



CITY OF NEW RICHMOND
THE CITY BEAUTIFUL

2017 BUDGET BOOK

Theme: Financial Sustainability

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ACKNOWLEDGEMENTS

The purpose of the annual budget book is to provide community members an opportunity to better understand the budget process and how their tax dollars are being used. The following individuals had an integral role in developing the 2017 budget book:

Mike Darrow – City Administrator
Rae Ann Ailts – Finance Director

Bev Langenback - City Treasurer
Noah Wiedenfeld - Management Analyst

We would also like to recognize our elected officials and board and commission members for their service and leadership during the past year:

City Council: Mayor Fred Horne, Craig Kittel, Scottie Ard, Jim Jackson, Mike Montello, Ron Volkert, Jim Zajkowski

Fire Advisory Board: Ron Volkert, Jim Zajkowski, Craig Kittel, Chad Peterson, Keith Karpenski, John Van Dyk, Gary Knutson, Richard Hesselink, Scott Counter

Airport Commission: Jim Jackson, Craig Kittel, Mary Hailey, Matt Brotzler, Mike Jacobson, Kirk Hexum, Josh Ulrich

Historic Preservation Commission: Jon Hailey, Tara Van Eperen, Mary Sather, Kyle Hinrichs, Esther Wentz

Ambulance Board: Mike Montello, Craig Kittel, Jim Jackson, Randy Olson, Jim Peirson, Chris Boardman, Willard Moeri, Mike Kamm, John Van Dyk, Randy Zemke, Steve Lewis, Barry Ausen, Jerry Croes

Housing Authority: Scottie Ard, Jerry Frey, Delores Quinn, James Tilly, Scott Scneidewent

Board of Appeals: Glenn Highum, Jane Hansen, Bernard Peterson, Bob Pierson, Sarah Mellerud

Library Board: Gordon Granroth, Jeff Peplau, Liz Kilibarda, Vicki Gjovik, Marla Hall, William Ruyle

Board of Review: Mike Montello, Ron Volkert, Scottie Ard

Park Board: Craig Kittel, Frank Norton, Joe Ard, Jon Hailey, Brian Schroeder, Christine Melby, Mandi Erickson

Community Development Authority: Jason Zahradka, John Soderberg, MaryKay Rice, Jessie Klopp, Larry Moore

Plan Commission: Fred Horne, Jim Zajkowski, Kyle Hinrichs, Mike Kastens, Ron Volkert, David Wilford, MaryKay Rice

Economic Development Commission: Jim Zajkowski, Rob Kreibich, Susan Lockwood, Summer Seidenkranz, Judy Simon, Scott Jones, John Soderberg, Nate Warner, John Walsh, Karl Skoglund

Police and Fire Commission: David Levi, Jane Hansen, Pat Becker, Wendy Dadez, Mike Montello

Emergency Government Committee: Scottie Ard

Public Safety Committee: Scottie Ard, Jim Jackson, Mike Montello

Ethics Board: Ron Volkert, Scottie Ard, John Lowe, Bob Larson, Nick Vivian

Public Works Committee: Jim Zajkowski, Ron Volkert, Craig Kittel

Solid Waste Committee: Ron Volkert, Craig Kittel, Jim Zajkowski, Dan Casey, Ingrid Kizen

Utility Commission: Pat Becker, Gerald Warner, Robert Mullen, Jerry Frey, Dan Casey

NEW RICHMOND CITY COUNCIL



Mayor Fred Horne

Aldermanic District One: Craig Kittel

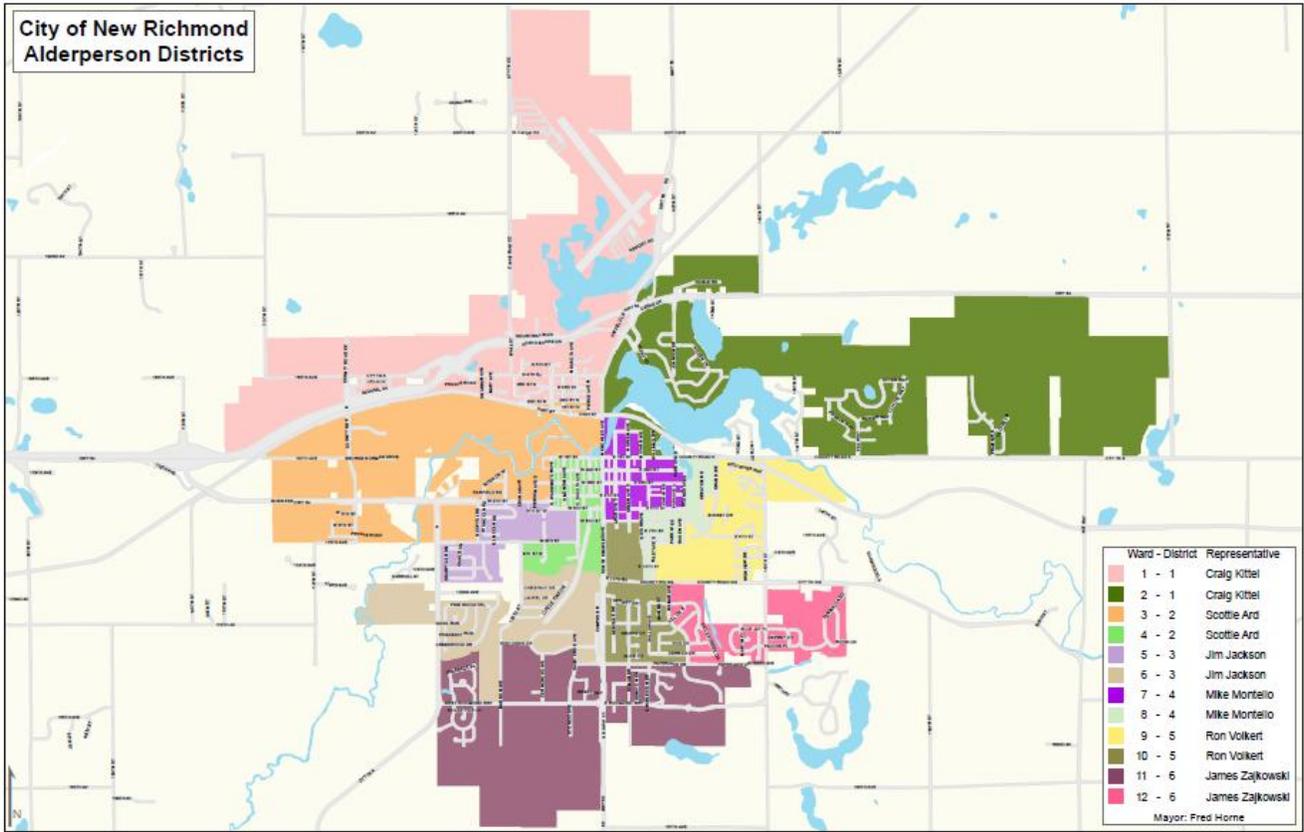
Aldermanic District Two: Scottie Ard

Aldermanic District Three: Jim Jackson

Aldermanic District Four: Mike Montello

Aldermanic District Five: Ron Volkert

Aldermanic District Six: Jim Zajkowski



LETTER FROM THE CITY ADMINISTRATOR

As we have mentioned in past budget books, building a better budget requires several key ingredients. Among them are transparency, team work, innovation and collaboration. Since having the privilege to serve as City Administrator, for the City of New Richmond, I am proudest of the 2017 budget for several reasons. Amongst the most important reason is the innovation and creativity of our staff.



