

2020  
Annual Program  
Budget In Brief

City of Sheboygan, Wisconsin



# CITY OF SHEBOYGAN COMMON COUNCIL 2019 – 2020

District 1 (Wards 1, 5, 6)

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District 3 (Wards 11, 13)

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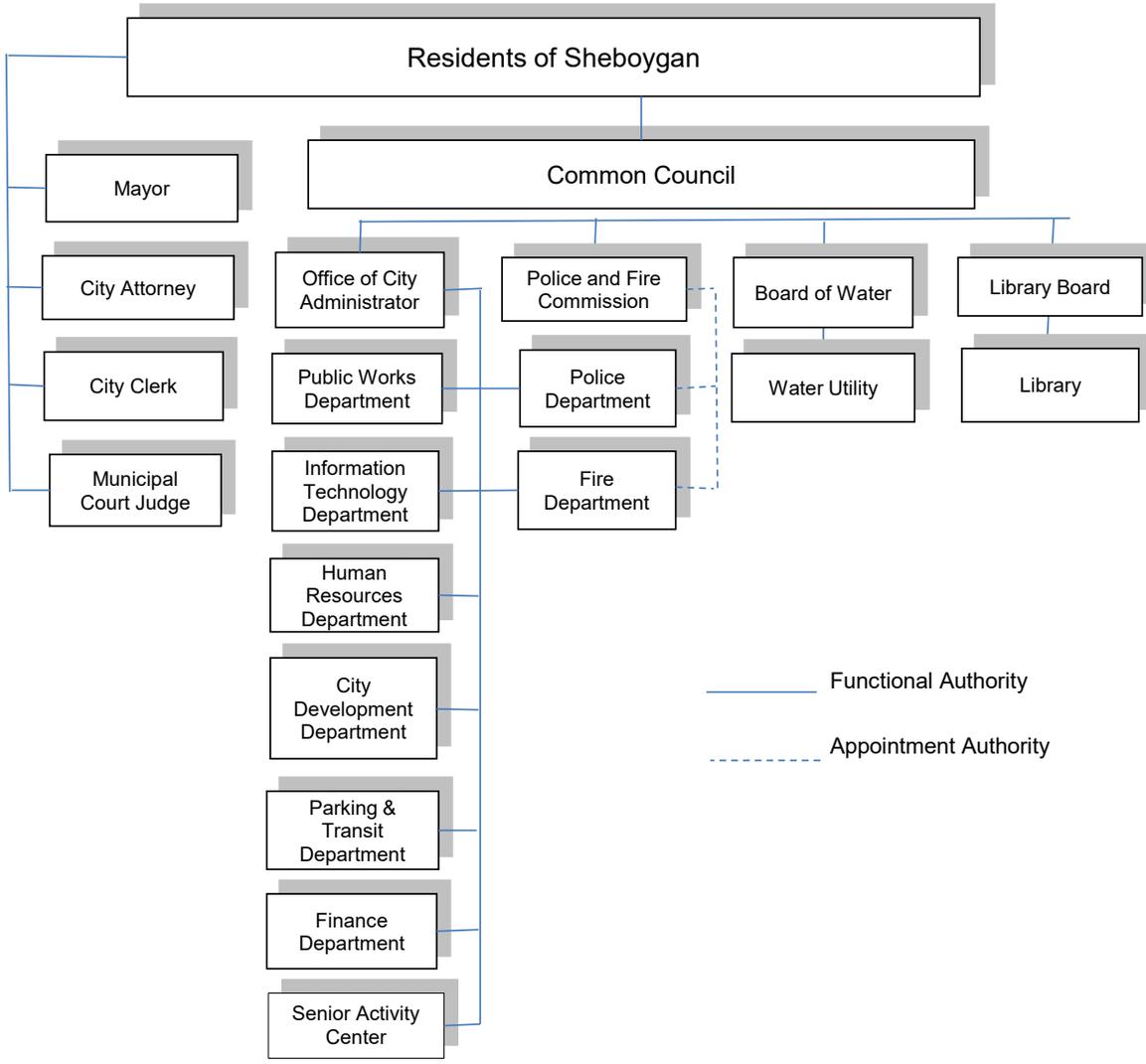
District 10 (Wards 23, 26)

**Jim Bohren**

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**Name**

Darrell Hofland  
 David Biebel  
 Eric Bushman  
 Sandra Rohrick  
 Chad Pelishek  
 Derek Muench  
 Marty Halverson  
 Christopher Domagalski  
 Eric Montellano  
 Joseph Trueblood  
 Garrett Erickson  
 Vicky Schneider

**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  
 Director of Senior Services

**Title**

Mayor  
 City Attorney  
 City Clerk  
 Municipal Court Judge



January 1, 2020

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

Transmitted herein is the City of Sheboygan's 2020 Annual Program Budget for the fiscal year beginning January 1, 2020. The Annual Program Budget represents one of the most important documents presented to and approved by the Common Council.

The 2020 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 2020 Adopted Budget establishes an operational and financial plan for the delivery of city services and implementation of the city's Capital Improvement Program (CIP). Regarding implementation of the CIP, the 2020 Capital improvement-related expenditures (as contained in the Capital Improvement Funds) are proposed to decrease by \$17.8 million or 57 percent over 2019 levels.

#### **SHORT TERM FACTORS AND IMPACT ON BUDGET**

Two factors will negatively affect the city's largest revenue source – property taxes in 2020: limited new development outside of Tax Incremental Districts (TIDs) and Wisconsin property tax levy limits.

- The city is experiencing limited growth in new construction (\$9.4 million in net new construction according to the Wisconsin Department of Revenue) with the vast majority of this development occurring within TIDs. As a result, most of the subsequent 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 2020 Adopted Budget is limited to receive an additional amount of \$202,518 (to fund its general operations, capital, but no debt-related expenditures). This is similar to the 2019 budget which received an additional amount of \$221,010.

Due to a 2020 increase in debt service expenses (associated with prior street improvement projects), the Budget also recommends a corresponding \$119,869 increase in the tax levy. The total levy increase of \$322,387 will result in a property tax rate increase of 1.33 percent or \$0.13 per \$1,000 in assessed property valuation. (For comparison purposes with other communities, the equalized property tax rate will decrease by \$0.12 or 1.37 percent.)

#### **OFFICE OF THE CITY ADMINISTRATOR**

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## BUDGET OVERVIEW

The 2020 Budget includes monies for both operating and capital purposes totals \$109,579,877. This amount represents a decrease of \$21,507,169 or 16.4 percent from the prior year – 2019 Amended Budget.

