



**2019 Annual Program
Budget In Brief**
City of Sheboygan, Wisconsin

CITY OF SHEBOYGAN COMMON COUNCIL 2018 - 2019

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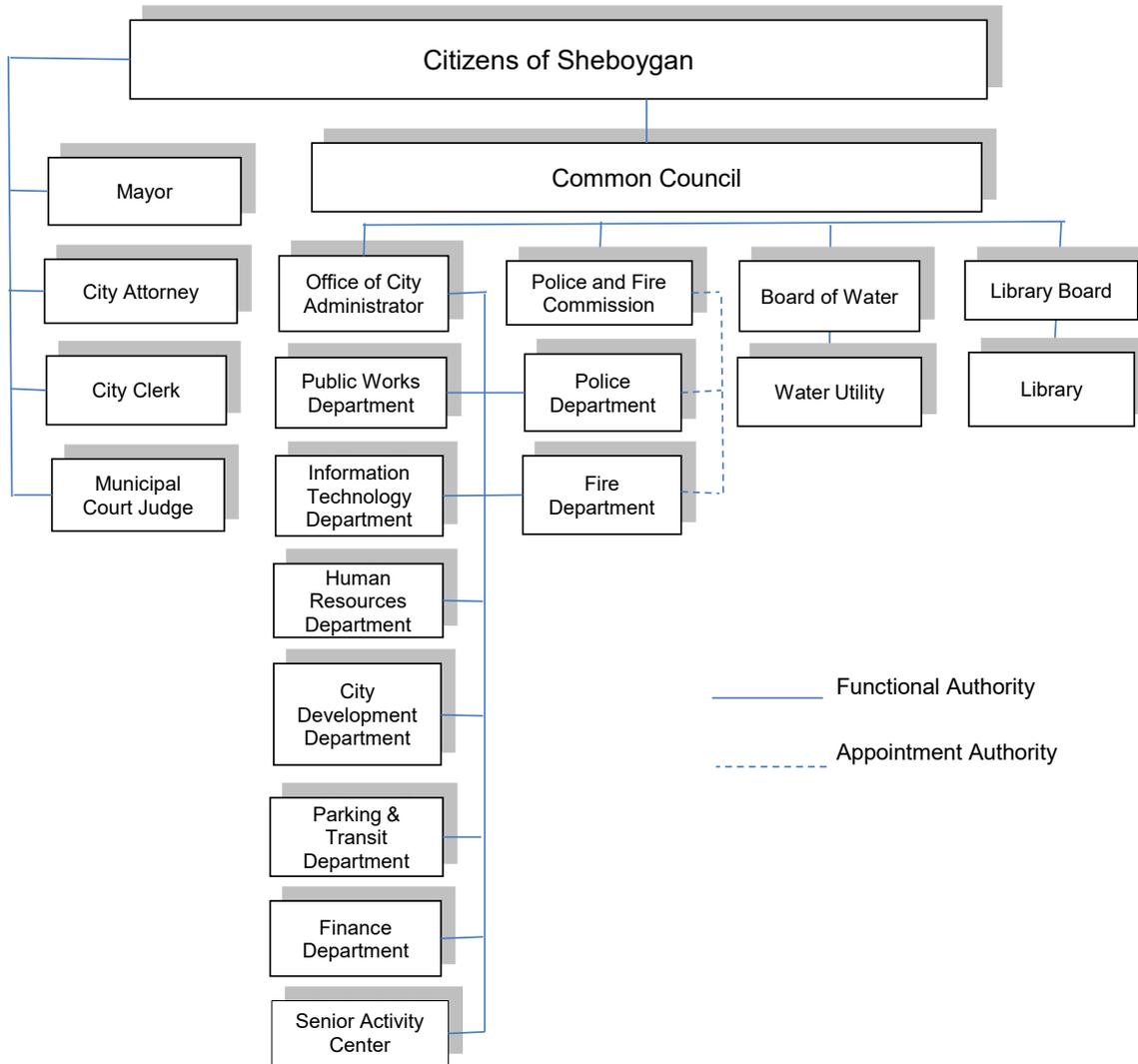
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Name

Darrell Hofland
 David Biebel
 Eric Bushman
 Sandra Rohrick
 Chad Pelishek
 Derek Muench
 Marty Halverson
 Christopher Domagalski
 Michael Romas
 Joseph Trueblood
 Garrett Erickson
 Wendy Schmitz

Elected Officials

Mike Vandersteen
 Chuck Adams
 Meredith DeBruin
 Natasha Torry

Title

City Administrator
 Director of Public Works
 Information Technology Director
 Director of Human Resources and Labor Relations
 Director of Planning and Development
 Director of Parking and Transit
 Finance Director
 Police Chief
 Fire Chief
 Water Utility Superintendent
 Library Director
 Senior Activity Center Supervisor

Title

Mayor
 City Attorney
 City Clerk
 Municipal Court Judge



January 1, 2019

To the Members of the Common Council and Mayor Mike Vandersteen:

Transmitted herein is the City of Sheboygan's 2019 Annual Program Budget for the fiscal year beginning January 1, 2019. The Annual Program Budget represents one of the most important documents presented to and approved by the Common Council.

The 2019 Annual Program Budget is more than just revenues, expenses, appropriations, and projects. It serves four basic purposes:

- It is a policy document that is defined by the Common Council as the direction toward which the city is moving.
- It is a financial plan that defines the various sources of funds to be collected as well as the services, programs, and activities that citizens can expect to be provided.
- It is an operational guide for department directors on how programs and activities are structured.
- It is a communication device providing the public and other entities with a document defined in a layperson's language as opposed to past budget's exclusive financial numbers format.

LONG TERM GOALS AND IMPACT ON BUDGET

Consistent with the six focus areas of the City of Sheboygan Strategic Plan 2017-2021 (see next section of the budget document for details), the budget establishes an operational and financial plan for the delivery of city services and implementation of the city's Capital Improvement Program (CIP). For 2019, no change in service levels is planned. Regarding implementation of the CIP, the 2019 Capital improvement-related expenditures (as contained in the Capital Improvement Funds) are proposed to decrease by \$6.1 million or 19 percent over 2018 levels.

SHORT TERM FACTORS AND IMPACT ON BUDGET

Two factors will negatively affect the City's largest revenue source – property taxes in 2019: a majority of new Sheboygan development is occurring in Tax Incremental Districts and Wisconsin property tax levy limits.

- The city is fortunate to be experiencing moderate growth in new construction (\$41.2 million in net new construction according to the Wisconsin Department of Revenue); however, the vast majority of this development is occurring within Tax Incremental Districts. As a result, the most of the resulting new property tax levy increase is not available to fund general operations, capital, nor debt-related expenditures.
- The city continues to be constrained by Wisconsin legislation which places limits on the amount of the increase in the property tax levy. The 2019 Annual Program Budget is limited to receive an additional amount of \$221,010 (to fund its general operations, capital, or nondebt-related expenditures). This is in contrast to the 2018 budget which received an additional amount of \$864,128.

Due to a 2019 increase in debt service expenses (associated with prior street improvement projects), the Annual Program Budget recommends a corresponding \$225,000 increase in the tax levy. This levy increase plus \$221,010 will result in a property tax rate increase of 1.99 percent or \$0.19 per \$1,000 in assessed property valuation. (For comparison purposes with other communities, the equalized property tax rate will decrease by \$0.41 or 4.32 percent.)

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Budget Overview

The 2019 Annual Program Budget includes monies for both operating and capital purposes totals \$128,167,927. This amount represents an increase of \$6,048,506 or 4.95 percent from the prior year – 2018 Amended budget. Included in the \$128,167,927 amount is \$8,415,000 to refinancing of 2018-issued debt. Without this refinancing, the overall adopted 2019 budget would decrease by \$2,016,494 or 2 percent.