We began this budget process by taking a ride on the budget bus. There is something super nerdy about a budget bus tour, however the tour was fun and designed to provide staff, elected officials, and community members an opportunity to see various projects throughout the city and to learn more about specific needs within each department.

Getting on the bus was just the start of building a better budget.

This year, our department heads were deputized as members of the Innovation Team (IT). The IT was split up into groups of three. The groups' goal was to assist in the creation and review of another department's budget and budget process. Through this collaborative process, these teams were able to discover, examine, and better understand the budget process. A central theme during this process was that for every action taken by a department, there is an equal and opposite reaction to another department. For example, changes to the Police Department budget have an impact on the library budget, and vice versa. Through the leadership and guidance of our department heads, the 2017 budget was developed out of teamwork, innovation, and transparency.

Building a better budget also includes listening and understanding. Throughout this year, the IT, as well as elected officials, worked hard to solicit feedback on projects and the budget through numerous community meetings and presentations. While realizing that coming to City Hall isn't always practical (or fun for some), we strived to make things easier to find on our website as well as through our social media content. Just recently, we broadcast our first "Facebook Live" City Council meeting. Through community comments, surveys, meetings, etc., we hope to address the concerns and comments of our residents and stakeholders.

This past year saw construction, public works improvements, collaboration between agencies, and evolution of our day-to-day operations. Every City department has experienced change. Whether it is through new staff, new equipment, new requirements, or just the sheer amount of work due to a strengthening economy and growing community, things are changing. As they change, we hope to have created meaningful dialogue with community members on how we want to grow and develop in the years ahead. While 2016 saw unprecedented growth and development, 2017 looks to be even more active.

As we turn the page on the 2016 budget and enter into the brave new world of 2017, I want to say my heartfelt thanks to our staff for their hard work, energy, and ideas. I am privileged to be a part of your team. To our elected officials, board and commission members, thank you for the energy that you put into making the City of New Richmond, the City Beautiful. Finally, to our taxpayers, business owners, and stakeholders, thank you for calling New Richmond home.

Great things are happening here!

CITY OF NEW RICHMOND OVERVIEW

The history of the City of New Richmond reaches back to the mid-1800s, when the geographic area attracted foresters and farmers due to the forests, prairies, and Willow River. The settlement was named "New Richmond" after the man who platted it, Richmond Day of Hudson, and the fact that another "Richmond" existed in the territory. New Richmond officially incorporated as a City in 1885, at which time its population was 1,200 people. The community experienced a tremendous setback in 1899, when it was struck by the most destructive tornado in Wisconsin history - a storm that still ranks as one of the ten deadliest tornadoes in U.S. history. Many of the homes and businesses in the City had to be rebuilt. The community recovered and started to grow into the 1930s and 1940s, and as it did, the City matured with additional paved streets, sidewalks, and a park system. A post office, library, and city hall were constructed in the 1960s. New Richmond and much of St. Croix County experienced rapid population growth in the 1990s and early 2000s. Since the recovery from the economic recession in 2010, the City of New Richmond has once again started to grow. Today, the City of New Richmond has a population of 8,807 and features a state-of-the-art hospital, strong K-12 school district and technical college, a growing municipal airport, a great park and trail system, and more than 300 businesses.



CITY OF NEW RICHMOND DEMOGRAPHICS

Education



23.8% have a Bachelor's Degree or Higher

Median Household Income



\$52,656

Median Age



33.3 years

Population



8,807 people

Unemployment



3.1% unemployment rate

CITY OF NEW RICHMOND OVERVIEW

City Staff

The City of New Richmond staff consists of 63 full-time employees, 23 part-time or seasonal employees, and 37 paid on call firefighters. On average, our employees have more than twelve years of service with the City of New Richmond, with many employees serving the City for more than twenty or even thirty years. Our team is divided into various departments: administration, airport, community development, library, fire and rescue, police, public works, and utilities. Our team performs a wide range of work; thus, employees have completed a variety of specialized training, certifications, advanced degrees, and continuing education in order to best serve the community. In short, we have a very experienced and well-trained team working for you! Even more importantly, our team is filled with people who display great character, creativity, teamwork, and kindness, and truly care about improving our community.

City Council

The City of New Richmond is led by a City Council consisting of one Mayor and six Alderpersons. The City is divided into six Districts: Districts 1, 2, and 3 elect their Alderperson in odd numbered years, and Districts 4, 5, and 6 elect their Alderperson in even numbered years. The regular meetings of the City Council are held on the second Monday of each month at 7:00 pm at the Civic Center. The City Council is assisted by more than 80 community members who volunteer their time to serve on boards and commissions.

Utilities Commission

The Utilities Commission consists of five members who are tasked with managing and supervising the operation of the three utilities owned by the City: The Electric Utility, the Water Utility, and the Sewer Utility. The Utilities Commission has the power to negotiate contracts for the purchase by the City of electrical power and recommend to the City Council acceptance of such contracts as negotiated by it, subject to approval of the Public Service Commission of the State.

Strategic Plan

The City Council and Utilities Commission began a strategic planning process in late summer of 2016. As part of this process, about 100 community members also completed an online survey that identified strengths and opportunities for improvement in our community. Once complete, the strategic plan will help guide our elected officials in determining goals and corresponding action steps for the next five years.



2016 DEPARTMENT HIGHLIGHTS

Theme: "Legacy Planning"



ADMINISTRATION

We oversee daily operations, coordinate city-wide projects, prepare the budget, and assist all departments. We strive to provide high quality services, strong fiscal management, and effective leadership as directed by the City Council.



New Richmond Cemetery

In the spring of 2016, the City of New Richmond assumed the daily operations of the New Richmond Cemetery. This has been a large endeavor that has required the assistance of numerous departments. City staff have created a searchable online database for burial and purchase records, provided maintenance of the grounds including mowing and raking, and manage burial arrangements with local funeral homes.

Grants Received

The City of New Richmond received more than \$320,000 in grant funding from charitable foundations and state and federal government agencies. These grants were used for a variety of projects and services, including improvements to our parks and trails system, transportation infrastructure, environmental conservation best practices, and much more. Without these grants, many of these projects would not be completed, or would otherwise require taxpayer dollars.



Communications

City staff increased efforts to listen and speak with community stakeholders, including Rotary, Chamber of Commerce, Kiwanis, New Richmond Area Centre, Senior Center, and more. We have also continued to expand our online presence, as we now have more than 2,800 followers on Facebook and recently began to live-stream our City Council meetings.

AIRPORT

The New Richmond Regional Airport serves as a catalyst for economic development by providing high-quality and safe air travel services.



SOAR Educational Center

The City of New Richmond has partnered with the School District of New Richmond to lease property located near the airport for the SOAR (Student Opportunities with Agricultural Resources) Educational Center, which will provide hands-on agricultural and science opportunities for students and community members. In the future, meat and vegetables produced at the site will be incorporated into the school lunch program.