The 2020 Budget includes four new funds: Neighborhood Revitalization Fund, TID 17 Debt Service Fund (Indiana Avenue Corridor), TID 19 Debt Service Fund (redevelopment area bounded by Pennsylvania Avenue, north of Niagara Avenue and the Sheboygan River west of North 15th Street), and Recycling Utility Fund.

Of the city's six fund categories, four fund categories are estimated to increase their expenditure levels: General Fund, Special Revenue Funds, Fiduciary Funds, and Proprietary Funds. Two remaining funds – Debt Service Funds and Capital Improvement Funds are proposed to decrease its expenditures.

The largest fund category expenditure change is the Capital Improvement Funds with a \$17,757,740 decrease in comparison to 2019 Amended Budget. The reason for the decrease is reduced street and bridge reconstruction projects in 2020.

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

Budget Summary				
	2019 Amended	2020 Adopted	Dollar Change	Percent Change
General Fund	\$38,545,378	\$39,294,527	\$749,149	1.94%
Special Revenue Funds	\$10,649,705	\$11,264,142	\$614,437	5.77%
MEG Unit Fund	\$53,827	\$50,605	(\$3,222)	(5.99%)
Community Development Block Grant Fund	\$954,201	\$939,625	(\$14,576)	(1.53%)
Housing Revolving Loan Fund	\$75,528	\$247,048	\$171,520	22.71%
Business Revolving Loan Fund	\$450,000	\$190,000	(\$260,000)	(57.78%)
Neighborhood Revitalization Fund	\$0	\$292,993	\$292,993	
Mead Public Library Fund	\$3,313,714	\$3,442,783	\$129,069	3.89%
Tourism Fund	\$1,539,460	\$1,941,256	\$401,796	26.10%
Park, Forestry, and Open Space Fund	\$110,000	\$315,000	\$205,000	186.36%
Park Impact Fee Fund	\$40,000	\$60,000	\$20,000	50.00%
Cable Television Fund	\$1,056,303	\$543,640	(\$512,663)	(48.53%)
Municipal Court Fund	\$753,797	\$902,750	\$148,953	19.76%
Ambulance Fund	\$1,151,800	\$1,250,800	\$99,000	8.60%
Special Assessment Fund	\$125,000	\$100,000	(\$25,000)	(20.00%)
Harbor Centre Marina Fund	\$914,335	\$878,643	(\$35,692)	(3.90%)
Redevelopment Authority Fund	\$51,275	\$50,000	(\$1,275)	(2.49%)
Storm Water Fund	\$60,464	\$59,000	(\$1,464)	(2.42%)
Debt Service Funds	\$15,851,930	\$8,862,198	(\$6,989,313)	(44.09%)
G O Debt Service Fund	\$9,374,354	\$4,311,333	(\$5,063,021)	(54.01%)
Convention Center Debt Service Fund	\$499,486	\$499,486	\$0	0.00%
TID 5 Debt Service Fund	\$2,850	\$0	(\$2,850)	(100.00%)
TID 6 Debt Service Fund	\$1,310,474	\$1,263,187	(\$47,287)	(3.61%)
TID 10 Debt Service Fund	\$6,150	\$650	(\$5,500)	(89.43%)

<b>Budget Summary</b>				
	2019 Amended	2020 Adopted	Dollar Change	Percent Change
<b>Debt Service Funds - continued</b>				
TID 11 Debt Service Fund	\$146,600	\$713,614	\$567,014	386.78%
TID 12 Debt Service Fund	\$150	\$223,677	\$223,527	149,018.00%
TID 13 Debt Service Fund	\$42,332	\$300,650	\$258,318	610.22%
TID 14 Debt Service Fund	\$112,599	\$101,200	(\$11,399)	(10.12%)
TID 15 Debt Service Fund	\$155,037	\$159,046	\$4,009	2.59%
TID 16 Debt Service Fund	\$607,990	\$587,426	(\$20,564)	(3.38%)
TID 17 Debt Service Fund	\$0	\$135,110	\$135,110	
TID 18 Debt Service Fund	\$3,593,258	\$548,047	(\$3,045,211)	(84.75%)
TID 19 Debt Service Fund	\$0	\$18,123	\$18,123	
Environmental TID Debt Fund	\$650	\$650	\$0	0.00%
<b>Capital Improvement Funds</b>	<b>\$30,997,118</b>	<b>\$13,239,378</b>	<b>(\$17,757,740)</b>	<b>(57.29%)</b>
Capital Project Fund	\$17,239,206	\$3,611,598	(\$13,627,608)	(79.05%)
Capital Improvement Fund	\$6,479,318	\$3,580,546	(\$2,898,772)	(44.74%)
Industrial Park Fund	\$9,585	\$6,000	(\$3,585)	(37.40%)
TID 12 Capital Project Fund	\$150	\$223,677	\$233,527	149,018.00%
TID 14 Capital Project Fund	\$449,540	\$57,700	(\$391,840)	(87.16%)
TID 16 Capital Project Fund	\$575,875	\$226,992	(\$348,883)	(60.58%)
TID 17 Capital Project Fund	\$4,525,000	\$5,152,639	\$627,639	13.89%
TID 18 Capital Project Fund	\$1,649,290	\$86,265	(\$1,563,025)	(94.77%)
TID 19 Capital Project Fund	\$60,000	\$517,639	\$457,639	762.73%
<b>Fiduciary Funds</b>	<b>\$2,000</b>	<b>\$166,000</b>	<b>\$164,000</b>	<b>8,200.00%</b>
Cemetery Perpetual Care Fund	\$2,000	\$16,000	\$14,000	700.00%
Mead Public Library Trust Fund	\$0	\$150,000	\$150,000	
<b>Proprietary Funds</b>	<b>\$35,040,914</b>	<b>\$36,753,631</b>	<b>(\$1,712,716)</b>	<b>(4.89%)</b>
Motor Vehicle Fund	\$2,996,724	\$2,512,803	(\$483,921)	(16.15%)
Health Insurance Fund	\$7,560,116	\$7,027,878	(\$532,238)	(7.04%)
Liability Insurance Fund	\$588,200	\$484,436	(\$103,764)	(17.64%)
Workers Compensation Fund	\$649,640	\$655,228	\$5,588	0.86%
Information Technology Fund	\$1,060,898	\$1,118,772	\$57,874	5.46%
Boat Facilities Fund	\$177,947	\$178,503	\$556	0.31%
Recycling Utility Fund	\$0	\$1,218,127	\$1,218,127	
Parking Utility Fund	\$492,187	\$493,167	\$980	0.19%
Transit Utility Fund	\$4,419,647	\$4,416,674	(\$2,973)	(0.07%)
Water Utility Fund*	\$7,575,377	\$8,872,986	\$1,297,609	17.13%
Wastewater Utility Fund	\$9,520,179	\$9,775,057	\$254,878	2.68%
<b>Total Financial Plan</b>	<b>\$131,087,045</b>	<b>\$109,579,876</b>	<b>(\$21,507,169)</b>	<b>(16.41%)</b>

\*Includes Water Utility for informational purposes only. The Board of Water Commission has authority for review and approval.