The 2019 Annual Program Budget includes two new funds: TID 18 Debt Service Fund (SouthPointe Enterprise Campus) and TID 19 Capital Project Fund (redevelopment area bounded by Pennsylvania Avenue, north of Niagara Avenue and the Sheboygan River, west of North 15th Street).

Of the City's six fund categories, five fund categories are estimated to remain unchanged or increase their expenditure levels: General Fund, Special Revenue Funds, Debt Service Funds, Fiduciary Fund, and Proprietary Funds. One remaining fund – Capital Improvement Funds reflects a decrease in its expenditures.

The largest fund category expenditure change is the Debt Service Funds with a \$7,443,790 increase in comparison to 2018 Amended Budget. The reason for the increase is the planned refinancing of the 2018-issued \$5,020,000 City Hall note and \$3,395,000 TID 18 note.

The following table presents a summary breakdown of budgets by fund.

Budget Summary				
	2018 Amended	2019 Adopted	Dollar Change	Percent Change
General Fund	\$37,649,174	\$38,477,572	\$828,398	2.20%
Special Revenue Funds	\$9,733,064	\$10,286,766	\$553,702	5.69%
MEG Unit Fund	\$53,827	\$53,827	\$0	0.00%
Community Development Block Grant Fund	\$684,905	\$867,998	\$183,093	26.73%
Housing Revolving Loan Fund	\$201,978	\$232,753	\$30,775	15.24%
Business Revolving Loan Fund	\$150,000	\$190,000	\$40,000	26.67%
Mead Public Library Fund	\$3,153,928	\$3,313,714	\$159,786	5.07%
Tourism Fund	\$1,465,246	\$1,539,460	\$74,214	5.06%
Park, Forestry, and Open Space Fund	\$122,500	\$110,000	(\$12,500)	(10.20%)
Park Impact Fee Fund	\$40,000	\$40,000	\$0	0.00%
Cable Television Fund	\$740,247	\$886,737	\$146,490	9.79%
Municipal Court Fund	\$907,000	\$753,797	(\$153,203)	(16.89%)
Ambulance Fund	\$1,000,000	\$1,151,800	\$151,800	15.18%
Special Assessment Fund	\$300,529	\$125,000	(\$175,529)	(58.41%)
Harbor Centre Marina Fund	\$854,100	\$912,680	\$58,580	6.86%
Redevelopment Authority Fund	\$50,000	\$50,000	\$0	0.00%
Storm Water Fund	\$8,804	\$59,000	\$50,196	570.15%
Debt Service Funds	\$8,405,290	\$15,849,080	\$7,443,790	88.56%
G O Debt Fund	\$4,662,883	\$9,374,354	\$4,711,471	101.04%
Convention Center Debt Fund	\$382,379	\$499,486	\$117,107	30.63%
TID 6 Debt Fund	\$1,342,121	\$1,310,474	(\$31,647)	(2.36%)
TID 10 Debt Fund	\$80,910	\$6,150	(\$74,760)	(92.40%)
TID 11 Debt Fund	\$148,050	\$146,600	(\$1,450)	(0.98%)

Budget Summary				
	2018 Amended	2019 Adopted	Dollar Change	Percent Change
Debt Service Funds - continued				
TID 12 Debt Fund	\$91,860	\$150	(\$91,710)	(99.84%)
TID 13 Debt Fund	\$150	\$42,332	\$42,182	28,121.33%
TID 14 Debt Fund	\$902,266	\$112,599	(\$789,667)	(87.52%)
TID 15 Debt Fund	\$131,973	\$155,037	\$23,064	17.48%
TID 16 Debt Fund	\$497,106	\$607,990	\$110,884	22.31%
TID 18 Debt Fund	\$0	\$3,593,258	\$3,593,258	100.00%
Environmental TID Debt Fund	\$165,592	\$650	(\$164,942)	(99.61%)
Capital Improvement Funds	\$29,796,297	\$26,086,958	(\$3,709,339)	(12.45%)
Capital Project Fund	\$10,627,018	\$14,799,098	\$4,172,080	39.26%
Capital Improvement Fund	\$10,735,863	\$5,412,126	(\$5,323,737)	(49.59%)
Industrial Park Fund	\$2,212,387	\$7,817	(\$2,204,570)	(99.65%)
TID 14 Capital Project Fund	\$1,500,000	\$50,000	(\$1,450,000)	(96.67%)
TID 16 Capital Project Fund	\$438,837	\$571,400	\$132,563	30.21%
TID 17 Capital Project Fund	\$1,091,000	\$4,525,000	\$3,434,000	314.76%
TID 18 Capital Project Fund	\$3,191,192	\$661,517	(\$2,529,675)	(79.27%)
TID 19 Capital Project Fund	\$0	\$60,000	\$0	100.00%
Fiduciary Funds	\$2,000	\$2,000	\$0	0.00%
Cemetery Perpetual Care Fund	\$2,000	\$2,000	\$0	0.00%
Mead Public Library Trust Fund	\$0	\$0	\$0	0.00%
Proprietary Funds	\$36,183,596	\$37,465,551	\$1,281,955	3.54%
Motor Vehicle Fund	\$2,448,547	\$2,491,621	\$43,074	1.76%
Health Insurance Fund	\$7,313,694	\$7,560,116	\$246,422	3.37%
Liability Insurance Fund	\$598,200	\$588,200	(\$10,000)	(1.67%)
Workers Compensation Fund	\$642,600	\$649,640	\$7,040	1.10%
Information Technology Fund	\$1,032,895	\$977,501	(\$55,394)	(5.36%)
Boat Facilities Fund	\$92,735	\$177,947	\$85,212	91.89%
Parking Utility Fund	\$451,669	\$483,656	\$31,987	7.08%
Transit Utility Fund	\$3,942,000	\$4,415,756	\$473,756	12.02%
Water Utility Fund	\$11,206,029	\$11,385,372	\$179,343	1.60%
Wastewater Utility Fund	\$8,455,227	\$8,735,742	\$280,515	3.32%
Total Financial Plan	\$121,769,421	\$128,167,927	\$6,048,506	4.95%

In the City's largest (individual) fund - General Fund is reflecting an increase by \$828,398 or 2.20 percent.

Personnel Change Highlights

Regarding personnel, the 2019 Annual Program Budget includes the following changes over the 2018 Amended Budget's authorized positions:

- Addition of or expansion in the following positions: 0.40 Accountant Assistant, 0.60 Human Resources Generalist, and 0.40 Assistant City Attorney II, and 1.00 Network Administrator (starting July 1) and
- Elimination of or reduction in the following positions: 0.50 Election Specialist and 0.25 Production Technician.

Capital Expenditures and Capital Improvement Projects Highlights

The approved Five-year Capital Improvements Program was the foundation for the consideration of the 2019 Annual Program Budget’s list of capital improvement projects. Creation of the CIP begins in February and concludes in June with adoption by the Common Council.