Visit from WisDOT Deputy Secretary

Paul Hammer, Deputy Secretary of the Wisconsin Department of Transportation (WisDOT), toured the New Richmond Regional Airport in July as part of Governor Walker's "Cabinet on the Road" tour in western Wisconsin. He also toured two aviation-related businesses: Engineered Propulsion Systems (EPS) and NDT Solutions, LLC (NDTS).



COMMUNITY DEVELOPMENT

We strive to foster growth through innovation, modernization, technology, and the use of staff talent and resources to improve the lives of citizens with the City of New Richmond.



New Development

The City of New Richmond saw a substantial amount of new construction in 2016, including renovations at WITC and Westfields Hospital & Clinic, as well as the completion of Goodwill and phase one of the St. Croix County Health Center. Projects currently underway include ALDI, Taco Bell, Jimmy John's, Dairy Queen, and ESR Inc. Additional development projects are also in the works, and will likely be announced in 2017. On the residential side, the new 52-unit Croft Apartments opened in the spring of 2016, and many new single-family homes were constructed throughout the City of New Richmond. New residential construction was especially noticeable in the Fox Run and Whispering Prairie developments on the City's east side.



Downtown Improvements

The City of New Richmond established a downtown farmers market at MaRita Park and partnered with local artist Taylor Berman to beautify our downtown planter box/benches and traffic control cabinet. Apple Blossom Events also added some winter plantings and decorations to improve our downtown before the holiday season. Additional plans in the immediate future include the installation of bicycle racks, wayfinding map and directory, and more public art and other aesthetic improvements.



FIRE & RESCUE

The NRFRD preserves life and property, promotes public safety, and fosters economic growth through leadership, management, and actions as an all risk life safety response provider. The NRFRD responds rapidly to emergencies and educates the community.



Purchase of a New Pumper Rescue Truck

The NRFRD purchased a new (used) pumper rescue truck from a fire department in Kansas. This purchase was made as part of the five-year strategic plan for the NRFRD. Given the multiple functions of the pumper rescue truck, two existing vehicles were traded in as part of the purchase agreement.

SAFER Grant

The NRFRD received a \$144,550 SAFER (Staffing for Adequate Fire and Emergency Response) grant by FEMA. Funds will be used towards equipment, educational training, uniforms, and physicals for new recruits and explorers. The NRFRD was the only fire department in the state of Wisconsin selected to receive this grant.



Community Engagement

The NRFRD once again hosted a variety of events and gave many presentations to the public. Thanks to the generosity of the community, the annual Chili Feed raised more than \$10,000. The NRFRD gave a popular vehicle extrication demonstration at the National Night Out event. During National Fire Prevention Week, firefighters visited local schools and held a well-attended open house event, where kids had the opportunity to ride a fire truck in exchange for donating a food item to Five Loaves Food Shelf.

LIBRARY

The New Richmond Library seeks to provide a flexible, interactive community destination for preservation, education, and innovation for the present and future.



Summer Reading Program

This year's Summer Reading Program had a record number of **940** total participants, including adults, infants, and children. This year's theme was "On Your Mark, Get Set, Read." Highlights included a carnival, petting zoo, demonstration by the New Richmond High School power lifting team, and many entertaining and educational performances at the Old Gem Theater.

Strategic Plan

The Library Board worked with consultant Leo A Daly to develop a strategic plan. This planning process will be especially important as we look forward to planning and constructing a new library in the near future.



StoryWalk at Mary Park

A StoryWalk was installed at Mary Park this summer, and featured the book "It's a Firefly Night" by Dianne Ochiltree. StoryWalk combines the pleasure of reading children's books with the joys and benefits of walking together outdoors. The StoryWalk was funded in part by a grant from the New Richmond Area Community Foundation and was installed by our Parks Department. New stories will be featured throughout the year, and we hope to expand this project to additional trails in the future.

2016 By the Numbers (through November)
685 New Patrons **12,290** Uses of Public Computers **188,872** Items Checked Out

POLICE

Through community partnership and service, the NRPD protects people, property, and the rights of all with respect, honor, courage, and integrity.



Staff Changes

Following multiple rounds of interviews and presentations with more than 40 community members, Craig Yehlik was selected to serve as the new Chief of Police for the NRPD. Chief Yehlik has served with the NRPD for more than twenty years.

Additionally, the NRPD experienced many other changes due to retirements. Officer Koehler was promoted to Lieutenant, Officer de la Cruz was promoted to a newly created position of Drug Detective, Officer Westmoreland and Officer Noel were promoted to Detective, and Officer Cramlet was promoted to Sergeant. New patrol officers include Officer Radtke, Officer Kastens, and Officer Thompson.

Community Engagement

The NRPD made increased efforts in 2016 to reach out to the community. From giving presentations at local schools, hosting a Family Safety Night featuring Alison Feigh from the Jacob Wetterling Resource Center, training community members in Civilian Response to Active Shooter Events (CRASE), and organizing the annual nine-week Citizens Academy, the NRPD had positive interactions with hundreds of community members of all ages. The NRPD also recently began a "Pay it Forward" campaign to give \$5 gift cards for local businesses to the public and encourage them to "pay it forward" through acts of kindness.



PUBLIC WORKS

We maintain the streets, parks, water distribution, and wastewater collection and treatment systems in the "City Beautiful."



Street & Utility Projects

After several public meetings in the spring of 2016, more than \$4 million was invested to reconstruct Paperjack Drive, North Shore Drive, North Starr/East Hughes, and East/West River Drive. In some cases, these projects also included new sidewalks and trails for improved pedestrian and bicycle connectivity and safety. Thanks to the residents who live in these neighborhoods for their patience! East Richmond Way was also widened to create a turn lane near Dorset Lane.

Skate Park

The Irv & Mary Sather Skylark Skate Park was opened to the public in the fall of 2016. The project was funded through the generosity of fifty local businesses, individuals, foundations, and grants. Construction began in July and finished in September. Since then, the park has been a huge hit among skateboarders and BMX riders of all ages from New Richmond and the surrounding area.



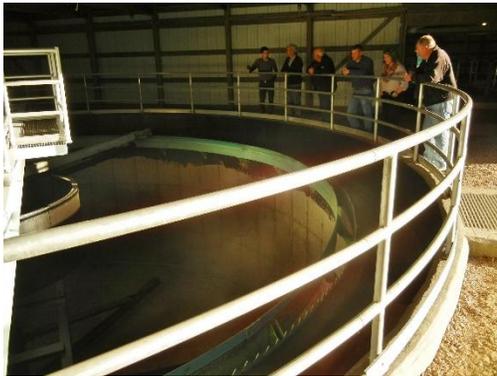
Freedom Park Improvements

City staff invested many hours into creating a road and parking lot at Freedom Park. Additional enhancements made in 2016 included irrigating two additional athletic fields and transplanting more than 20 pine trees. New Richmond High School students added bluebird houses and pollinator-friendly plants to the Hatfield Lake Trail.

UTILITIES



We provide low-cost and reliable electric power and clean and safe drinking water. We treat wastewater and work with our customers to promote conservation and sustainability.