In the city's largest (individual) fund - General Fund is recommended to increase by \$749,149 or 1.94 percent.

### Personnel Change Highlights

Regarding personnel, the 2020 Budget recommends the following changes over the 2019 Amended Budget's authorized positions:

- Addition of the following positions: 1.00 Grant Coordinator and 1.00 Distribution Technician

- Elimination of the following positions: 1.00 Network Administrator and 2.50 Maintenance Worker II

**Operational Service and Program Change Highlights**

In 2020, the city will implement enhanced garbage and recycling pickup service with the introduction of the automated collection of garbage and recycling carts. For new programs, the city will create an upper floor rehabilitation loan program and residential façade and landscaping reimbursement grant program.

**Capital Expenditures and Capital Improvement Projects Highlights**

The approved Five-year Capital Improvement Program was the foundation for the consideration of the 2020 Adopted Budget’s list of capital improvement projects.

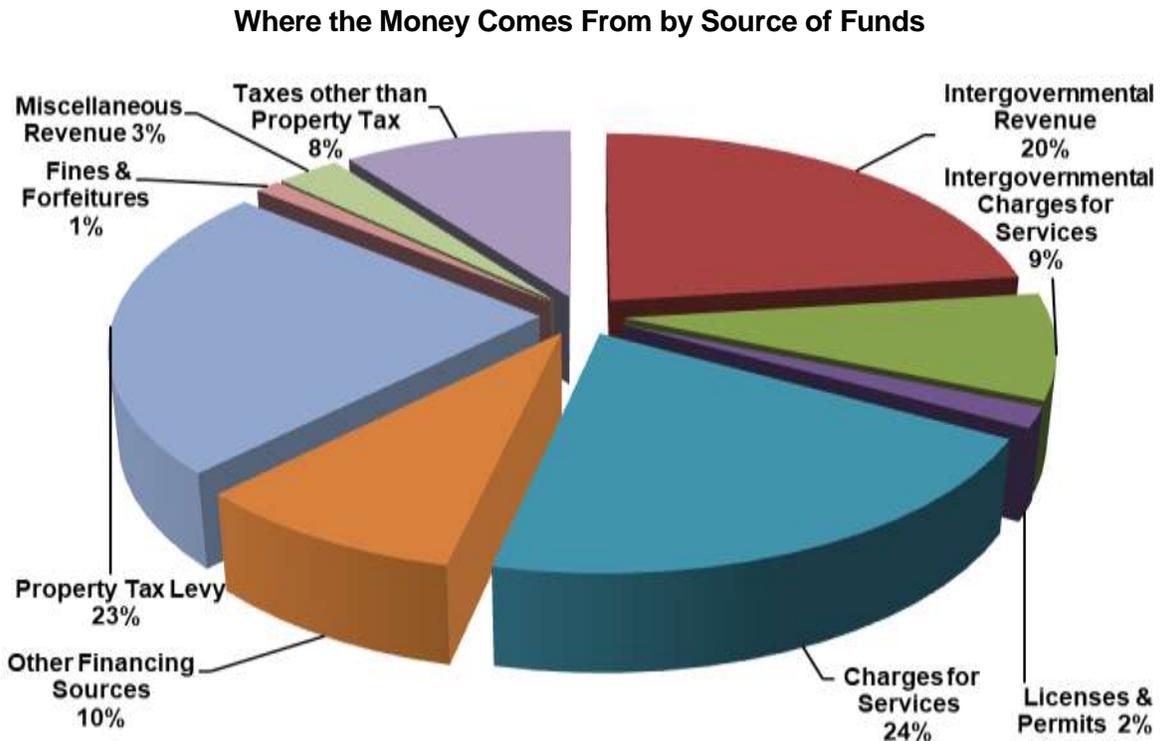
The following are some highlights:

- \$1,300,000 for the purchase of former railroad right-of-way for Shoreland 400 multimodal trail, which is adjacent to Indiana Avenue;
- \$3,500,000 for the reconstruction of streets which surround proposed Badger State Lofts, a mixed-use development including 118 “loft style” apartments;
- \$1,272,000 for miscellaneous water main replacement;
- \$750,000 for miscellaneous sanitary sewer replacement; and
- \$2,000,000 for the reconstruction of Superior Avenue between North 29<sup>th</sup> Street and North Taylor Drive (1,584 linear feet).

**Income/Outgo**

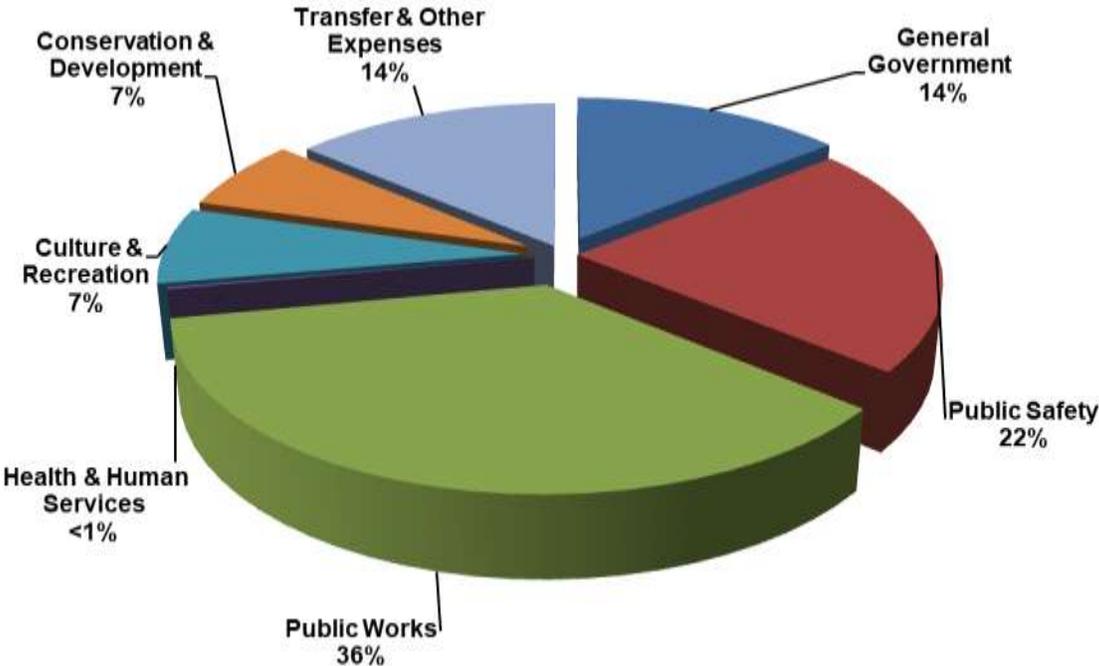
The following pie charts represent the city’s income and outgo. Revenues are grouped by major category; expenditures are shown by program area and by type of expenditure.