The following are some highlights:

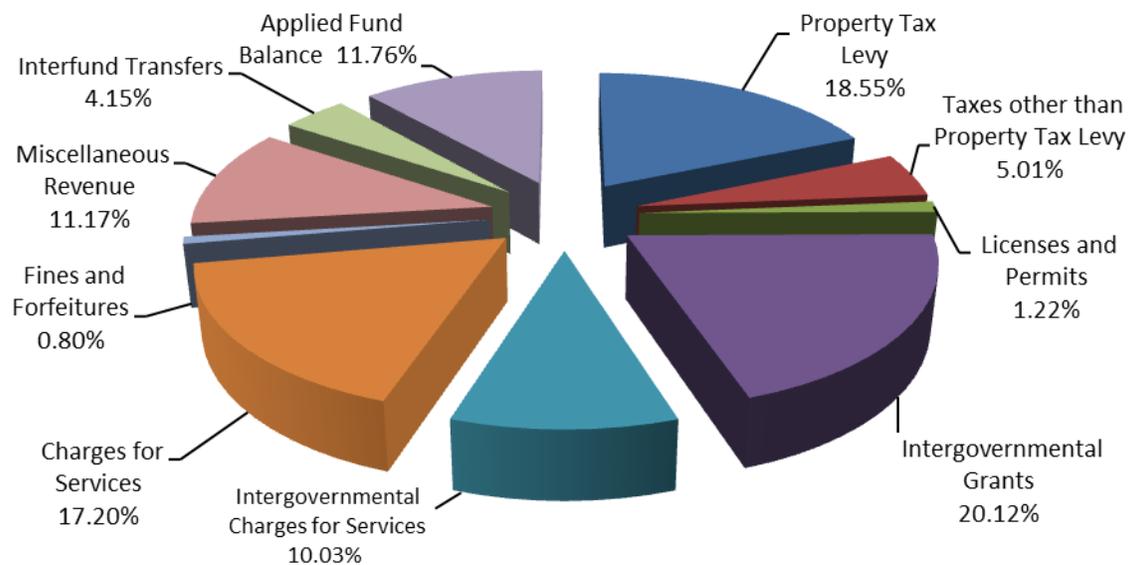
- \$3,907,656 for the reconstruction of North Avenue between North 15th Street and North 21st Street (3,168 linear feet);
- \$3,762,088 for the reconstruction of Pennsylvania Avenue bridge (due to federal funding, the net cost to Sheboygan is \$752,891);
- \$3,000,000 for the estimated 2019 (phase 2) cost to remodel the existing City Hall (project commenced in 2018);
- \$2,500,000 for the purchase of former railroad right-of-way for Shoreland 400 multimodal trail, which is adjacent to Indiana Avenue;
- \$2,500,000 for the reconstruction of streets which surround proposed Badger State Lofts, a mixed-use development including 118 “loft style” apartments;
- \$1,350,000 for the purchase of 3 replacement fixed route buses; and
- \$1,137,106 for the reconstruction of Superior Avenue between North 29th Street and North Taylor Drive (1,584 linear feet).

Income/Outgo

The following pie charts represent the city’s income and outgo. Revenues are grouped by major category; expenditures are shown by program area and by type of expenditure.

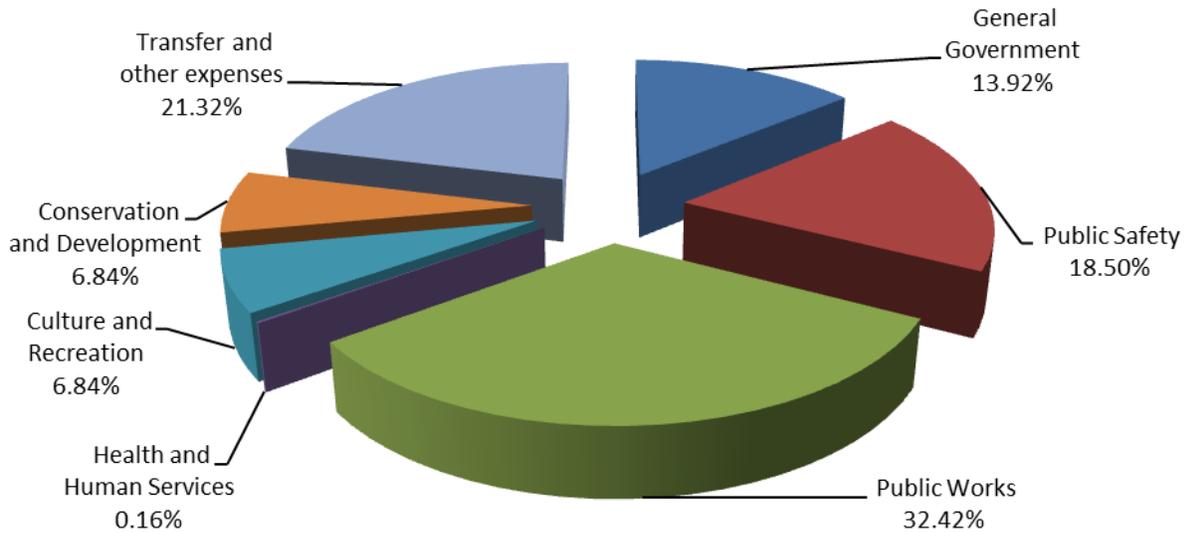
Of the 2019 revenues (Source of Funds) as identified on the pie chart below, Intergovernmental Revenue representing 20 percent which is the largest revenue source. The second largest category – Property Tax Levy represents 19 percent.

Where the Money Comes From by Source of Funds



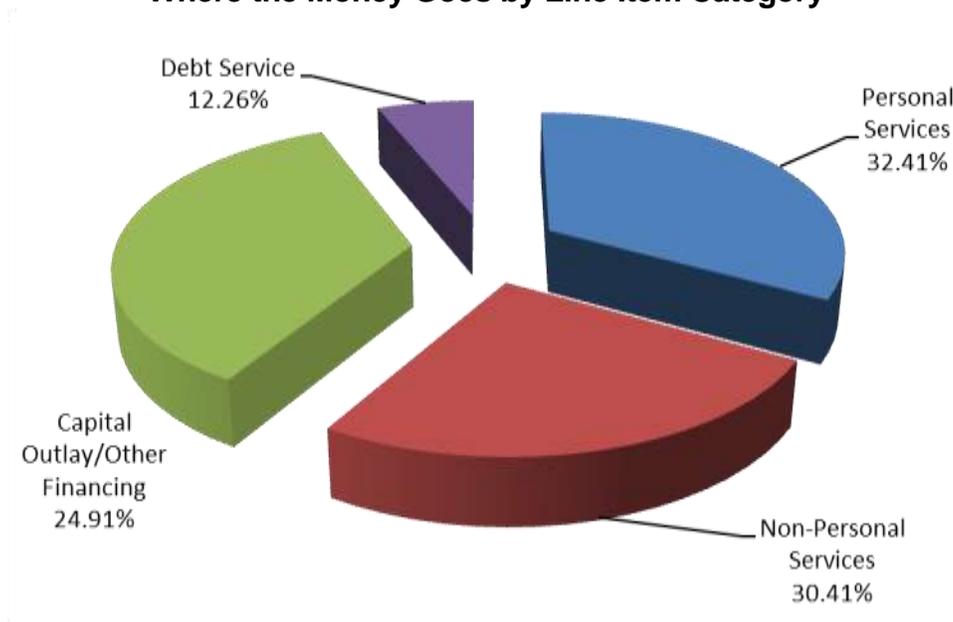
The chart below page depicts the breakdown of city expenditures and how the money is spent by program. Public Works and Transfers represent the first and second largest areas of expenditure appropriations, accounting for 33 percent and 21 percent respectively of the total financial program in 2019.

Where the Money Goes by Type of Program



The final chart depicts appropriation by expenditure type (Line Item Category). Personal Services represent the largest portion of the total financial program at 33 percent.