CMAR

City staff prepared a Compliance Maintenance Annual Report (CMAR) for the Wastewater Treatment Plant, which received a grade "A" scoring from the Wisconsin DNR. The CMAR measures the performance of a wastewater treatment plant during a calendar year and assesses its level of compliance with permit requirements. This project was fully completed using "in-house" staff and resources.

Underground Utility Work

A key component of this year's street and utility improvement projects was replacing underground infrastructure dating back to the 1930s and 1940s. The North Starr Avenue project in particular required the replacement and relocation of water and sewer services. The North Starr Avenue project alone has reduced the amount of water treated at the wastewater treatment plant by roughly 50,000 gallons of water each day.

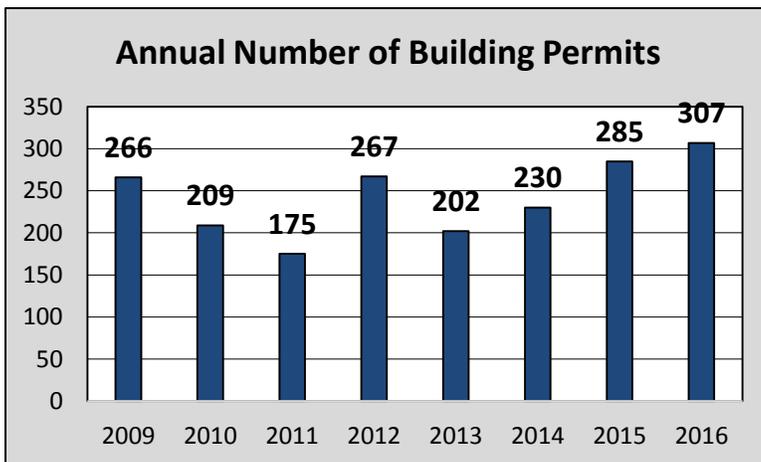


FISCAL OVERVIEW

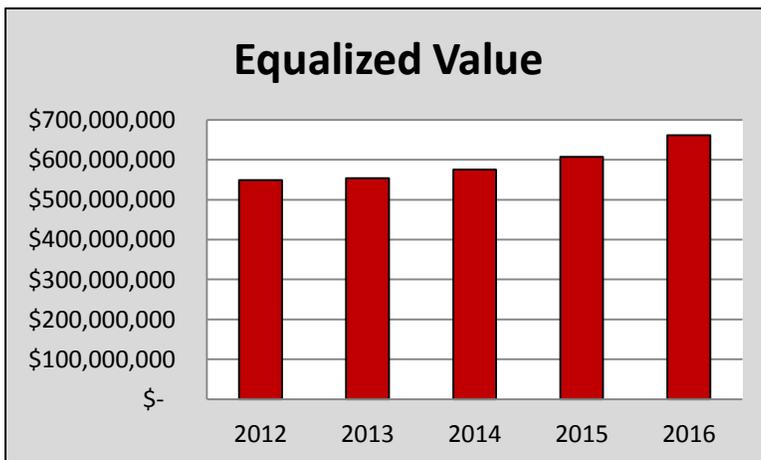
As we reflect upon 2016, the year of “legacy planning”, we celebrate the many accomplishments of the past year while also looking forward to future opportunities that will ensure these legacies are sustained for future generations.

While the City of New Richmond continues to see recovery from the Great Recession through increased development and low unemployment, we are also challenged by reductions in state funding and levy limits. However, through the continued innovation of elected officials and staff we are able to present a balanced budget which will continue to meet the strategic plan, mission and vision of the City all while maintaining fiscal sustainability.

In 2016, the City continued to see improved economic conditions specifically in new construction and employment. As of December 31, 2016, there was \$30,691,055 in new residential, commercial and industrial construction and 307 permits issued. Additionally, as of November 2016, the unemployment rate for St. Croix County was 3.1%,¹ lower than the state and national rate of 4.1%¹ and 5.0%¹.



The City’s equalized value, generally referred to as the fair market value, increased 9% in 2016 equaling a tax base value increase of \$53,903,800. While the City has experienced consistent equalized value growth over the last four years, 2016 marked the second largest growth in the past ten years. The City anticipates continued growth and development in future years and expects the completion of the St. Croix River Crossing project to contribute to our growth.



In August 2016, the City issued a general obligation bond in the amount of \$4,565,000. The bonding provided for street, storm water, sidewalk and TID 6 infrastructure improvements accounting for \$3,960,000 of the bond issuance. The remaining issuance of \$605,000 was used for the 2015 State Trust fund loan refinancing. The State Trust fund loan was initially used for the purchase of a fire

truck, replacement of boilers at the Civic Center, and the start of street improvements in 2015.

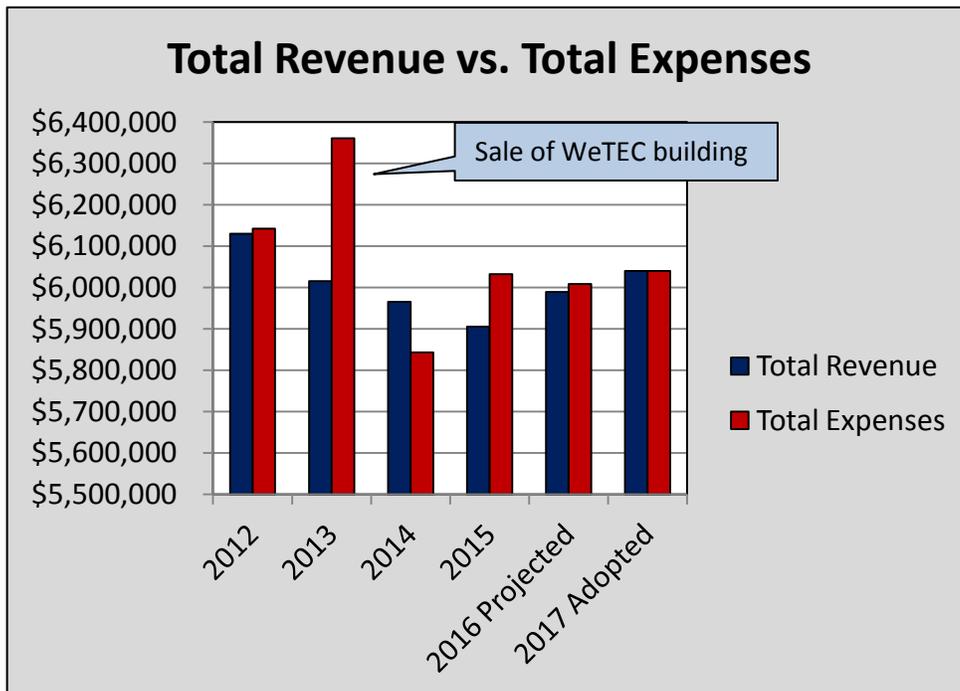
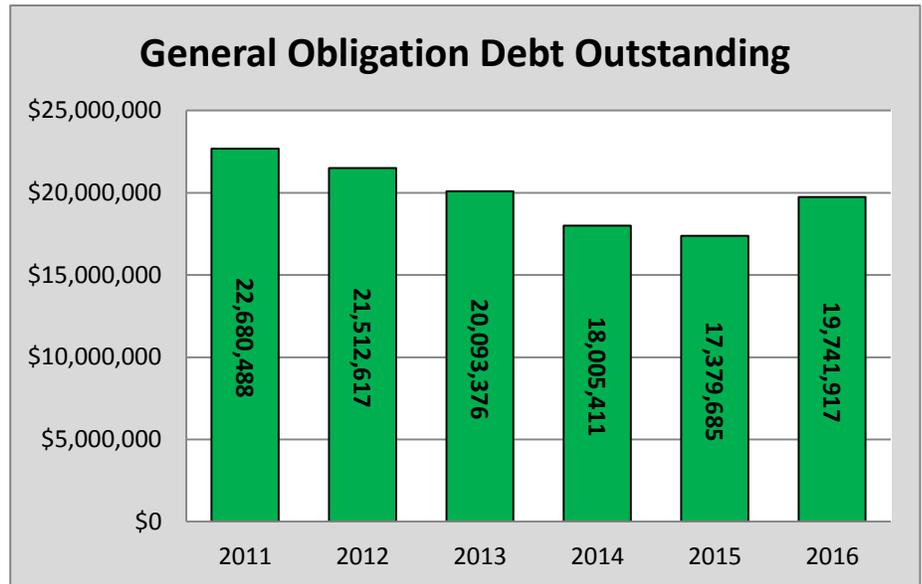
¹ Source: Worknet.Wisconsin.gov, Local Area Unemployment Statistics for State of Wisconsin and St. Croix County, not seasonally adjusted, Nov. 2016

