford 26:34**

And we have to. The plan that we put in motion a couple of years ago—remember when we put this plan in motion, and I said, so "you know, interest rates are not going to be this way forever. It's not going to be cheap to borrow forever?" Well, lo and behold, it's not cheap to borrow, and it's and it's gonna get more expensive as time goes on. So, we wrap up this period of aggressive investment and really scale that back in future years. Yeah, Alder Croatt?

**Alderson Chris Croatt (District 14) 27:00**

Yeah, sorry, I won't, I won't ask a lot of but if you could just go back a slide. I just wanted to ask you a question about this. Because what I saw on the previous slide was an increase in investment in infrastructure after next year, because the percentage goes up pretty substantially after next year, from 35 to 50.

# Capital Improvements Program



**Mayor Jake Woodford 27:20**

Yeah, and actually that—in in your budget book, there's a there's a set of charts that look just like this that give you each year of the capital plan.

**Alderson Chris Croatt (District 14) 27:29**

Okay, so I'm curious. Investment in infrastructure is great, and I think we need to do that and, you know, roads and underground utilities and things. We really need to do that. But the next slide shows less borrowing. So, I'm interested to learn how we're going to do that going forward. So?

**Mayor Jake Woodford 27:45**

Yeah, and the thing is, is as we've said, all along with this with this debt management plan, managing our debt is not an answer to how we how we keep up with infrastructure maintenance, but we cannot continue to borrow for infrastructure and just pile that on every single year at the at the rate that we had been. This is an unsustainable pattern for our borrowing. But yeah, this is not a solution to the to the, to the problem of infrastructure maintenance, which is why I talked a little bit about how shared revenue fits in this, how local government funding fits in this. Because, again, you know, municipalities are in positions now where we're being forced to nickel and dime our residents, and add new local taxes, just to fund basic operations and maintenance for municipalities.

**Mayor Jake Woodford 28:37**

And, for example, every time you see a community go out for a referendum for public safety, which we've seen a few of even in our local area, that is an act of desperation on the part of that local government to go out for referendum to support public safety. No municipality wants to go out for referendum to exceed levy limits. It's a complicated process. It's challenging for the community, and it costs our local taxpayers more money to do it. No municipality wants to do that. That is an act of desperation on the part of communities that are doing it. And that that's the that's the issue here with our debt management, Alder Croatt and everybody else, is, you know, I'm not I'm not suggesting and I've never suggested that this debt management plan is the answer to our infrastructure maintenance issues, not by any means. It's simply an answer to the to the question of what are we going to do about unsustainable borrowing as a city? And that's the answer, but unfortunately, that's in tension with how we keep up our infrastructure. A great question. Thank you. So, I just want to—oh, Alder Schultz. Yeah?

**Alderson Alex Schultz (District 9) 29:54**

Probably a naive question, and that I'll ask it anyway. Just I'm curious to know whether the inflation Reduction Act and potential funding for things that might fall into green infrastructure or things that might fall into things that we will do as a community. Do you have any sense of whether that would impact any of our budget as we look forward this year, next year or years down? Or is it just way too early to tell what the impact might be? Or those opportunities will even exist? I guess I'm just genuinely curious to know if there's any kind of impact on this community with what was passed out of.