Where the Money Goes by Line Item Category



FINANCIAL ASSESSMENT

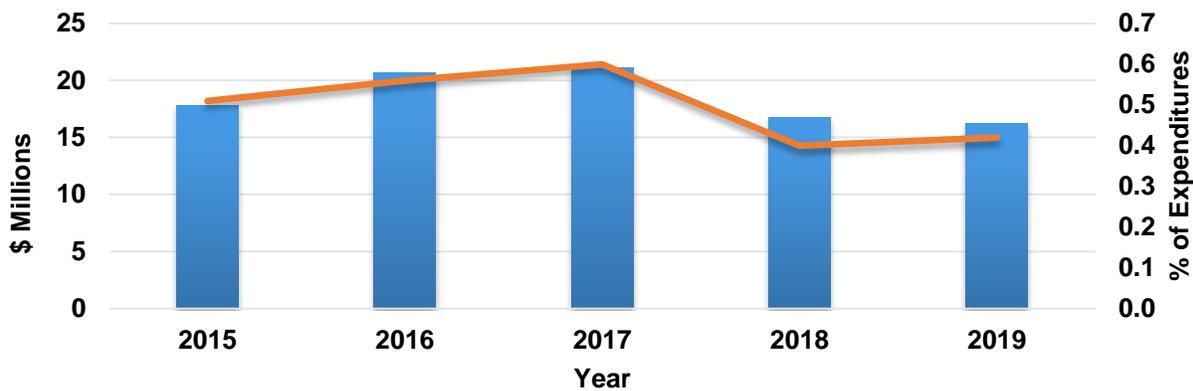
Sheboygan has developed and maintained a strong financial position through conservative financial management and adherence to sound fiscal analysis and policies. The 2019 Annual Program Budget is no exception.

Fund Balances

One measure of a municipality’s financial strength is the level of its fund balances. All of the City’s six fund categories have a positive fund balance for 2019. The adopted budget identifies the use of \$12,493,235 or 26 percent of the projected January 1, 2019 Fund Balances for all funds, except Proprietary Funds. For the Proprietary Funds, the Net Position increases by \$2,389,103 or 2.8 percent.

The city's 2019 uncommitted fund balance in the General Fund is projected to be \$16 million (or \$18 million total fund balance, including committed fund balance) as of December 31, 2019. This uncommitted fund balance represents 42 percent of 2019 General Fund estimated expenditure, which exceeds the recommended City's guideline of (minimum) 25 percent. In comparison, the 2018 fund balance (as of December 31, 2018) was projected to be 60 percent of adopted 2018 Annual Program Budget. The decrease is substantially due to the transfer of \$5.5 million to the Capital Projects Fund to pay for approximately half of the City Hall renovation project.

Uncommitted General Fund Balance by Dollar Amount and Percent of Expenditures



Debt Management

In addition to the management of existing debt and associated reserves, the city also forecast future debt within a framework of policies priorities and financial capacity. Current and anticipated capital improvement objectives, available operating revenue, and tax base fluctuations are all evaluated on an ongoing basis to estimate the extent to which the city may issue additional tax-supported debt. This active debt management aids in the development of a sustainable debt portfolio and is a key financial practice contributing to the maintenance of the city's favorable bond rating. The city's overall General Obligation debt as a percentage of the statutory limit (including a recommendation to borrow an additional \$19.1 million of which \$8.4 million is the refinancing of 2018 notes) is 29.6 percent for 2019 (in comparison to the City's goal to not exceed 60 percent).

<u>As of December 31</u>	<u>Net Debt Outstanding</u>	<u>Ratio of Net Debt to Debt Capacity</u>
2016	\$24,105,457	19.7%
2017	\$27,313,477	20.9%
2018	\$35,373,845	25.2%
2019	\$41,547,419	29.6%

Of the 29.6 percent of legal debt used, 67.1% of this debt is non-TID related.

Bond Rating

The city's 2018 bond rating is further evidence of its financial strength. Sheboygan's general obligation bonds are currently rated Aa2 by Moody's Investors Service. Having solid financial policies and prudent financial management practices are principle reasons for this excellent bond rating. This "strong" rating translates directly into lower interest rates on the city's debt.

Local Economy and Development Activity

The city's moderate economic growth has contributed to the community's low unemployment rate of 2.5 percent (June 2018) as compared to Wisconsin and United State rates of 3.0 percent and 3.7 percent respectively. This low unemployment rate is accomplished by a solid manufacturing base. Sheboygan County has the third highest concentration of manufacturing jobs (per capita) in the nation.

The low unemployment rate has also contributed to the areas' low poverty rate. An analysis of poverty rates across the United States has found Sheboygan to have the lowest poverty rate in the nation in 2017–5.4 percent.

The City of Sheboygan is located on the west shore of Lake Michigan and is substantially surrounded by the developed areas of the Towns of Wilson and Sheboygan and the Village of Kohler. As such, the City has limited opportunities for geographic expansion. Five annexations occurred in 2017 for a total of 559 acres including a proposed golf course and a municipally-developed business park. The City continues to promote redevelopment of older sections of the community into higher density uses.

Multifamily development investment continues in Sheboygan. In 2018, construction will finish on two downtown apartment projects: Portscape apartments – \$11.7 million valuation and High Pointe apartments - \$15.1 million valuation. Four additional multifamily projects are expected to commence in late 2018 or early 2019: Water's Edge condominiums - \$7 million, The Luxe apartments - \$8 million, 7Penn mixed use project including apartments - \$13 million, and Badger State Lofts mixed use project including apartments - \$30 million.

For the second year in row since the Great Recession, existing residential properties have appreciated with a six percent increase in valuation. Regarding new construction, the City has experienced in 2018, another year of limited single and two family home construction. A similar pace for single family construction is expected in 2019.

Significant private development projects under construction in 2018 or slated to commence in 2019 are 159,253 square foot Meijer supercenter, 54,000 square foot art visual storage facility - the Art Preserve, by John Michael Kohler Art Center on 39 acres, 8,400 square foot Commerce State Bank branch bank, 201 hotel rooms within two facilities - Fairfield Inn and Suites and Hampton Inn, 61,000 square foot Prevea medical office building, and 27,000 square foot FedEx distribution center.

The city has become directly involved in attracting new development by investing in the construction of SouthPointe Enterprise Campus, a new business park on the southwest side of the city. With the creation of a new tax incremental district (TID 18), "shovel-ready" sites will be available by December 2018.

The city will also take a lead in the redevelopment of Indiana Avenue corridor with the financial assistance of a new tax incremental district (TID 17). This corridor will feature Fresh Tech Innovation District, a live-work-play talent magnet for innovation and entrepreneurship.

CONCLUSION

The 2019 Annual Program Budget is committed to advancing the City's Strategic Plan, supporting all six of the plan's Focus Areas, as well as its 2019 Action Items.

Consistent with the city's effort to be transparent, Sheboygan will continue to provide quarterly financial information including revenue and expenditures. In addition to financial information, the city also presents key departmental and fund benchmarks. 2018 included the addition of a transparency and benchmarking center hosted by ClearGov™. This interactive tool housed on the city's website provides users an easy-to-understand, visual breakdown of Sheboygan's finances, as well as insights into the city's demographics. The site informs visitors as to how each budget item compares to neighboring communities.

I want to thank all of the city's Management Team, especially retiring Finance Director/Treasurer Nancy Buss, newly hired Finance Director/Treasurer Marty Halverson, and Budget Analyst Carrie Arenz for their assistance in developing the 2019 Annual Program Budget.

Respectively submitted,

A handwritten signature in black ink that reads "Darrell Hofland" followed by a horizontal line.