² Source: Bureau of Labor Statistics, Employment Situation, Nov. 2016

The City's general obligation debt outstanding increased slightly to \$19,741,917 in 2016 due to the new debt. However, the City continues to pay down debt at an aggressive pace of approximately \$2.3 M annually over the next three years.

Paying down debt, while continuing to improve infrastructure to accommodate current and future growth, continues to be the focus of the Council's fiscal management

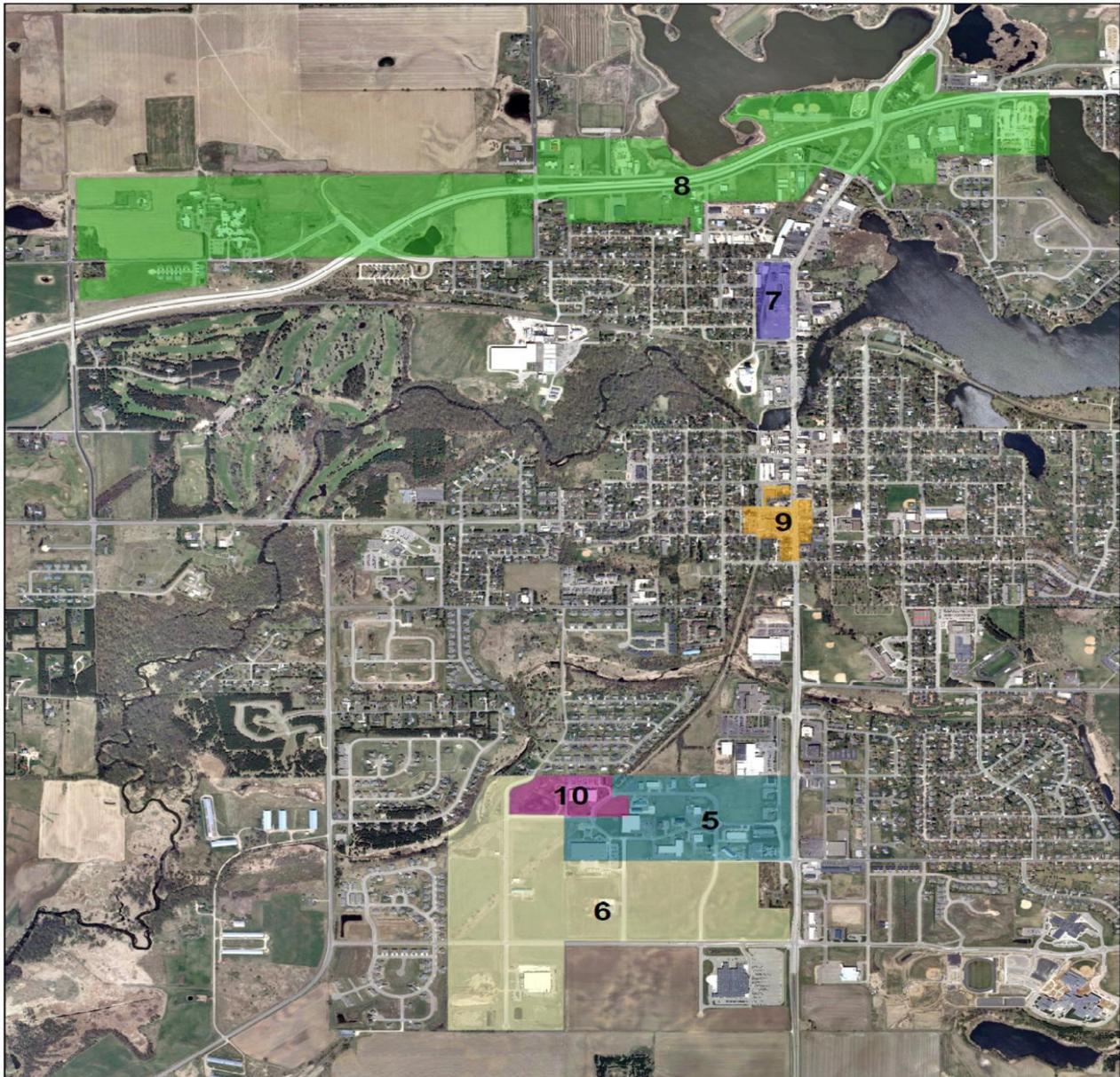
policy. While no new bonding is proposed as part of the 2017 fiscal budget, the City does anticipate future borrowing. As part of the City's debt management policy, two million in borrowing is projected and planned every two years. It is important to note that before bonding is considered, the City evaluates all internal and external financing options such as inter-fund borrowing, State Trust Fund loans, and reserves.



Since 2012, the City has experienced a 4% decrease in state and county funding; additionally, we anticipate not qualifying for the expenditure restraint program in future years. However, through continued innovation, we have been able to reduce costs while providing additional services to the community. Through these measures, we have reduced expenses for the last four years to levels below those in 2012.

Tax Increment Districts

There are currently six active tax increment districts (TIDs) in the city: TID 5, 6, 7, 8, 9 and 10. The formation of tax increment districts facilitates public infrastructure improvements so development or redevelopment of an area has a positive impact on the tax base. The City of New Richmond's TIDs have historically performed well with three of the TIDs expected to repay expenditures in the next few years, at which time the City may elect to close these districts early. The last expenditure year for TID 6 will be 2017, however the City expects additional development within this district in the coming year and the district is projected to repay expenditures upon closing. TID 8 shares with TID 5 as a shortfall continues, but the completion of the St. Croix River Crossing could have a positive impact on this district in the future.