Of the 2020 revenues (Source of Funds) as identified on the pie chart below, Charges for Services representing 24 percent which is the largest revenue source. The second largest category – Property Tax Levy represents 23 percent.



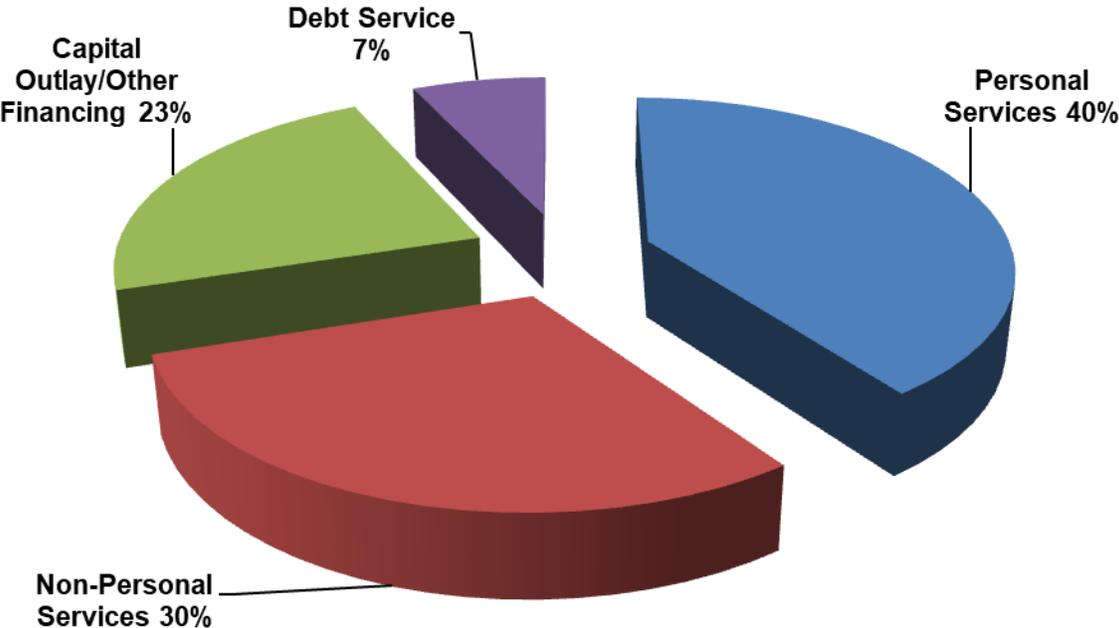
The chart on the following page depicts the breakdown of city expenditures and how the money is spent by program. Public Works and Public Safety represent the first and second largest areas of expenditure appropriations, accounting for 36 percent and 22 percent respectively of the total financial program in 2020.

**Where the Money Goes by Type of Program**



The final chart below depicts appropriation by expenditure type (Line Item Category). Personal Services represents the largest portion of the total financial program at 40 percent.

**Where the Money Goes by Line Item Category**



**FINANCIAL ASSESSMENT**

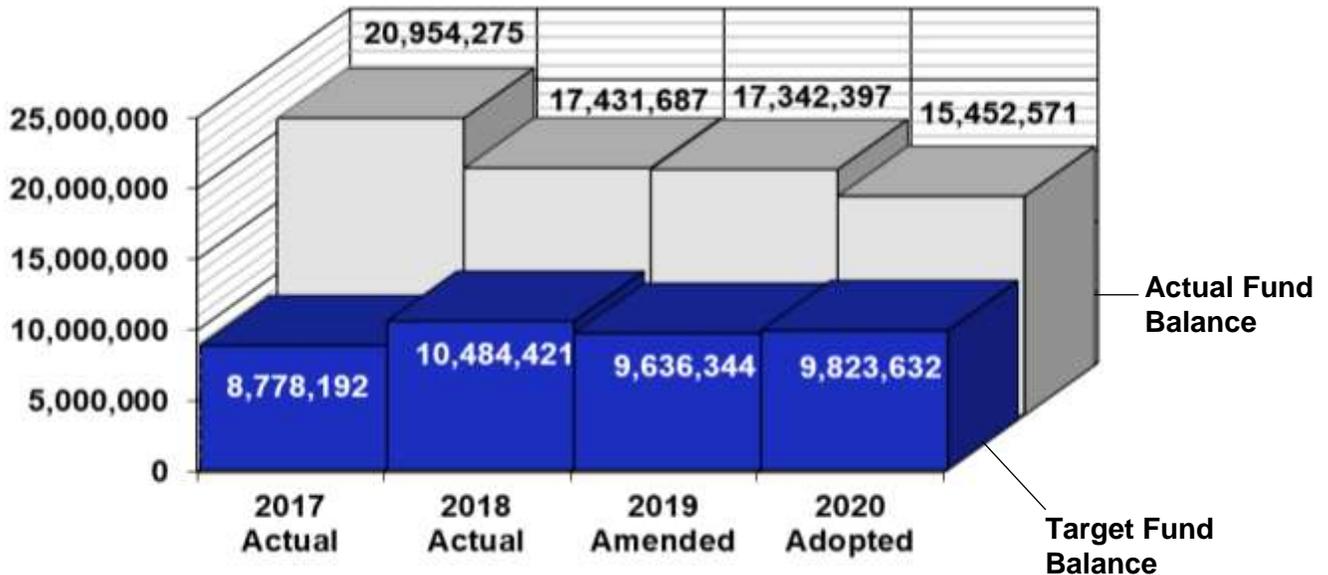
Sheboygan has developed and maintained a strong financial position through conservative financial management and adherence to sound fiscal analysis and policies. The 2020 Budget is no exception.

**Fund Balances**

One measure of a municipality’s financial strength is the level of fund balances. All of the city’s six fund categories have a positive fund balance for 2020. The 2020 Budget identifies the use of \$4,797,990 in fund balance.

The following chart depicts a comparison of the 2017 – 2020 General Fund’s (uncommitted) target and actual fund balances. The city’s fund balance policy is to maintain not less than 25 percent (target fund balance). For the 2020 Budget, the projected end of 2020 uncommitted fund balance of \$15,452,517 will be 39 percent of the proposed 2020 expenditure level.