**Mayor Jake Woodford 30:30**

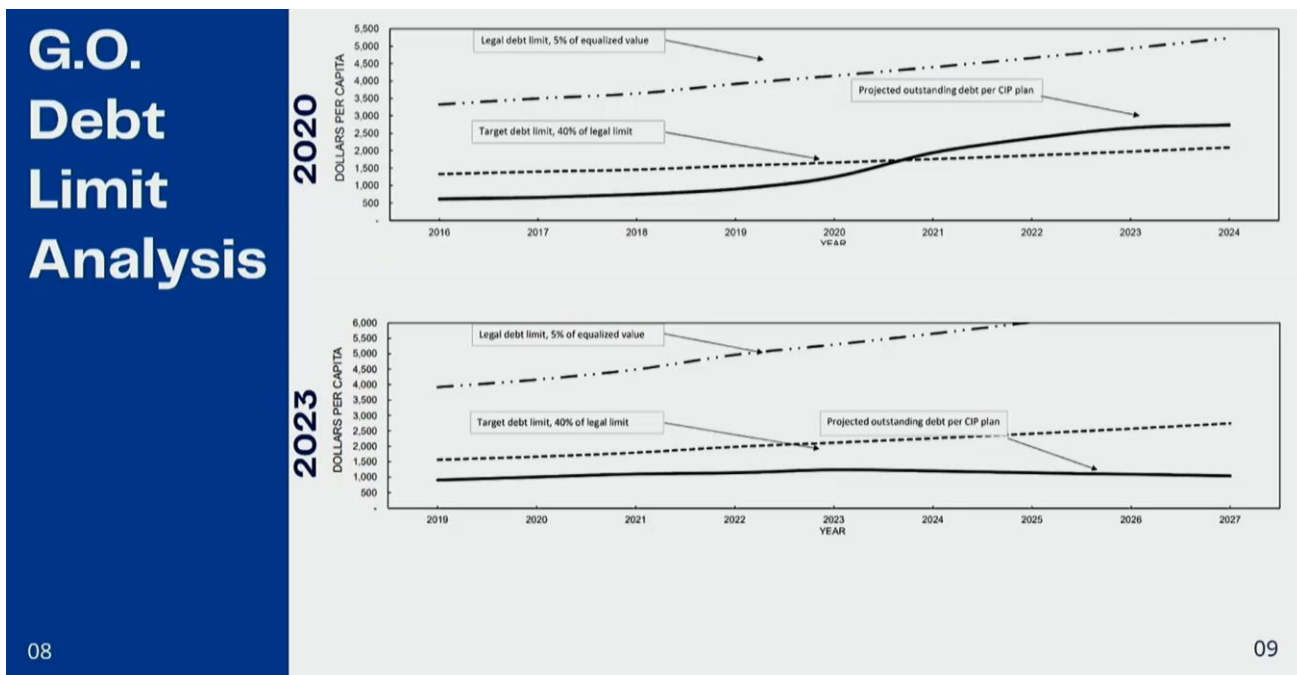
Yeah. So, the question—did everyone hear the question? Question was about infrastructure, the infrastructure bill, and is there potential benefit to the city. We do expect that we're going to get some of that money. Sounds like a lot of money when it's coming out of the federal government. By the time it gets parceled out to every municipality in the country with a great project, it ends up being a couple million dollars here, there. I do expect that we'll get some money. We submitted a couple of proposals through East Central Wisconsin Regional Planning, and we'll talk more about where that's going as, as things firm up in terms of those allocations.

**Mayor Jake Woodford 31:09**

But, you know, it's not going to be an answer. You know, this one time, money is not an answer for the long running structural issues with local government financing and funding in Wisconsin; it's just not. But yeah, there will be some opportunity in that and we're going to take full advantage, trust me, we—you know, we're applying for every dollar we can get. We're being as aggressive as we can to get as much of that grant funding back to the city as we can.

**Mayor Jake Woodford 31:34**

I just want to call you—call out this, this chart. Staff knows this is my favorite chart in the whole book. But I just want to show it as a frame of reference. 2020—this was the first budget that I inherited when I started here. What you see is that solid black line represents the general obligation debt that was projected in the in the capital plan at that time. See how it kind of jumps up there over that dashed line. That dashed line is the target debt limit established by council which sets the debt limit at 40% of the total legal limit for debt in the city of Appleton. So, which itself is a is a is a really good target to keep. And it's a conservative target to keep.