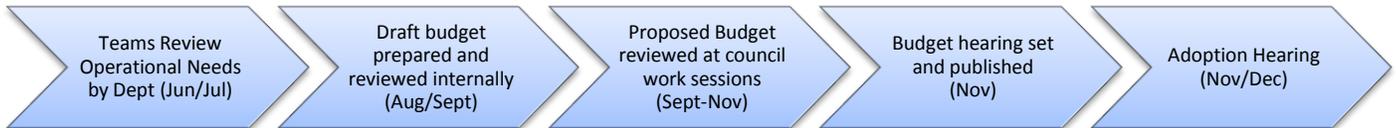
BUDGET PROCESS

The budget serves as the financial management plan for the City, ensuring efficient and effective administration of the City’s resources while maintaining fiscal integrity.

The collaborative budget development process begins in July and concludes in late November or early December. In early summer, staff form teams and review their respective department budgets, including personnel, operational and equipment needs. The teams also explore best practices, new ideas, and cost saving suggestions. In August, a draft budget is prepared and reviewed internally and presented to Council during a work session. As part of the August work session a bus tour is conducted with staff, elected officials, community members and other key stakeholders highlighting needs for the upcoming year and accomplishments of the current year.

The proposed budget is presented and discussed during City Council work sessions held in September and October. During this time, staff presents the proposed budget to several community organizations and hosts budget discussions at the Civic Center.

In November, in accordance with State Statute, the proposed budget is published and an adoption hearing is set. During the adoption hearing, the public is given the opportunity to comment on the budget. Once adopted, the budget is made available to staff and the public on the City’s website or via hard copy which can be viewed at the Civic Center.



Henry Ford once said, “*Coming together is the beginning. Keeping together is progress. Working together is success.*” This truly is the focus of the budgeting process and it is with great pleasure that the City Council and City staff present a balanced 2017 budget, prepared in accordance with generally accepted accounting principles (GAAP) that meet or exceeds best practices outlined by the Government Finance Officers Association (GFOA).

BUDGET OVERVIEW

The budget is a policy document which establishes the operational plan to provide the programs and service needs of the community in an efficient and effective manner. The City of New Richmond uses fund accounting to budget, account and report the financial position of the City. The City is the steward of various governmental, proprietary and fiduciary funds.

- Governmental funds are used to account for all or most of the government’s general activities, such as Police, Fire, Library, Community Development, Administration, Airport, Streets, Parks and Health & Social Services.
- Proprietary funds, also referred to as Enterprise funds, are funds which account for activities similar to private industry. For example, New Richmond Utilities is an enterprise fund of the city.
- Fiduciary funds are those funds which are held by the city in a trustee capacity or as an agent for other governmental units or agencies.

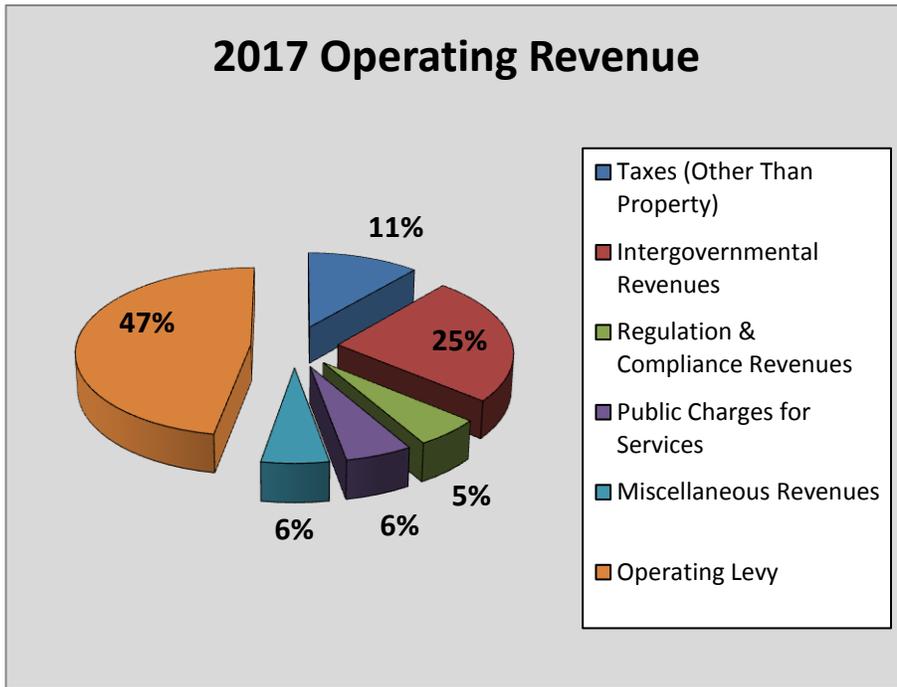
The largest governmental fund managed by the city is the general fund. On an annual basis, the City levies for the monies to cover the expenses of general operations, debt payments and capital costs related to replacement of machinery, building or equipment. Additionally, each taxing jurisdiction is responsible to levy for their proportionate share of the tax increment districts (TIDs). These four levies: operating, debt, capital replacement and tax increment, when combined, equal the City’s portion of the mill rate.

The 2017 adopted budget levies \$2,851,707 for general operating expenses, which is a reduction of 3.96% from 2016. The debt service levy for 2017 is \$1,800,896, an increase of 17.52% when compared to 2016; the increase is due to 2016 general obligation bonding for street, storm water and sidewalk improvements. The capital replacement levy is a decrease of 37.04% from 2016 with \$85,000 being levied in 2017. Lastly, the tax increment levy for 2017 is \$383,085, an increase of 23.66% from 2016 due to increased equalized value.

Levy	2016	2017	+/- Change
Operating	2,969,350	2,851,707	-3.96%
Debt Service	1,532,420	1,800,896	+17.52%
Capital Replacement	135,000	85,000	-37.04%
Tax Increment	309,760	383,035	+23.66%
Total	4,946,530	5,120,638	+3.52%