**General Fund Balance (Uncommitted) by Actual and Target Amounts**



**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 \$6.5 million) is 29.0 percent for 2020 (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>
2017	\$27,313,477	20.9%
2018	\$35,373,845	25.2%
2019	\$43,237,359	29.6%
2020	\$43,341,976	29.0%

Of the 29.6 percent of (existing) 2019 legal debt used, 70.4% of this debt is non-TID related.

## **Bond Rating**

The city's 2019 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 2.8 percent (December 2019) which is comparable to Wisconsin's 3.4 percentage rate, and lower than the United States' 3.5 percentage rate. 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 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. The city continues to promote redevelopment of older sections of the community into higher density uses.

Multifamily development investment continues in Sheboygan. In late 2019, construction will finish on three apartment and/or condominium projects: 7Penn apartments - \$13 million valuation, The Luxe apartments - \$8 million valuation and Water's Edge condominiums (Phase 1) - \$7 million valuation. Three additional multifamily projects started in 2019 and are expected to be completed in 2020 are Badger State Lofts mixed use project including apartments - \$30 million, South Pier condominiums (Phase 1) - \$6 million valuation and Kingsbury Village Apartments - \$6 million valuation.

For the third year in row since the Great Recession, existing residential properties appreciated in valuation, with a five percent increase in 2018. Regarding new construction in 2019, the city experienced another year of limited single and two-family home construction. An increase is expected in 2020 due to the development of a new subdivision on the city's southwest side.

Several development projects completed in 2019 are 159,253 square foot Meijer supercenter, 54,000 square foot visual art storage facility - the Art Preserve, by John Michael Kohler Arts Center on 39 acres, 4,300 square foot Panera Restaurant, 16,570 square foot Dulmes Décor Carpet One, 12,300 square foot Central Tool House multi-tenant building, 61,000 square foot Prevea medical office building, and 27,000 square foot FedEx distribution center. Two new hotels with a total of 201 rooms commenced construction in 2019 - Fairfield Inn and Suites and Hampton Inn. A Sheboygan-based insurance company, Acuity Insurance, began construction of 715-space parking structure and 41,000 square foot recreation center in second half of 2019.

In 2019, the city completed the construction of the municipal-owned SouthPointe Enterprise Campus, a 150 acre business park located on the southwest side of the city.

The city continues to take the lead in the redevelopment of Indiana Avenue corridor with the financial assistance of a 2018-created 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 2020 Budget is committed to advancing the city's Strategic Plan and its 2020 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.

The 2020 Annual Program Budget is the first Sheboygan budget document created from a budget software module which directly utilizes information from Munis, the city's enterprise resource planning (ERP) software. With the new electronic enhancements, this 2020 Annual Program Budget maintains consistency with the city's Strategic Plan's focus area regarding Governing and Fiscal Management.

In an effort to streamline the 2020 Budget document for the reader, the financial information including all revenues and expenditures contained within the 2020 Annual Program Budget book is reported in its category format. All complete account level detail formerly contained within the 2017 to 2019 Annual Program Budget documents' is now located in the 2020 Annual Program Budget Revenue and Expenditures Detail – Addendum.

I want to thank all of the city's Management Team and their support staff, especially Finance Director/Treasurer Marty Halverson and Assistant to the City Administrator Carrie Arenz for their assistance in developing the "next generation" 2020 Annual Program Budget.

Respectively submitted,

A handwritten signature in cursive script that reads "Darrell Hofland". The signature is written in black ink and includes a horizontal line extending to the right.

Darrell Hofland  
City Administrator



	Amended 2019	Adopted 2020	CHANGE	
			\$	%
Governmental Funds Expenses:				
General Fund Expenses	\$38,545,378	\$39,294,527	\$749,149	1.94%
<b>Levy Required</b>	\$16,435,705	\$16,609,115	\$173,410	1.06%
Special Revenue Funds Expenses	\$10,649,705	\$11,264,142	\$614,437	5.77%
<b>Levy Required</b>	\$2,509,321	\$2,533,314	\$23,993	0.96%
Debt Service Funds Expenses	\$15,851,930	\$8,862,198	(\$6,989,732)	(44.09%)
<b>Levy Required</b>	\$3,421,889	\$3,541,758	\$119,869	3.50%
Capital Improvement Funds Expenses	\$30,997,118	\$13,239,378	(\$17,757,740)	(57.29%)
<b>Levy Required</b>	\$892,025	\$892,025	\$0	0.00%
Fiduciary Fund Expenses	\$2,000	\$166,000	\$164,000	8200.00%
<b>Levy Required</b>	\$0	\$0	\$0	0.00%
Proprietary Funds Expenses**	\$35,040,914	\$36,753,631	\$1,712,717	4.89%
<b>Levy Required</b>	\$511,547	\$516,662	\$5,115	1.00%
<b>Total Expense</b>	\$131,087,045	\$109,579,876	(\$21,507,169)	(16.41%)
<b>Total Tax Levy</b>	<b>\$23,770,487</b>	<b>\$24,092,874</b>	\$322,387	1.36%
Non-TID Property Tax Base				
Equalized	\$2,650,921,700	\$2,724,220,600	\$73,298,900	2.77%
<b>Equalized Tax Rate*</b>	<b>\$8.967</b>	<b>\$8.844</b>	(\$0.12)	(1.37%)
Equalized/Assessed Ratio	90.48%	88.07%		(2.41%)
<b>Assessed Tax Rate*</b>	<b>\$9.910</b>	<b>\$10.042</b>	\$0.13	1.33%

\*per \$1,000 property valuation

\*\*Includes Water Utility for informational purposes only. The Board of Water Commission has authority for review and approval.