**Mayor Jake Woodford 32:18**

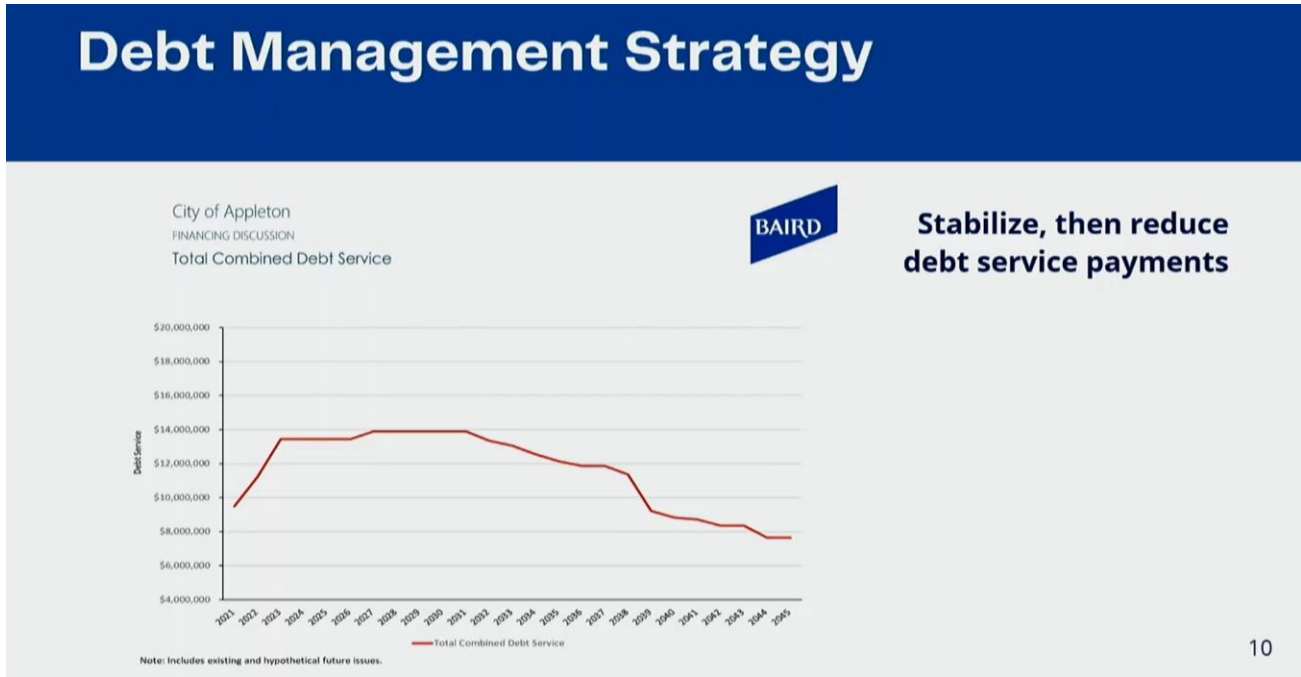
We should be proud of this as a city because—again, I talked to mayors from other municipalities, and they're at like 90% of their—or more—of their allowable debt limit. And they're like, 'Yeah, I can't borrow. What are you talking about a capital improvement program? I'm paying debt till the end of time. We're never going to do another project.' That is not the case for Appleton.

**Mayor Jake Woodford 32:44**

However, what we did right away was start the hard work of prioritizing our capital budgets to get that debt limit back on an appropriate course. And so, we we've done that with each budget that I've submitted to the council and that the council has supported. We do that again in 2023, maintain our course, which is again to stabilize our debt and, over time, reduce that debt. So even as our debt limit grows, we're not saying "let's keep spending up to our debt limit." Let's make sure that we're maintaining healthy finances as a city. So, I just want to call this out just lest we forget where we were, where we were headed. But again, not the answer to our infrastructure problems, right. We could keep piling that into debt—and that's a policy decision on the part of the council—but it has real impacts real ramifications for our taxpayers. So, I would caution the Council on just piling more into debt. We have to be really careful with this. Because we've got to pay for it. It's not it's not free money.