General Fund

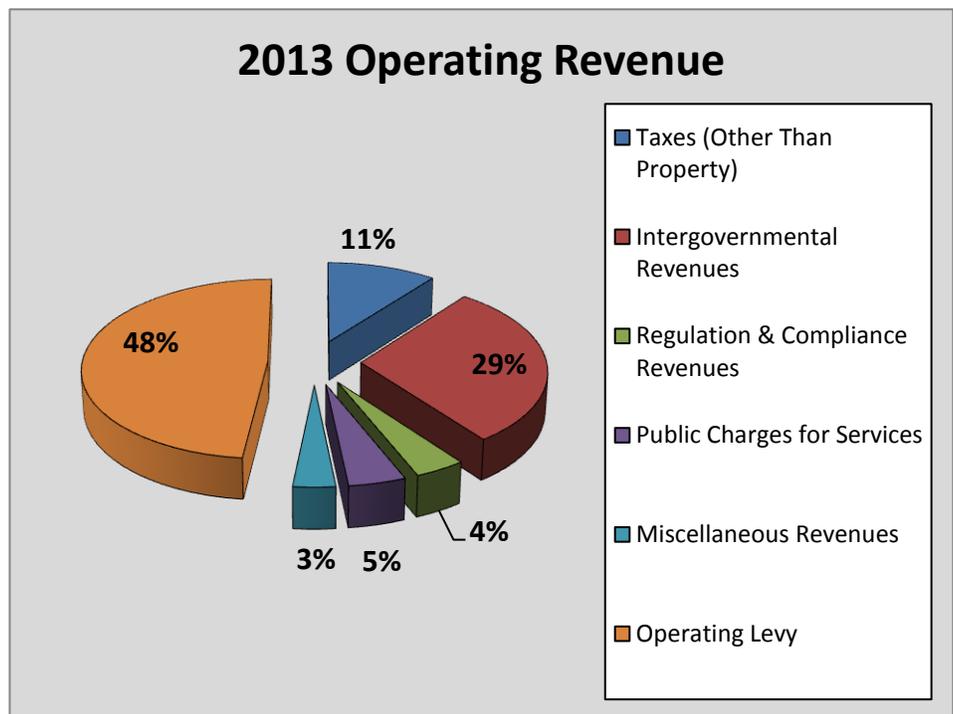
Operating Revenue



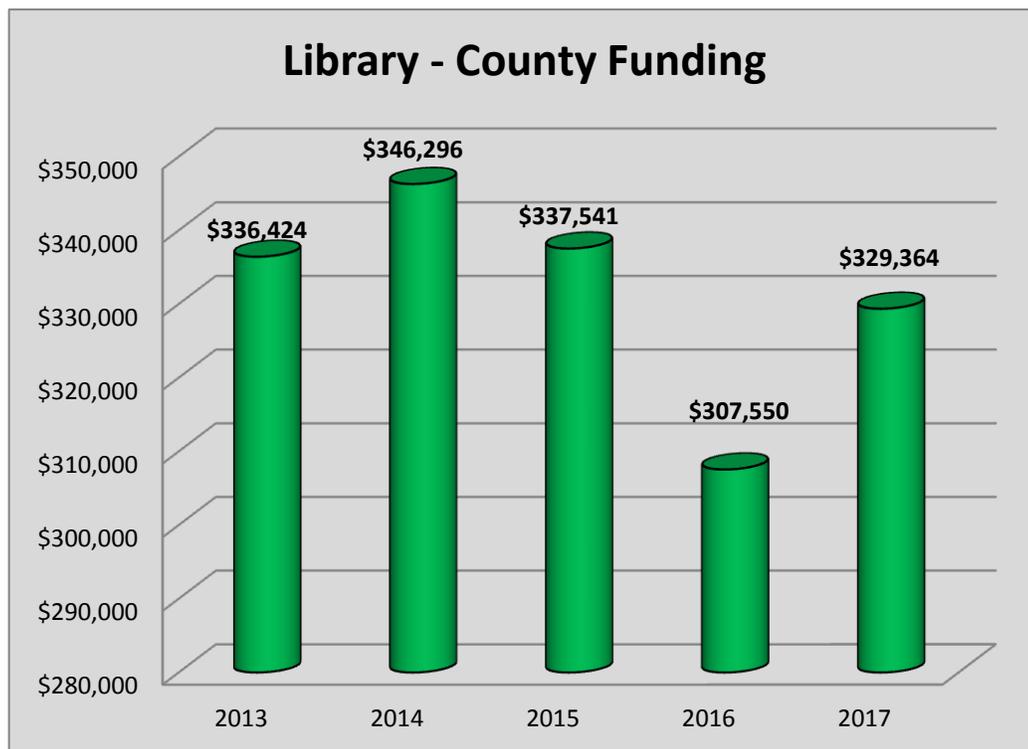
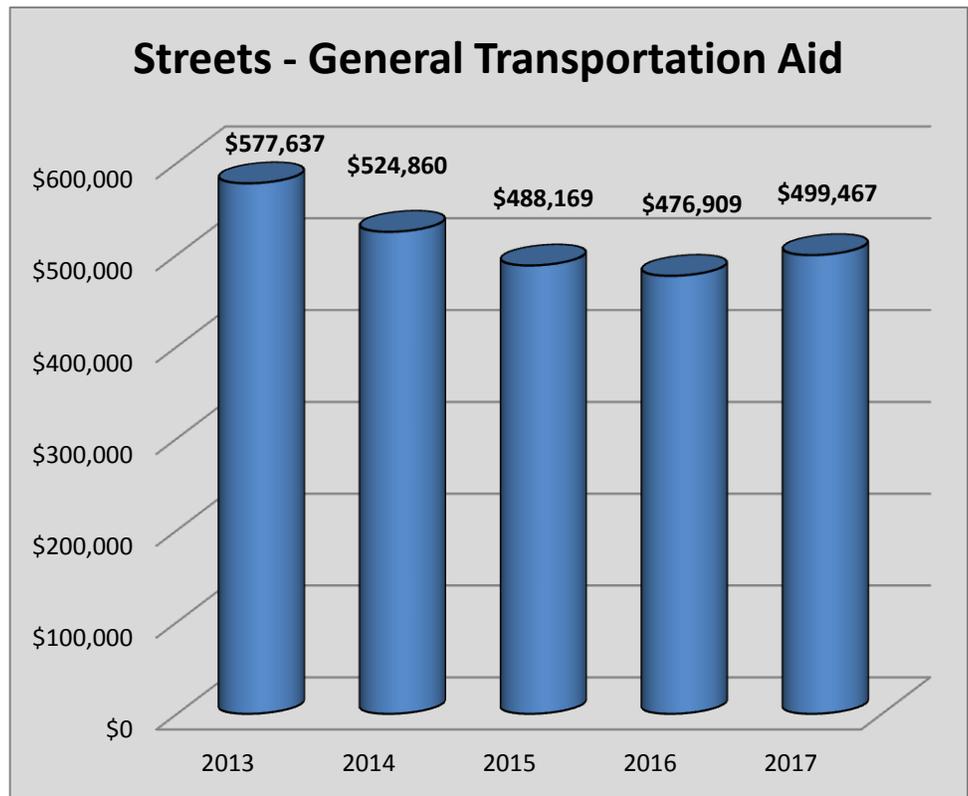
The largest source of revenue is generated through property taxes, accounting for nearly half. Additional taxes collected by the City include room tax, and payment in lieu of taxes from entities which are exempt from property taxes, accounting for 11%. State and county funding account for 25% of revenue received, while the remaining 17% of revenue is generated through building permits, various licensing, municipal court penalties, recycling fees and lease revenue.

A five-year comparison of revenue shows a notable decrease of 4% in intergovernmental funding, which are state and county aids.

Since 2013, there has also been reduced state and county funding within general transportation aid, library aid and the expenditure restraint program. General transportation aid and library aid funding experienced the most significant decrease due to reduced city funding in prior years.