## 2020 BUDGET SUMMARY

### GOVERNMENTAL FUNDS

	General Fund	Special Revenue	Debt Service	Capital Improvement	Fiduciary Funds	Proprietary Funds
<b>Revenue</b>						
Taxes	\$16,812,638	\$4,302,078	\$8,542,409	\$1,600,242	\$0	\$516,662
Licenses and Permits	\$992,740	\$642,475	\$0	\$0	\$0	\$30,700
Intergovernmental Revenue	\$14,233,373	\$2,174,662	\$52,472	\$1,181,056	\$0	\$3,786,219
Intergovernmental Charges for Services	\$258,000	\$0	\$0	\$0	\$0	\$9,081,868
Charges for Services	\$1,601,322	\$2,168,641	\$0	\$0	\$9,400	\$20,928,466
Fines and Forfeitures	\$271,000	\$900,000	\$0	\$0	\$0	\$5,000
Miscellaneous Revenue	\$356,650	\$361,550	\$679,532	\$121,300	\$30,500	\$1,382,930
Other Financing Sources	\$2,878,924	\$942,964	\$1,127,142	\$6,551,946	\$0	\$257,026
<b>Total Revenue</b>	<b>\$37,404,647</b>	<b>\$11,492,370</b>	<b>\$10,401,555</b>	<b>\$9,454,544</b>	<b>\$39,900</b>	<b>\$35,988,871</b>
<b>Expenditures</b>						
General Government	\$4,207,724	\$1,849,996	\$165,696	\$0	\$0	\$9,235,520
Public Safety	\$22,315,691	\$870,061	\$0	\$765,944	\$0	\$0
Public Works	\$8,825,441	\$937,643	\$0	\$4,948,430	\$0	\$20,215,575
Health and Human Services	\$201,331	\$0	\$0	\$0	\$1,000	\$0
Culture and Recreation	\$2,837,589	\$4,075,246	\$0	\$886,770	\$150,000	\$3,038
Conservation and Development	\$368,721	\$1,502,433	\$0	\$5,541,234	\$0	\$7,996
Transfers and other expenses	\$538,030	\$2,028,764	\$8,696,502	\$1,097,000	\$15,000	\$7,291,501
<b>Total Expenditures</b>	<b>\$39,294,527</b>	<b>\$11,264,142</b>	<b>\$8,862,198</b>	<b>\$13,239,378</b>	<b>\$166,000</b>	<b>\$36,753,631</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-\$1,889,880</b>	<b>\$228,228</b>	<b>\$1,539,357</b>	<b>-\$3,784,834</b>	<b>-\$126,100</b>	<b>-\$764,760</b>
<b>Fund Balance, January 1</b>	<b>\$19,893,989</b>	<b>\$1,939,736</b>	<b>\$10,627,320</b>	<b>\$7,166,592</b>	<b>\$2,239,632</b>	<b>\$0</b>
<b>Fund Balance, December 31</b>	<b>\$18,004,109</b>	<b>\$2,167,964</b>	<b>\$12,166,677</b>	<b>\$3,381,758</b>	<b>\$2,113,532</b>	<b>\$0</b>
<b>Net Position, January 1</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,381,737</b>
<b>Net Position, December 31</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$87,616,977</b>
<b>Net Property Tax Required</b>	<b>\$16,609,115</b>	<b>\$2,533,314</b>	<b>\$3,541,758</b>	<b>\$892,025</b>	<b>\$0</b>	<b>\$516,662</b>

Assessed Valuation

ASSESSED TAX RATE

Equalized Valuation\*

EQUALIZED TAX RATE

\*Valuation does not include Tax Incremental District Valuation

## BUDGET SUMMARY

2020 Adopted	2019 Estimated	2018 Actual	2017 Actual	
				<b>Revenue</b>
\$31,774,029	\$30,251,732	\$29,403,745	\$27,989,396	Taxes
\$1,665,915	\$1,982,186	\$1,806,082	\$1,744,147	Licenses and Permits
\$21,427,782	\$21,570,432	\$20,793,432	\$21,894,629	Intergovernmental Revenue
\$9,339,868	\$8,837,035	\$9,659,001	\$8,894,419	Intergovernmental Charges for Services
\$24,707,829	\$22,838,073	\$22,603,020	\$20,783,225	Charges for Services
\$1,176,000	\$1,026,000	\$1,197,563	\$1,078,718	Fines and Forfeitures
\$2,932,462	\$2,971,766	\$5,612,812	\$4,177,248	Miscellaneous Revenue
\$11,758,002	\$21,333,863	\$44,739,257	\$13,677,746	Other Financing Sources
<u>\$104,781,887</u>	<u>\$110,811,087</u>	<u>\$135,814,911</u>	<u>\$100,239,529</u>	Total Revenue
				<b>Expenditures</b>
\$15,458,937	\$18,560,910	\$20,803,862	\$14,019,118	General Government
\$23,951,696	\$23,214,931	\$24,471,918	\$21,481,633	Public Safety
\$34,927,089	\$32,404,841	\$30,465,718	\$29,555,614	Public Works
\$202,331	\$194,205	\$205,785	\$234,960	Health and Human Services
\$7,952,643	\$7,790,159	\$7,102,525	\$7,167,105	Culture and Recreation
\$7,420,384	\$3,979,555	\$16,223,927	\$7,729,672	Conservation and Development
\$19,666,797	\$33,367,464	\$23,842,251	\$20,394,270	Transfers and other expenses
<u>\$109,579,877</u>	<u>\$119,512,065</u>	<u>\$123,115,987</u>	<u>\$100,582,372</u>	Total Expenditures
<u>-\$4,797,990</u>	<u>-\$8,700,977</u>	<u>\$12,698,924</u>	<u>-\$342,843</u>	Excess of revenues over (under) expenditures
\$41,867,269	\$53,308,769	\$42,767,814	\$43,456,422	Fund Balance, January 1
\$37,814,709	\$41,847,938	\$53,308,769	\$42,767,814	Fund Balance, December 31
\$88,381,737	\$88,046,287	\$85,924,256	\$88,381,737	Net Position, January 1
\$87,616,977	\$88,381,737	\$88,046,287	\$87,616,977	Net Position, December 31
<u>\$24,092,874</u>	<u>\$23,770,487</u>	<u>\$23,324,477</u>	<u>\$22,150,349</u>	Net Property Tax Required
\$2,399,221,082	\$2,398,553,954	\$2,523,820,400	\$2,318,618,801	Assessed Valuation
10.0420	9.9100	9.7413	9.7413	ASSESSED TAX RATE
\$2,724,220,600	\$2,650,921,700	\$2,488,723,200	\$2,326,529,000	Equalized Valuation*
8.844	8.967	9.372	9.521	EQUALIZED TAX RATE

## 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 residents 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.

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

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 2019 survey results which relate to the Strategic Plan's objectives:

<b>Provide comprehensive, timely and accurate information</b>	<b>Improve the overall performance of the city, focusing on economic and business development</b>	<b>Continue to improve the quality of life</b>	<b>Crime reduction in our neighborhoods</b>
Keeping citizen informed with a rating of Good or Excellent 56%	Overall performance of the city rated as Good or Excellent 71%	Overall Quality of Life rated Good or Excellent 87%	Police Department services with rating of Good or Excellent 86%
City website as useful source of information 62%	Attracting and keeping businesses in Sheboygan is rated as Important or Very Important 82%	Overall direction the city is headed with a rating of Steady or Improving 78%	Support for the neighborhoods in Sheboygan rated as Important or Very Important 92%

### **STRATEGIC INITIATIVES**

The series of tables that follow provide examples of several City's Focus Areas, Goals, Key Strategies, and some of the 2020 Budgeted Programs, Services or Capital Improvements Projects that support these initiatives and priorities.