Darrell Hofland
City Administrator

2019 BUDGET SUMMARY

GOVERNMENTAL FUNDS

	General Fund	Special Revenue	Debt Service	Capital Improvement	Fiduciary Funds	Proprietary Funds
Revenue						
Taxes	\$16,639,228	\$3,991,321	\$7,358,181	\$1,690,775	\$0	\$511,547
Licenses and Permits	921,240	610,000	0	0	0	34,200
Intergovernmental Revenue	14,482,474	0	19,825	8,359,913	0	2,926,478
Intergovernmental Charges for Services	258,000	1,836,171	0	0	0	10,758,426
Charges for Services	1,679,822	2,034,740	0	0	9,400	18,318,476
Fines and Forfeitures	271,000	750,000	0	0	0	0
Miscellaneous Revenue	342,425	668,569	540,465	11,247,026	24,000	1,499,822
Interfund Transfers	2,717,605	225,000	1,117,132	150,000	0	1,107,499
Total Revenue	\$37,311,794	\$10,115,801	\$9,035,603	\$21,447,714	\$33,400	\$35,156,448
Expenditures						
General Government	\$3,911,025	\$903,447	\$1,500	\$3,280,000	\$0	\$9,750,499
Public Safety	21,782,447	1,237,643	0	691,025	0	0
Public Works	9,017,575	59,000	0	12,363,429	0	20,113,782
Health and Human Services	201,337	0	0	0	750	0
Culture and Recreation	2,673,178	5,858,852	0	229,770	0	0
Conservation and Development	347,928	1,352,824	197,069	6,867,917	0	0
Transfers and other expenses	544,082	875,000	15,650,511	2,654,817	1,250	7,601,270
Total Expenditures	\$38,477,572	\$10,286,766	\$15,849,080	\$26,086,958	\$2,000	\$37,465,551
Excess of revenues over (under) expenditures	-\$1,165,778	-\$170,965	-\$6,813,477	-\$4,639,244	\$31,400	-\$2,309,103
Fund Balance, January 1	\$19,078,761	\$1,348,773	\$17,375,830	\$7,789,986	\$2,051,126	\$0
Fund Balance, December 31	\$17,912,983	\$1,177,808	\$10,562,353	\$3,150,742	\$2,082,526	\$0
Net Position, January 1	\$0	\$0	\$0	\$0	\$0	\$83,038,389
Net Position, December 31	\$0	\$0	\$0	\$0	\$0	\$80,729,286
Net Property Tax Required	\$16,435,705	\$2,509,321	\$3,421,889	\$892,025	\$0	\$511,547

BUDGET SUMMARY

2019 Adopted	2018 Estimated	2017 Actual	2016 Actual	
\$30,191,052	29,277,141	27,988,980	27,490,550	Revenue
1,565,440	1,562,600	1,744,547	1,818,010	Taxes
25,788,690	17,811,595	18,720,938	17,260,839	Licenses and Permits
12,852,597	11,801,308	10,941,283	10,629,404	Intergovernmental Revenue
22,042,438	21,965,112	20,596,268	20,020,383	Intergovernmental Charges for Services
1,021,000	1,015,940	1,060,330	1,041,267	Charges for Services
14,322,307	37,226,061	9,994,764	18,604,043	Fines and Forfeitures
5,317,236	14,161,007	9,250,856	7,409,052	Miscellaneous Revenue
<u>\$113,100,760</u>	<u>134,820,764</u>	<u>100,297,966</u>	<u>104,273,548</u>	Interfund Transfers
				Total Revenue
				Expenditures
\$17,846,471	21,574,209	13,493,967	13,494,227	General Government
23,711,115	24,808,857	22,087,794	23,223,335	Public Safety
41,553,786	31,960,427	30,298,112	24,626,272	Public Works
202,087	194,350	233,764	233,901	Health and Human Services
8,761,800	8,333,789	8,401,637	8,415,551	Culture and Recreation
8,765,738	20,120,071	8,892,366	6,111,249	Conservation and Development
27,326,930	25,000,234	18,499,914	25,503,669	Transfers and other expenses
<u>\$128,167,927</u>	<u>131,991,937</u>	<u>101,907,554</u>	<u>101,608,204</u>	Total Expenditures
<u>-15,067,167</u>	<u>2,828,827</u>	<u>-1,609,588</u>	<u>2,665,344</u>	Excess of revenues over (under) expenditures
\$47,644,476	42,641,954	43,456,422	42,850,895	Fund Balance, January 1
\$35,151,241	47,644,476	42,641,954	43,456,422	Fund Balance, December 31
\$83,038,389	85,212,084	86,007,204	83,947,387	Net Position, January 1
\$80,729,286	83,038,389	85,212,084	86,007,204	Net Position, December 31
<u>\$23,770,487</u>	<u>\$23,324,477</u>	<u>\$22,150,349</u>	<u>\$21,728,810</u>	Net Property Tax Required
2,392,456,834	2,394,400,591	2,318,618,801	2,287,289,974	Assessed Valuation
9.9103	9.7413	9.5532	9.4958	ASSESSED TAX RATE
2,650,921,700	2,488,723,200	2,326,529,000	2,297,297,000	Equalized Valuation*
8.9670	9.3720	9.5210	9.4584	EQUALIZED TAX RATE

* Valuation does not include Tax Incremental District valuation

City of Sheboygan

2019 Budget Facts



	Amended 2018	Adopted 2019	CHANGE	
			\$	%
Governmental Funds Expenses:				
General Fund Expenses	\$37,649,174	\$38,477,572	\$828,398	2.20%
Levy Required	\$16,240,705	\$16,435,705	\$195,000	1.20%
Special Revenue Funds Expenses	\$9,733,064	\$10,286,766	\$553,702	5.69%
Levy Required	\$2,445,829	\$2,509,321	\$63,492	2.60%
Debt Funds Expenses	\$8,405,290	\$15,849,080	\$7,443,790	88.56%
Levy Required	\$3,196,889	\$3,421,889	\$225,000	7.04%
Capital Improvement Funds Expenses	\$29,796,297	\$26,086,958	(\$3,709,339)	(12.45%)
Levy Required	\$929,507	\$892,025	(\$37,482)	(4.03%)
Fiduciary Fund Expenses	\$2,000	\$2,000	\$0	0.00%
Levy Required	\$0	\$0	\$0	0.00%
Proprietary Funds Expenses:				
Enterprise Funds Expenses	\$24,147,660	\$25,198,473	\$1,050,813	4.35%
Levy Required	\$511,547	\$511,547	\$0	0.00%
Internal Service Funds Expenses	\$12,035,936	\$12,267,078	\$231,142	1.92%
Levy Required	\$0	\$0	\$0	0.00%
Total Expense	\$121,769,421	\$128,167,927	\$6,398,506	5.25%
Total Tax Levy	\$23,324,477	\$23,770,487	\$446,010	1.91%
Non-TID Property Tax Base				
Equalized	\$2,488,723,200	\$2,650,921,700	\$162,198,500	
Equalized Tax Rate*	\$9.372	\$8.967	(\$0.405)	(4.32%)
Equalized/Assessed Ratio	96.21%	90.48%		
Assessed Tax Rate*	\$9.7413	\$9.9103	\$0.169	1.74%

*per \$1,000 property valuation

STRATEGIC PLAN

INTRODUCTION

The City of Sheboygan is committed to its 2015 mission statement,

"The City is dedicated to providing residents, the business community and visitors with fiscally-responsible municipal services in an effective and responsive manner to meet the needs of our diverse community"

and its vision statement,

"The City of Sheboygan will be a family oriented and prosperous community with a wide-variety of housing, business, cultural and recreational opportunities in safe and attractive neighborhoods."

To accomplish these statements, the city conducted strategic planning in 2016. The strategic planning process involved the public, elected officials and city staff. In addition to a community survey, a retreat by the Common Council and the City's management team was held. The planning process resulted in the following:

- Identified six goals that will enable the city to move forward in accomplishing its mission statement;
- Determined how it will respond to these goals through development of key strategies and related objectives;
- Developed 2017 and 2018 action items to address the most critical issues facing the community. These action items were revised and added for 2019 and 2020;
- Identified critical measures to use as a "scorecard" in measuring results; and
- Sought to improve city residents' confidence and trust that their city leaders are working on the issues that they believe are key to improving the quality of their lives.