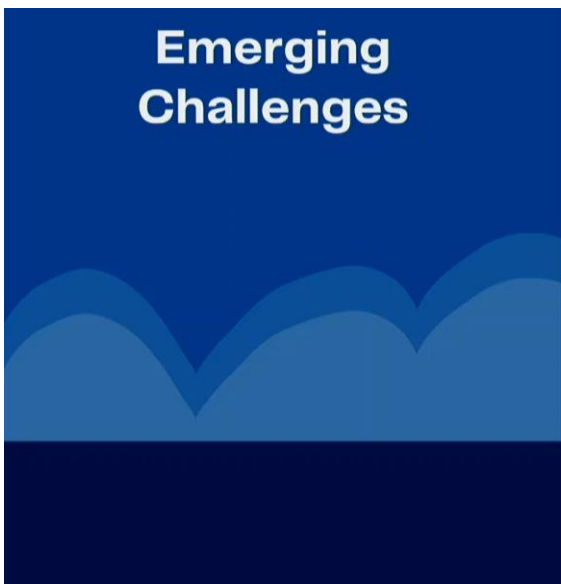
**Mayor Jake Woodford 33:48**

This is just a slide from Baird that illustrates where we're headed on the debt management plan. We are we are headed to 2023 which again, is at the end of this period of increase. At that time that the debt service payments will stabilize for a period of years, with a slight increase in the mid to late 2020s. But overall stabilizing our debt service payments. And when you see jumps in the debt service payments, that means increases in in the tax levy for debt service for our residents. Okay. So, this this has real impact on the people that we serve. And the rate of increase from '21 to '23—a lot of that is still taking on and fully operationalizing the debt service from previous years of borrowing activity. So, this feathers in over time. So that's something for us to keep in mind as we manage our overall debt as a city.



**Mayor Jake Woodford 34:52**

So real quick, emerging challenges. We've talked a lot about revenue and expenses. Inflation is a huge factor for us as it is for every business organization and household in this country. And when you pair that with the local government funding model that we have in the state of Wisconsin, that it's further exacerbated. Wage pressure is going to continue to be a challenge. you know, we're not out of the woods in terms of wage pressure, recruitment retention of employees.



- Revenue vs. Expenses
  - Inflation and flawed local government financing model constraining City finances
- Wage pressure
- IT Needs
  - Generational changes underway in IT space
  - Transitioning from in-house, owned software to cloud-based software as a service model will add stress to operating budget

11

**Mayor Jake Woodford 35:22**

IT needs, I want to call this out in particular. We've invested a lot of money over the last year in IT. And thanks to the leadership of Director Popp, he's building a, an effective strategy for IT, triaging issues that need to be dealt with right away, but then also building a plan for us moving forward so that we're on a stronger footing in the IT space. But part of what's happening in IT in general, is a shift from the sort of old model of in-house own software. So in-house developed homegrown stuff, moving away from that, moving away from own software. You know that's the idea that you'd go and you'd buy, you'd buy software, and you own that software, and you've got it and it's yours. That's going away, and it's been going away for a while. But really moving to Software as a Service. So, there's a service contract for that for those products that you're using every year. There—and then also cloud based, cloud-based storage, and also cloud based systems.

This is good news in the sense that it will improve the city's IT security over time. It should also improve user experience for the people that we serve. So those interfaces that the public deals with, also the tools our employees rely on, that'll get better with these changes. The downside, we can't keep shifting software over to capital, right? We can't—these are not capital purchases when you're when you're signing a service agreement or a contract for software as a service. So, in the past, again, that that that period of aggressive borrowing on the part of the city from 2016, kind of on, was like a "Oh we'll put it in Capital." I remember councils in the past, it would be like, what—before I was before, before I was here, even—"We'll just put it in capital, it's no big deal, we'll just borrow for it, we'll just borrow for it. You know, we don't have the operating budget, we'll just borrow for." I'm telling you; we can't do that with as many of our IT needs as we could before. And that is that's going to be a challenge for us. It's going to stress our operating budgets as we move forward. But again, there's upside to and there may be efficiencies that come with some of these new products that we that we implement over time. So those are a couple of headwinds that we're watching.