<b>Focus Area - Quality of Life</b>		
<b>Goal</b>	<b>Key Strategies</b>	<b>Budgeted Programs, Services or Capital Projects</b>
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.	Improve local parks including ADA accessibility updates, completion of Moose Park playground construction - \$25,000, Roosevelt Park tennis court resurfacing - \$90,000, Evergreen Park Bridge construction - \$180,000.
	Support and enhance programming and activities that encourage increased guardianship and crime reduction in our neighborhoods.	Allocate Community Block Grant funds to non-profit public service entities - \$158,000  Continue focus on the use and expansion of neighborhood associations to strengthen and empower residents to improve the community.  Continue funding of north and south side neighborhood beat officer positions - \$211,434.

<b>Focus Area – Infrastructure and Public Facilities</b>		
<b>Goal</b>	<b>Key Strategies</b>	<b>Budgeted Programs, Services or Capital Projects</b>
<p>Improve the quality of life by effectively developing, maintaining and improving the infrastructure, natural resources and community services.</p>	<p>Provide quality infrastructure that conveys safe, efficient delivery of essential goods and services.</p>	<p>Continue focus on city street resurfacing projects, including Superior Avenue - \$5,629,000.</p> <p>Begin design phase for “Smart City” traffic light coordination project for construction in 2021 for Taylor Drive, 14<sup>th</sup> Street and Kohler Memorial Drive / Erie Avenue - \$399,400.</p> <p>Renovate the former Van Der Vaart site and surrounding infrastructure in anticipation of future residential expansion - \$2,000,000.</p>
	<p>Preserve and maintain city buildings and/or facilities in a manner that provides a safe environment for the facilities’ functions and occupants.</p>	<p>Begin repairs to Fire Station 2 - \$317,644.</p> <p>Install ADA accessible walkways within local parks - \$25,000.</p> <p>Continue sanitary sewer maintenance and relining program - \$750,000.</p> <p>Invest in operational upgrades to the Wastewater Treatment Facility to extend the working lifetime of this regional facility - \$800,000.</p>

<b>Focus Area – Neighborhood Revitalization</b>		
<b>Goal</b>	<b>Key Strategies</b>	<b>Budgeted Programs, Services or Capital Projects</b>
<p>Encourage reinvestment in the city’s housing stock and create solid neighborhoods with strong leadership and ensure quality new housing developments.</p>	<p>Preserve historic housing, neighborhood elements, safety, security and support initiatives that improve rental housing stock in the city.</p>	<p>Continue to issue new façade and landscaping grants to qualifying applicants - \$712,964.</p> <p>Continue annual community partnership / volunteering events to provide light home repair, landscaping and clean-up services.</p>

<b>Focus Area – Economic Development</b>		
<b>Goal</b>	<b>Key Strategies</b>	<b>Budgeted Programs, Services or Capital Projects</b>
<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>Contribute to Sheboygan County Economic Development Corporation - \$100,000.</p> <p>Continue development of the Innovation District by completing numerous infrastructure improvements including street improvements (\$3,500,000) and parking lot expansion (\$300,000) to leverage private sector development - \$30 million.</p> <p>Coordinate with Sheboygan County and Village of Kohler for the construction of infrastructure to support the future \$324 million Advocate Aurora medical center - \$500,000.</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 corridor and trail project to further improve revitalization efforts - \$1,300,000.</p> <p>Install downtown LED street lighting upgrade - \$171,400.</p> <p>Offer low interest business loans with job creation commitment.</p> <p>Establish the design and construction of new wayfinding signage throughout the city to create a connected community - \$50,000.</p>

<b>Focus Area – Governing and Fiscal Management</b>		
<b>Goal</b>	<b>Key Strategies</b>	<b>Budgeted Programs, Services or Capital Projects</b>
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.	Develop efficient, transparent processes/systems to provide financial information and foster sustainability.	<p>Create 2020 Annual Program Budget which complies with criteria of Government Finance Officers Association for the Distinguish Budget Presentation award.</p> <p>Create 2020 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 third ICMA Certificate of Distinction in Performance Management award.</p> <p>Utilize ClearGov to improve transparency and analysis of financial and benchmark information.</p>
	Provide a safe, healthy, and supportive work environment valuing employee contribution to the community.	<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>Utilize 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