STRATEGIC PRIORITIES

Based on data analysis and elected officials, City staff and community input, the city has developed six focus areas. These focus areas (and their goal statements) serve as the foundation for the Strategic Plan.

- | | |
|--|---|
| 1. Quality of Life | 4. Neighborhood Revitalization |
| 2. Infrastructure and Public Facilities | 5. Governing and Fiscal Management |
| 3. Economic Development | 6. Communication |

In summer 2016, the city conducted its first annual community survey to rate resident satisfaction with some of the city's goals, key strategies and related objectives. The community survey continues annually. The following table is a sampling of the 2018 survey results which relate to the Strategic Plan's objectives:

Provide comprehensive, timely and accurate information	Improve the overall performance of the city, focusing on economic and business development	Continue to improve the quality of life	Crime reduction in our neighborhoods
Keeping citizen informed with a rating of Good or Excellent 53%	Overall performance of the city rated as Good or Excellent 63%	Overall Quality of Life rated Good or Excellent 74%	Police Department services with rating of Good or Excellent 77%
City website as useful source of information 62%	Attracting and keeping businesses in Sheboygan is rated as Important or Very Important 95%	Overall direction the city is headed with a rating of Steady or Improving 70%	Support for the neighborhoods in Sheboygan rated as Important or Very Important 85%

STRATEGIC INITIATIVES

The series of tables that follow provide examples of several City’s Focus Areas, Goals, Key Strategies, and some of the 2019 Budgeted Programs, Services or Capital Projects that support these initiatives and priorities.

Focus Area - Quality of Life		
Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
Provide citizens with a safe and secure community which invests in outstanding recreation, libraries, and open spaces maximizing the natural environment, which delivers transportation choices, elevates culture, arts, education, and ensures solutions that are sustainable and environmentally responsible.	Refurbish, maintain, develop, and/or expand public use places and spaces.	Improvements to local parks including ADA accessibility updates, completion of an inclusive playground, tennis court reconstruction and camera installation.
	Support and enhance programming and activities that encourage increased guardianship and crime reduction in our neighborhoods.	Plan future development expansion for area located to the west of the Sheboygan River soon to be vacated by a local manufacturer. Continue focus on the use and expansion of neighborhood associations to strengthen and empower residents to improve the community.

Focus Area – Infrastructure and Public Facilities		
Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
Improve the quality of life by effectively developing, maintaining and improving the infrastructure, natural resources and community services.	Provide quality infrastructure that conveys safe, efficient delivery of essential goods and services.	Continue concentrated focus on improving city streets by expanding the number of resurfacing projects. Renovation of Pennsylvania Avenue bridge and purchasing Evergreen Park Area Two shelter and comfort station to establish ADA compatibility.
	Preserve and maintain city buildings and/or facilities in a manner that provides a safe environment for the facilities' functions and occupants.	Renovate existing City Hall. Continue repairs on Fire Station 1. Install ADA accessible walkways within local parks. Continue sanitary sewer maintenance and relining program. Development and installation of a new data center housed within the renovated City Hall location. Complete ADA audit.

Focus Area – Neighborhood Revitalization		
Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
Encourage reinvestment in the city's housing stock and create solid neighborhoods with strong leadership and ensure quality new housing developments.	Preserve historic housing, neighborhood elements, safety, security and support initiatives that improve rental housing stock in the city.	Continue citywide LED street lighting upgrade to brighten neighborhoods for safety and security. Continue to issue new deferred and low interest housing loans to qualifying applications. Continue replacement of unsafe sidewalks in neighborhoods.

Focus Area – Economic Development		
Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
<p>Actively pursue economic and business development strategies to support a growing and sustainable economic base, ensuring the financial resources needed to improve the quality of life, fund services and provide diverse job opportunities for city residents.</p>	<p>Support existing manufacturing businesses and offer opportunities for attraction and expansion.</p>	<p>Contribution to Sheboygan County Economic Development Corporation.</p> <p>Complete construction of 160 acre SouthPointe Enterprise Campus with signage and landscaping.</p> <p>Complete construction of elevated water storage tank in anticipation of increased water demand due to the addition of SouthPointe Enterprise Campus.</p> <p>Coordinate with Sheboygan County and Village of Kohler for the construction of infrastructure to support the future Advocate Aurora medical center.</p>
	<p>Support implementation of the Sheboygan master plan including revitalization of commercial districts: Harbor Centre, Michigan Avenue, Indiana Avenue, Taylor Drive, and South Business Drive.</p>	<p>Continue expansion of Indiana Avenue trail project to further improve revitalization efforts.</p> <p>Install downtown LED street lighting upgrades.</p> <p>Offer low interest business loans with job creation commitment.</p> <p>Design parking structure for Innovation District expansion.</p>

Focus Area – Governing and Fiscal Management

Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
<p>Implement innovative and responsible policies and business practice to effectively manage its fiscal and human resources and maintain an outstanding quality of life for our citizens.</p>	<p>Develop efficient, transparent processes/systems to provide financial information and foster sustainability.</p>	<p>Create 2019 Annual Program Budget which complies with criteria of Government Finance Officers Association for the Distinguish Budget Presentation award.</p> <p>Create 2019 Comprehensive Annual Financial Report and Popular Annual Financial Report which complies with criteria of Government Finance Officers Association for award.</p> <p>Continue improvement on performance measurement throughout the year in an effort to receive the second ICMA Certificate of Achievement in Performance Management award.</p> <p>Utilize ClearGov to improve transparency and analysis of financial and benchmark information.</p>
	<p>Provide a safe, healthy, and supportive work environment valuing employee contribution to the community.</p>	<p>Maintain the robust employee wellness program to increase awareness of health and wellness issues and provide an interactive mechanism for employees to achieve their healthiest possible lifestyle.</p> <p>Continue to coordinate with Friends of Library and Friends of Senior Activities Center groups to leverage use of volunteers to supplement the core levels of service needed.</p> <p>Continue partnering and educational opportunities between various city departments and Sheboygan Area School District.</p>

Focus Area – Communication		
Goal	Key Strategies	Budgeted Programs, Services or Capital Projects
Ensure effective and consistent communication using new technologies, innovative approaches, and brand identity that ensure transparency and encourage dialogue amongst residents and governmental agencies.	Maximize the use of electronic communication to provide comprehensive, timely and accurate information.	<p>Continue to use of social media, (Facebook, Nextdoor, Twitter), email and text (Nixle) communication, and The Sheboygan Insider, an online community newsletter.</p> <p>Maintain transparency and improved communication to the community by continuing to provide information in the documents such as the Performance Scorecard, Certified Annual Financial Report, and Popular Annual Financial Report.</p> <p>Continue annual community survey.</p> <p>Manage GIS system to improve communication to residents relative to Public Works projects.</p>
	Inform citizens of news, services, programs and events with unique and compelling video productions.	<p>Continue live broadcasts of Common Council and Committee of the Whole meetings.</p> <p>Maintain collaborative relationships with the Sheboygan Area School District, Sheboygan County, and UW Green Bay, Sheboygan Campus.</p> <p>Create public service announcement of topics that are important to the city government and its residents.</p> <p>Upgrade fiber installation within WSCS studio to improve the quality of video production.</p> <p>Install new audio-visual system in Council Chambers to improve quality and transmission of meeting recordings.</p>

In order to achieve the above strategies, the city has created core values which are a guide for all action and reflect what the city requires of its employees and expects from its elected officials. The following core values set the high standard of which the city government expects to be measured:

- Respect
- Accountability
- Teamwork
- Fiscal Responsibility
- Service
- Innovation

