

## Item 23-1058: Budget Development Process Update

### Common Council

Wed, Sep 06, 2023, 7:00PM

#### Mayor Jake Woodford 08:40

All right. I want to give a brief update on the budget development process. We're about a month out from the Council receiving the executive budget. So just wanted to give an update of where we are in that process.

#### Mayor Jake Woodford 08:54

As it currently stands, we're right on track with our budget process. We're beginning our departmental—final departmental budget meetings in the next couple of weeks here just to wrap up the final details of the budget, and so look forward to presenting that budget to you at the first meeting in October. And I will give a more detailed presentation as I usually do in that first meeting in October just to outline the key themes and issues from the budget. But I just want to give us some headlines, or really some themes, as we're wrapping up the process just to give a com—the Council and community a sense of where we are in the in the budget.

#### Mayor Jake Woodford 09:34

So, inflation for us is no longer sort of a theoretical issue or something that's happening in the abstract. It's really affecting every aspect of city operations because we don't operate in a vacuum. So, we're subjected to the same effects that every household, business, organization in the country is dealing with. We're certainly seeing that here.

#### Mayor Jake Woodford 09:58

I just want to give you a few figures to illustrate, this make it a little bit more concrete. No pun intended. First fire apparatus. So, a pumper fire engine in 2019 cost \$640,000. In 2023, it cost \$1.1 million the same, basically the same specification. \$640,000 to \$1.1 million. Software services for the city of Appleton 2019 came in at \$640,000—and excuse me, \$690,000. And in 2022, that figure was \$850,000 and continues to rise.

#### Mayor Jake Woodford 10:41

Tipping fees per ton in 2019 was were \$46 a ton, and that number was \$52 a ton in 2023. A square yard of concrete in 2019 cost \$33. In 2022 that same square yard of concrete \$41. And finally, 12-inch watermain per linear foot in 2019 costs \$95. In 2022 that same linear foot costs \$134. \$95 to \$134.

#### Mayor Jake Woodford 11:14

A couple of other expenses that we're working to absorb in this budget, CEA allocated expenses will be increasing \$400,000 in this budget. That's for a variety of reasons, and we'll talk through that as we go through the budget process. But that's cost of labor, supplies, and so on. Our contract with Axon for body worn cameras and other services for the police department will be increasing by \$162,000 in this upcoming budget. And our health insurance expenses for employees, we're estimating will increase about 18% in 2024, so 18% over the 2023 figure.

#### Mayor Jake Woodford 12:02

So, it's not all—it's not all doom and gloom. I want to just—I want to give you a sense of what we're facing and what we're dealing with. There's some good news going into this cycle. We've seen the best year of net new construction in the city of Appleton as we've had in many, many years. So great news on that front. We're

tracking just over 2% on net new construction, which is which is great for us as a city, and that'll help on the levy side.

**Mayor Jake Woodford 12:29**

And of course, the increase in shared revenue that that was secured this spring will make a huge difference in this budget. I know there's great interest from the Council and community as far as what we'll recommend for that shared revenue money. So, I want to demystify that a little bit now and share with you my provisional recommendations will be going into this budget.

**Mayor Jake Woodford 12:56**

We'll be recommending—again, these are provisional; we're finalizing the details, but at this point, we'll be recommending 50% of this new money, which is a—the total new monies is \$1.9 million, uh, \$1,926,000. Half of that money \$963,000 to be directed to infrastructure projects. So that would be physical projects related to infrastructure needs for the city. The remainder of those funds, the other 50% will be directed toward public safety, technology equipment, and compensation and benefits needs.

**Mayor Jake Woodford 13:30**

And just to put this into some context, if we just look at the compensation and benefits—so the personnel related expenses in our public safety departments—from 2023 to 24, if we made no changes—and right now, we're about to enter negotiations on the police contract. But if we just assume that those terms generally carried forward into 2024 without any changes, just the personnel related expenses alone with no changes to the table of organization increase \$1.1 million. So, \$926,000—\$963,000, half of that money against \$1.1 million in increased personnel expenses alone. That's not accounting for the \$162,000 increase in Axon body cameras, \$50,000 for flat cameras, increased depreciation expenses for our fire apparatus—which by the way, when a when a piece of fire apparatus goes from \$600,000 to \$1.1 million, we're paying those depreciation expenses so that we have money when it comes time to replace it again. And that's also driving cost. All of which are eligible expenses for that new funding.

**Mayor Jake Woodford 14:43**

So, I just wanted to lay that out so that we have a sense of some of the forces at play and the real discipline it will take as we go through this budget process to prioritize that infrastructure spend because we could easily eat this eat this new money up in in general operating expenses, personnel related expenses alone.

**Mayor Jake Woodford 15:05**

But those will be the recommendations. Those will be in the executive budget, and then it will become the Council's to take up. But those are provisionally what I'll be recommending with the new funds.

**Mayor Jake Woodford 15:15**

Our priorities as we go into this budget, as we've been working our way through and dealing with these challenges have been to maintain the service levels that our residents depend on, to retain and appropriately compensate our quality workforce. And we have a great workforce here at the city of Appleton, we take a lot of pride in that. So, we want to retain and appropriately compensate them. Want to accelerate our replacement of aging infrastructure. This has long been an issue we've talked about, and we have an opportunity to do that with new funds. And to minimize the impact to taxpayers of these changes.

**Mayor Jake Woodford 15:47**

And I'm, I'm pleased to say that we're on track to deliver just such a budget. But I want to be clear that the days of status quo budgeting, you know, status quo budget, no changes, those days are behind us, at least for the

foreseeable future, because we have inflation far outpacing then new resources that are coming in. So, it means we have to make changes and be creative about how we meet the needs of the community.

**Mayor Jake Woodford 16:14**

So, look forward to the discussion. We're wrapping up the budget details now. And we'll have a budget to the Council for your consideration at the beginning of October. Again, I'll give a more detailed presentation that will get into the "how" behind the budget and how we get to delivering the budget on balance and meeting the priorities that we've laid out. But for now, just want to give you some headlines.

**Mayor Jake Woodford 16:38**

So, I do not want to prolong mayor's business. So, we will keep on moving. Meantime happy to have conversations with members of Council. I know we're in the process of scheduling our quarterly one on ones. So, if you haven't gotten back to Mary yet, please do so we can get those meetings scheduled. But also, if you want to talk offline, give me a call. We can have a conversation about what's happening with the budget, but just wanted to share with you some headlines as we wrap up here over the last few weeks.