**Mayor Jake Woodford 37:50**

Okay, opportunities for public feedback. We have a public listening session scheduled on Tuesday, October 18, from five to seven. We ask that folks call the mayor's office at 920-832-5814—that's 5814—to sign up. We just ask that folks sign up so we can get them a participation link. This, this public listening session is meant to be more conversational. It's an opportunity for members of the public. And I encourage alders to join too just to hear what constituents have to say. But it's an opportunity for more conversational input because when we get to the public hearing, you know, we've been through lots of meetings at that point, lots of work on the part of Council. And also, it's more like the setting where we—that we have here, which is get up say your piece about the budget and that's it. So, I added a public listening session. We've done this for the last couple years just to have a more conversational opportunity for the public to engage.

Then we have the public hearing on Wednesday, November 2. That's at 6pm. Folks can register to participate, or they can or they can show up here at City Hall for that meeting. That that meeting is posted on the city calendar. So, a couple of opportunities for Council engagement.

For those of you who've been through this before, I'll ask for your help in orienting new members to the process of budget review. But just a quick overview of one of the process changes that we've made. We have a sort of open question and answer period starting now through budget adoption. And so, if you have a question about a section in the budget, we ask that you please direct that question to the to the director of the department, or you can direct it to Director Ohman or me and we'll refer it. But then what will happen is when the director replies to that question, they'll reply to all alders. And the Chair of the Finance Committee will keep a running, running tally of those questions, a summary of those questions, which will then be distributed as we get into budget Saturday.

This has been a huge help in getting questions out. And again, it gets shared with everybody, so y'all have access to that information. But it's been a huge help in getting questions answered. It gives staff more time to give you a thorough answer on the question that you have. And then also keep a written running record of the questions. It's made budget Saturday's a little more efficient. I don't want to say that too loudly. We still have budget Saturday scheduled so we have plenty of time as needed. But just as a as an ask, you know, please do send questions ahead of time as you get into budgets. And if you need help navigating the budget along the way, don't be shy about asking. Alder Croatt.

**Aldersperson Chris Croatt (District 14) 40:47**

Thanks. Thanks. Just to clarify, the public does not have to register for the public.

**Mayor Jake Woodford 40:51**

Correct. That's an option. Yep. That's just an option. Yep. Alder Meltzer. Oh, hold on.

**Aldersperson Vered Meltzer (District 2) 40:59**

I was confused by that, too. So, for the public listening session on Tuesday, October 18. Does that mean that it's a virtual session?

**Mayor Jake Woodford 41:10**

Yes

A blue graphic titled "Public Feedback Opportunities" with two columns of text and a stylized illustration of a hand holding a smartphone with signal waves on the right side.

Public Listening Session	Public Hearing
Tuesday, Oct. 18th 5:00 to 7:00 p.m.	Wednesday, November 2 6:00 p.m.
Call to register: 920-832-5814	Call to register: 920-832-6443

**Alderson Vered Meltzer (District 2) 41:10**

Okay. And then the public hearing? Is that going to be a hybrid session? Or is it here in person only

**Mayor Jake Woodford 41:16**

Council chambers. Hopefully, we will have the hybrid capability available to us. We're making our way through the renovation, as we're seeing tonight. So the technology is not all in place. But but we if folks want to call ahead and check on participation options, that's the number to register. Again, you do not need to register to participate in the public hearing. Just be here in time to sign up for public participation. That's on Wednesday, November 2, open to the public here in council chambers. That's the traditional public hearing for the budget. So that should be that's a familiar one. Again, if you need help navigating the budget, you have questions along the way, please do not hesitate to ask. There's no bad questions or no dumb questions. Please don't hesitate to ask this is this is our budget that we build together. And we work together to serve the community. So you know, it's fair game, ask ask away. Let's, let's have a really good thorough process. And yeah, are there any other questions before I wrap it up? I know I'm getting sleepy. I see sleepy eyes in here. We'll keep going. All right. Thank you so much for your attention. I really appreciate it and looking forward to to the process to come.