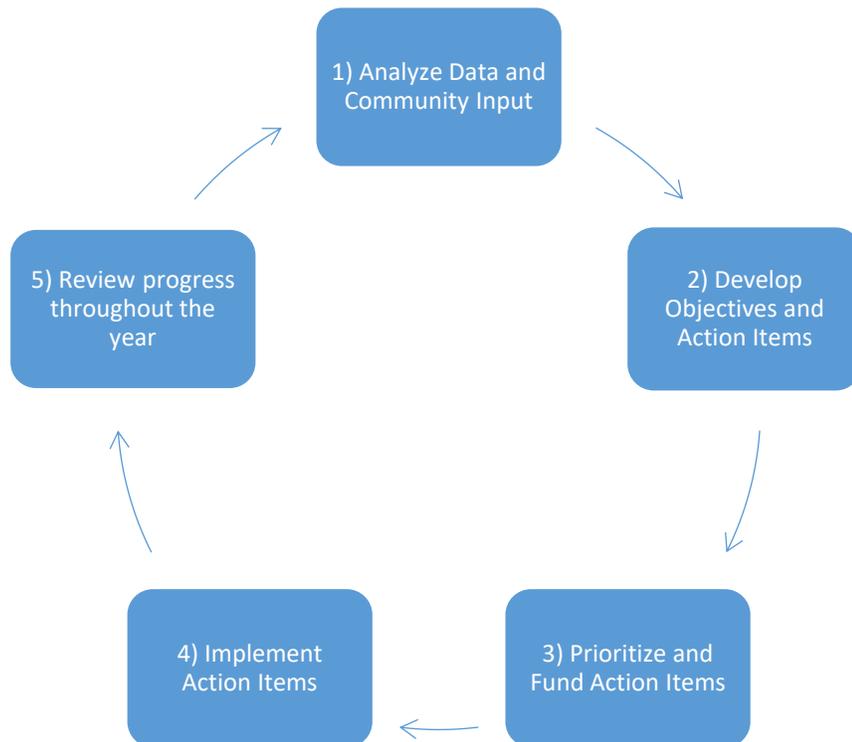
PLANNING CYCLE

To further the city's planning process, the city utilizes data and input from elected officials, residents, and businesses to identify community needs and requirements. Once the community needs and requirements are confirmed, each department develops objectives and action items to address those needs. Those action items are then prioritized and incorporated into the annual budget process to be funded.

The resulting action items are annual revisited and refined based on citizen-generated input through meetings and citizen requests, etc. In addition, the city conducts an annual community survey, which is used to rate residents' satisfaction with current services.

In each subsequent year, the cycle will begin again with data analysis and community input (see Figure 1 below).

Figure 1: Strategic Planning Cycle



STRATEGIC SCORECARD

With the goals and key strategies determined, the city has identifies objectives and related benchmarks (or critical measures) to implement these strategic initiatives and to

monitor progress throughout the year. Benchmarks are located in each program budget section.

Most of the budgetary objectives are represented with outcome measures (lag indicators) and performance drivers (lead indicators). Each measurement has a target goal, which was determined based on benchmarking of the city's historical data, and the city's desired outcome. The measurements will represent the effectiveness of accomplishing the respective objective.

ACCOLADES

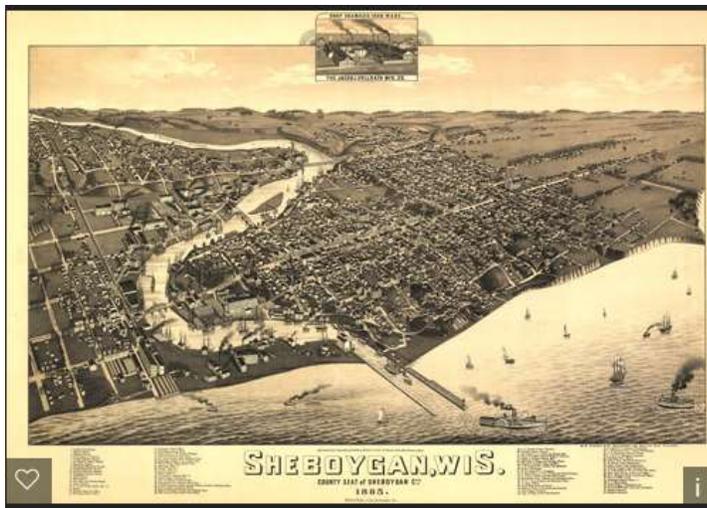
The City's ongoing commitment to its residents has been recognized by outside agencies and organizations through the presentation of various awards and certificates over the past five years, including the following:

1. Number 2 – Top ten most Livable U.S communities – small community population size, AARP, 2018
2. Number 15 – Best Places to Retire – 30 Best Cities for Older Americans, USA Today, 2018
3. Number 6 – National Corporate Facility Project Development, WEDC.org, 2018
4. Number 6 – Leading Metropolitan Areas for Corporate Facility Investment with Population less than 200,000, siteselection.com, 2018
5. Number 23 – Safest Cities for Families, securitychoice.com, 2018
6. Number 34 – Safest Cities to Retire, securitychoice.com, 2018
7. Bronze level – Bicycle Friendly Community, The League of American Bicyclists, 2018 - 2022
8. Boaters' Choice Award – Harbor Centre Marina, Marinas.com, 2018
9. Number 1 – Cities with the Lowest Poverty Rate of 5.4%, 247wallst.com, 2017
10. One of three AARP Age Friendly / Livable Communities in Wisconsin, 2017
11. Runner Friendly Community, Road Runners Club of America, August 2017
12. Engineering Excellence Award for UV Water Purification Process, American Council of Engineering Consultants, 2017
13. International City/County Management Association's Certificate of Achievement in Performance Management, ICMA, 2017
14. Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award, gfoa.org, 2017
15. 30 Small Towns with the Best Festivals – Bratwurst Days, Top Value Reviews, 2017
16. Number 23 – America's 25 Most Affordable Housing Markets, 247wallst.com, 2017
17. Top 10 ranking – Great Places to Live on Less than \$40,000, AARP, 2016
18. Top 10 ranking for Downtown Sheboygan – Most Walkable Neighborhoods in the Midwest for Mid-Sized Cities, Redfin, 2016
19. Number 9 – Top 10 Safest Metros in the Midwest, lawstreetmedia.com, 2015
20. "Working Together Award" for the Levitt Amp concert series, Sheboygan County Chamber of Commerce, 2015
21. Nominee – "Working Together Award" for the Gateway Revitalization Project: Erie Avenue, Sheboygan County Chamber of Commerce, 2014
22. One of 17 Best Beaches for Families, Parents.com, 2014
23. Tree City USA, Arbor Day Foundation, 1978 to present



Sheboygan was first witnessed in 1635 by Jean Nicolet who was exploring Lake Michigan and the Fox River Valley by canoe. After discovering the Upper Mississippi River in 1643, Sieur Louis Joliet and James Marquette passed by what would be Sheboygan. However, the first landing in Sheboygan did not occur until 1699 when Quebec missionary Father Saint Cosme came to intermingle with the then resident Potawatomi Indian Tribe.

The city's name is derived from the Indian language. However, reports of its meaning vary. A thesis by Jerome Francis Hesselink says that Sheboygan's name is derived from the Indian term "Sheu-wau-wau-gum" which means rumbling waters and refers to the many falls along the Sheboygan River. Local author, Janice Hildebrand reports that Sheboygan means "waterway between the lakes" referring to the connection of the Sheboygan River between Lake Michigan and Lake Winnebago. There are also several stories related to an Indian father declaring the birth of a new baby by saying, "She be a boy again," which was shortened through the years to Sheboygan. Regardless of which of these hypotheses are correct, the name was derived from the local Indian culture which first inhabited the area.