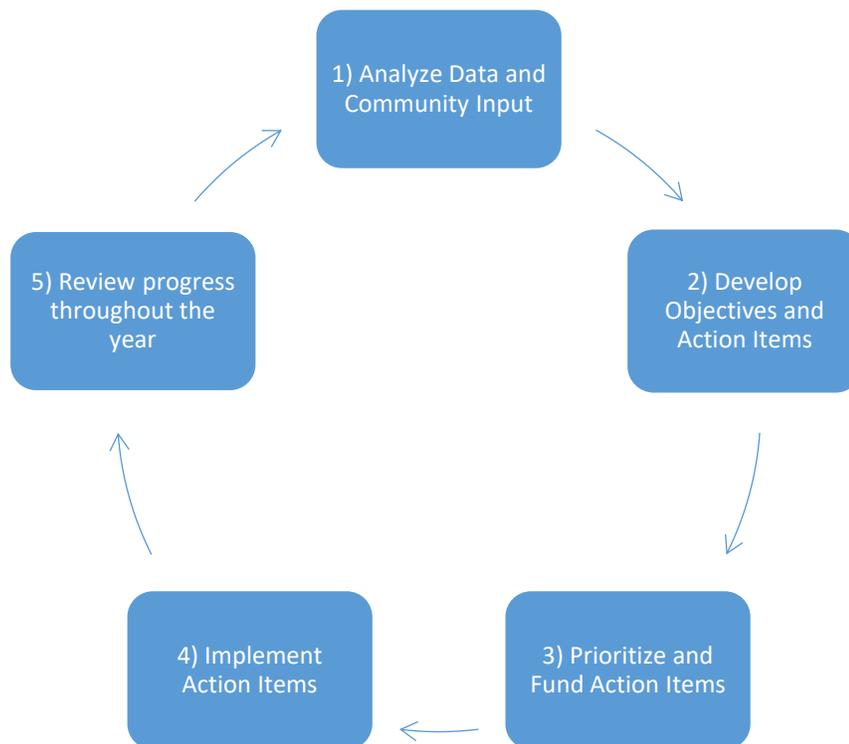
## PLANNING CYCLE

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 measurements) 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. America's Most Unique Art Towns: Sheboygan ranked #7 ([cubessmart.com](http://cubessmart.com), July 2019)
2. Best Cities to Live in Wisconsin: Sheboygan ranked #10 ([chamberofcommerce.org](http://chamberofcommerce.org), June 2019)
3. Best Cities for Older Americans in Retirement: Sheboygan ranked #9, 24/7 Wall Street, April 2019.
4. Best Places for Millennials to Move: Sheboygan ranked #5 , [reviews.org](http://reviews.org), March, 2019
5. Best Small Cities for Business, [chamberofcommerce.org](http://chamberofcommerce.org), 2019
6. Government Finance Officers Association of the United States and Canada (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting (2017 PAFR), [gfoa.org](http://gfoa.org), 2019
7. Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting and Comprehensive al Financial Reporting for the Comprehensive Annual Financial Report (2017 CAFR) [gfoa.org](http://gfoa.org), 2019
8. Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award, [gfoa.org](http://gfoa.org), 2018 and 2017
9. International City / County Management Association (ICMA) Certificate of Distinction in Performance Management, [icma.org](http://icma.org), 2019 and 2018
10. Number 2 – Top ten most Livable U.S communities – small community population size, AARP, 2018
11. Number 15 – Best Places to Retire – 30 Best Cities for Older Americans, USA Today, 2018
12. Number 6 – National Corporate Facility Project Development, WEDC.org, 2018
13. Number 6 – Leading Metropolitan Areas for Corporate Facility Investment with Population less than 200,000, [siteselection.com](http://siteselection.com), 2018
14. Number 23 – Safest Cities for Families, [securitychoice.com](http://securitychoice.com), 2018
15. Number 34 – Safest Cities to Retire, [securitychoice.com](http://securitychoice.com), 2018
16. Bronze level – Bicycle Friendly Community, The League of American Bicyclists, 2018 - 2022
17. Harbor Center Marina, Elite Fleet Boaters' Choice Award – [Marinas.com](http://Marinas.com), 2019, 2018
18. Number 1 – Cities with the Lowest Poverty Rate of 5.4%, [247wallst.com](http://247wallst.com), 2017
19. One of three AARP Age Friendly / Livable Communities in Wisconsin, 2017
20. Runner Friendly Community, Road Runners Club of America, August 2017
21. Engineering Excellence Award for UV Water Purification Process, American Council of Engineering Consultants, 2017
22. International City/County Management Association's Certificate of Achievement in Performance Management, ICMA, 2017
23. 30 Small Towns with the Best Festivals – Bratwurst Days, Top Value Reviews, 2017
24. Number 23 – America's 25 Most Affordable Housing Markets, [247wallst.com](http://247wallst.com), 2017
25. Top 10 ranking – Great Places to Live on Less than \$40,000, AARP, 2016
26. Top 10 ranking for Downtown Sheboygan – Most Walkable Neighborhoods in the Midwest for Mid-Sized Cities, [Redfin](http://Redfin), 2016
27. Number 9 – Top 10 Safest Metros in the Midwest, [lawstreetmedia.com](http://lawstreetmedia.com), 2015

\*For a complete list of accolades received by the City of Sheboygan, please visit our website, [www.sheboyganwi.gov](http://www.sheboyganwi.gov).

## Demographics

### Building Permits (2018)

Year	Number	Value (millions)
2018	3,394	110.6
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

### Employment Trends (2018)

Year	Employment	Unemployment Rate
2018	62,749	2.1%
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%

### Parks (2018)

Year	Developed Parks	Acres Maintained
2018	38	705.00
2017	38	675.00
2016	38	614.04
2015	38	614.04
2014	38	614.04
2013	36	557.25
2012	36	557.25

### Elections (2018)

Year	2018	2017	2016
Ballots Cast	34,740	9,856	42,675

### Employment by Industry-Sheboygan County (2018)

Manufacturing	21,962	35%
Trade/Transportation/Utility	10,767	17%
Education/Health Services	10,139	17%
Leisure/Hospitality	5,747	9%
Professional/Business	4,492	7%
Financial Activities	3,237	5%
Construction	2,609	4%
Public Administration	1,915	3%
Other Services	1,882	3%
Total All Industries	62,750	100%

### Public Safety- Police (2018)

Year	Number of Sworn Officers
2018	83
2017	82
2016	82
2015	81
2014	81
2013	81
2012	81

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

### Public Safety- Firefighter (2018)

Year	Number of Sworn Officers
2018	73
2017	73
2016	72
2015	69
2014	72
2013	72
2012	72

### Infrastructure (2018)

Miles of State Highway System	17
Miles of County Highway System	17
Miles of Local Roads & Streets	200
Miles of Sidewalks	375
Number of City-owned Street Lights	4,505

### Water/Wastewater (2018)

Active Accounts Served	19,252
Water Treated/Distributed-Gallons	3,881,393
Miles of Sanitary Sewers	170
Miles of Water Main	205

### School Registration (2018-19)

Elementary Schools	5,088
Middle Schools	2,043
High Schools	3,022

**Area Square Miles (2018)**

2018	15.80
2017	15.78
2016	14.81
2015	14.71
2014	14.53
2013	14.52
2012	14.46
2011	14.19
2010	14.19

**Age (2018)**

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%
35 to 39 years	6.10%
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	4.80%
65 to 69 years	3.80%
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 (2018)**

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

**Population (2018)**

2018	48,329
2010	49,288
2000	50,792
1990	49,676
1980	48,085
1970	48,484

**Education Attainment (2018)**

(Population 25 years and older)	
High School Graduate	92.60%
Associates Degree	6.00%
Bachelor's Degree	23.80%
Graduate or Professional Degreee	4.90%

**Housing Units (2018)**

Total Dwelling Units	21,602
Single Family	15,276
Two Family	4,760
Three Family	180
Condominiums	744
Apartment Units	642

**Largest Property Taxpayers (2018)**

	Assessed Value
Acuity Mutual Insurance Company	\$149,754,280
Aurora Medical Group	\$24,389,110
Sheboygan Acquisitions, LLC	\$18,025,490
Nemak USA, Inc	\$16,661,000
PJR Properties	\$14,806,200
Plastics Engineering Company	\$14,063,800
Wal-Mart	\$14,021,990
Country Village Apartments	\$13,953,380
St. Nicholas Hospital	\$12,201,570
American Orthodontics	\$11,264,800

**Major Employers (2018)**

Aurora Medical Group	1,370
Nemak	1,279
Acuity Mutual Insurance Company	1,253
Sheboygan Area School District	1,198
Rockline Industries	870
Sheboygan County	842
The Vollrath Company, LLC	560
American Orthodontics	515
Piggly Wiggly Midwest, LLC	580
City of Sheboygan	494



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