In 1846, Sheboygan was incorporated as a village. Sheboygan became a city in 1853. In 1891, Sheboygan was one of the great manufacturing centers of the state. The 1900's were highlighted further expansion of city services to its 22,962 citizens. In order to further protect the harbor from Lake Michigan's waves, a breakwater and lighthouse were built north of the river in 1900. In 1930, Sheboygan had 39,251 citizens and today has 48,846 residents.

Today, Sheboygan's strong work ethic in the manufacturing field continues to boast great job opportunities in our varied private and publically owned industries. Privately owned companies with strong roots include Rockline Industries, Torke Coffee, Scandia Plastics, and Plenco to name a few. Sheboygan's strategic location makes it an important transportation hub in east central Wisconsin, providing access by highway, rail, air, and water. Here we enjoy the lifestyle of small town America, along with the convenience of living 50 miles from either Milwaukee or Green Bay.

The City operates under a "Council-Manager" form of government with a City Administrator responsible for the day-to-day responsibilities of supervision, coordination, and administration of the City departmental activities; formulation, presentation, and administration of the budget. Policymaking and legislative authority are vested in a 10 member Common Council, chaired by the Common Council President.

The Sheboygan Police Department consists of 83 full-time sworn officers who provide 24-hour police protection. The Sheboygan Fire Department consists of 74 sworn officers and provides 24-hour fire and ambulance services to the residents of Sheboygan. The city partners with the Sheboygan Area School District (SASD) Community Recreation organization to provide recreational needs to the community. The Senior Activity Center provides 642 active members with opportunities for the senior citizens. Mead Public Library provides library resources for the City and the surrounding townships. Sheboygan Water Utility, under the direction of the Board of Water Commissioners, provides water to the city from Lake Michigan and the Sheboygan regional wastewater treatment plant collects sewage waste from Sheboygan residents, surrounding towns and villages.



Shoreline Metro is the City's premier provider of public transportation to the Sheboygan metro area. Service is provided Monday through Saturday with most routes operating on a 30 minute schedule. All buses are equipped with bike racks and accessible buses for mobility concerns.

SASD provides 26 schools and just over 9,200 students and is the largest district in the County. SASD provides a wide-variety of educational opportunities, ranging from four-year old kindergarten to college courses offered at the high school level all taught by a highly-educated teaching staff.

Sheboygan is proud to have the UW Green Bay - Sheboygan Campus located within its municipal boundaries. UW Green Bay - Sheboygan Campus provides a variety of bachelors and associates degrees through collaborative programs with other University of Wisconsin schools.

Sheboygan County is home to Lakeland University. A liberal arts college offering both undergraduate and graduate degrees, Lakeland University provides students with an education that is broad in scope, comprehensive in spirit and focused in at least one area of study. Lakeshore Technical College (LTC) is a leading provider of technical education offering over 100 career focused programs including associate degrees, technical diplomas, technical certificates and apprenticeship programs.

As the City advances in the future, these trends need to be taken into consideration as we plan our resources and services to residents. Today, Sheboygan is rich in opportunities to enjoy the good life. With the lake's scenic and recreational resources, a mix of housing and retail attractions, a broad-spectrum of cultural groups and established health care facilities generally found only in much larger communities, residents proudly call Sheboygan home.

Demographics

Building Permits

Year	Number	Value (millions)
2017	3,497	110.2
2016	3,323	114.4
2015	3,331	144.0
2014	3,328	273.3
2013	3,384	28.5
2012	3,288	45.9
2011	3,235	55.1

Employment Trends

Year	Employment	employment Rate
2017	62,123	2.5%
2016	60,905	3.7%
2015	59,614	3.8%
2014	57,860	5.2%
2013	54,490	7.5%
2012	54,420	8.4%
2011	55,730	10.3%

Parks

Year	Developed Parks	Acres Maintained
2017	38	675.00
2016	38	614.04
2015	38	614.04
2014	38	614.04
2013	36	557.25
2012	36	557.25
2011	36	557.25

Elections (2017)

	Registered Voters	Turn-Out	Percent
Spring Primary	27,494	4,177	15%

Employment by Industry-Sheboygan County (2017)

Manufacturing	20,651	35%
Trade, Transportation, Utiliti	10,186	17%
Education & Health Service	10,516	17%
Leisure & Hospitality	5,299	9%
Professional & Business	4,036	7%
Financial Activities	2,818	5%
Construction	2,207	4%
Public Administration	1,925	3%
Other Services	2,124	3%
Total All Industries	59,762	100%

Public Safety- Police

Year	Number of Sworn Officers
2017	82
2016	82
2015	81
2014	81
2013	81
2012	81
2011	81

Number of Police Stations	1
Number of Fire Stations	5
ISO Rating	2

Public Safety- Firefighter

Year	Number of Sworn Officers
2017	74
2016	72
2015	69
2014	72
2013	72
2012	72
2011	72

Infrastructure

Miles of State Highway System	17
Miles of County Highway System	17
Miles of Local Roads & Streets	196
Miles of Sidewalks	375
Number of City-owned Street Lights	2,900

Water/Wastewater (2017)

Active Accounts Serviced	18,774
Water Treated/Distributed-Gallons	4,007,964,000
Miles of Sanitary Sewers	170
Miles of Water Main	207

School Registration (2017-18)

Elementary Schools	4,083
Middle Schools	1,989
High Schools	3,086

Area Square Miles

2017	15.78
2016	14.81
2015	14.71
2014	14.53
2013	14.52
2012	14.46
2011	14.19
2010	14.19
2009	14.19

Age (2017)

Under 5 years	7.30%
5 to 9 years	6.80%
10 to 14 years	6.50%
15 to 19 years	6.70%
20 to 24 years	6.30%
25 to 29 years	7.40%
30 to 34 years	6.70%
40 to 44 years	6.60%
45 to 49 years	7.40%
50 to 54 years	6.90%
55 to 59 years	5.90%
60 to 64 years	4.90%
65 to 69 years	3.70%
70 to 74 years	2.90%
75 to 79 years	2.70%
80 to 84 years	2.60%
85 years and older	2.60%

Race

White	79.28%
Hispanic - Latino	9.90%
Asian	9.00%
Black - African American	1.76%
American Indian - Alaskan Native	0.05%

Population

2017	48,846
2010	49,288
2000	50,792
1990	49,676
1980	48,085
1970	48,484

Education Attainment (2017)

(Population 25 years and older)	
High School Graduate	91.60%
Associates Degree	5.90%
Bachelor's Degree	23.60%
Graduate or Professional Degreee	4.80%

Housing Units (2017)

Total Dwelling Units	21,320
Single Family	12,773
Two Family	4,756
Three Family	180
Condominiums	744
Apartment Units	474

Largest Property Taxpayers (2017)

	Assessed Value
Acuity Mutual Insurance Company	\$134,812,520
Aurora Medical Group	\$22,737,890
Nemak USA, Inc.	\$17,500,500
Sheboygan Acquisitions, LLC	\$17,216,430
Plastics Engineering Co.	\$14,808,000
PJR Properties	\$14,806,200
Wal-Mart	\$14,404,000
Country Village Apartments	\$13,951,740
St. Nicholas Hospital	\$12,521,200
The Vollrath Company, LLC	\$11,951,100

Major Employers (2017)

Aurora Medical Group	1,375
Nemak	1,259
Sheboygan Area School District	1,257
Acuity Mutual Insurance Company	1,255
Rockline Industries	859
Sheboygan County	833
The Vollrath Company, LLC	527
American Orthodontics	502
Piggly Wiggly Midwest, LLC	500
City of Sheboygan	492



NOTES



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