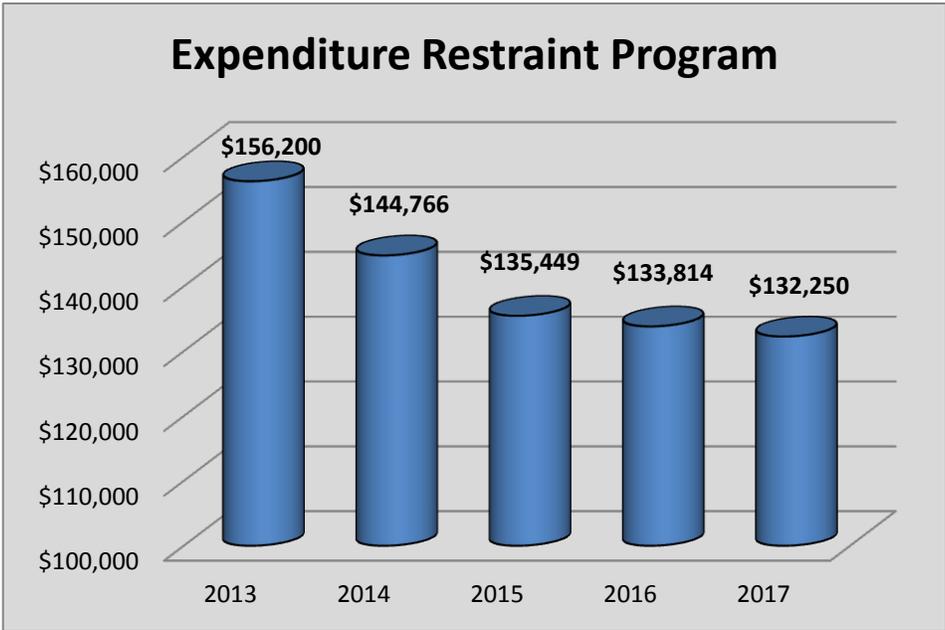
However, in 2016, the City increased funding associated with street construction and maintenance. This increase will result in a 2017 general transportation aid increase of 4.7% or \$22,557. Transportation aid is based on a multi-year per mile computation and is derived from state fuel taxes and registrations. While the aids have been trending downward since 2013, the City expects to see an upward trend in the next several years due to continued street improvements.



Additionally, under Act 150 and 420 counties are required to pay public libraries in their county and adjacent counties at least 70% of the cost of library services provided to residents of the county who do not maintain a public library. Funding is based upon the library's operating expenses and total circulation, capital expenditures and federal fund expenditures are excluded. Requests

for funding are due on or before July 1st and are based upon the prior year's operating expenses and circulation, funds are received the following year in March.

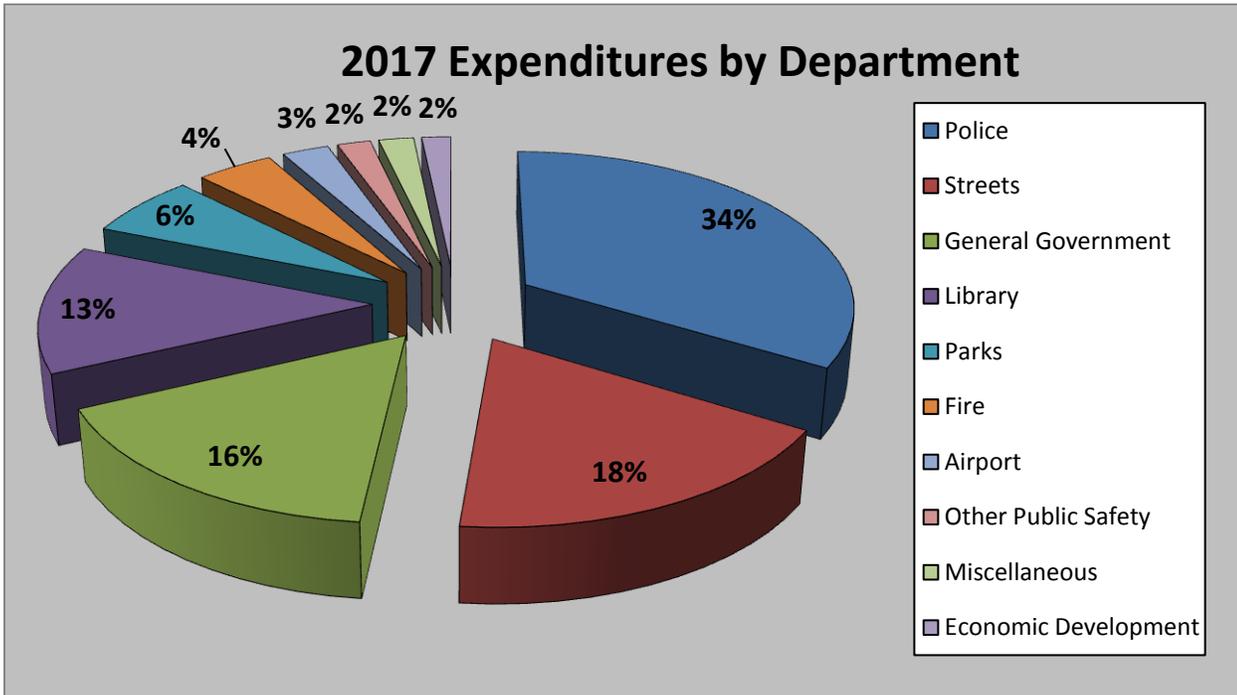
Also, the City of New Richmond has participated in the Wisconsin Department of Revenue Expenditure Restraint Program, a shared revenue program under State Statute. To qualify for funding, the City has to limit operating increases based upon the Department of Revenue's predetermined calculation. The limit for the City in 2017 is 2.20% of 2016 budgeted operating



expenses. While it is not a requirement to participate in the program, the City continues to adhere to the maximum allowable increase to ensure continued funding. For 2017, approximately \$132,250 in funding will be received.

Expenditures

The adopted 2017 General Fund expenditures equal \$6,039,739. This is an increase of 2.7%, or \$160,487, from the prior year's budget.



Increases in expenditures are supported by the following notable changes:

- Increase in funding for sidewalk maintenance, library, and park improvements.
- Increase in funding for information technology resources to improve service delivery
- Increase in funding for downtown improvements and enhancements.
- Salary and wage adjustments based upon market analysis, cost of living indices and organizational restructuring.
- Launch of a comprehensive Wellness program for 2017, as part of the city’s commitment to the sustainable health and wellness of our employees.

Increases in expenditures are partially offset by decreases in the following areas:

- Decrease in custodial services due to organizational restructuring.
- Decrease in costs associated with Animal Control services due to process change while improving delivery of service.
- Reduction in cost associated with office supplies, materials and consumables through centralized purchasing.
- Decrease in cemetery expense as the daily operations continue to be managed by the City.

The table below shows historical expenditures by department since 2012. It is important to note operating expenses have trended downward since 2012, with the exception of 2013, which was upward trending due to the sale of the WeTec building. In 2017, the City projects expenditures to remain below 2012 levels. Furthermore, in 2017, general government expenses are lower due to a new allocation method which appropriates the cost of administrative services to each department. Subsequently, there is an offsetting increase in expenses in other departments due to this allocation. This methodology is explained in further detail immediately after the graph below.

Historical Expenditure Trend

Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projected	2017 Adopted
Police	1,786,655	1,915,189	1,832,575	1,953,088	1,871,916	2,037,566
General Government	1,267,597	1,170,160	1,205,453	1,259,244	1,310,671	990,142
Streets	968,160	997,643	978,614	962,719	1,000,230	1,078,205
Library	760,367	728,414	665,206	677,552	664,268	794,171
Parks	468,384	418,237	368,607	392,947	383,064	386,866
Fire	191,071	187,349	187,532	212,288	264,061	261,969
Airport	121,795	134,478	137,216	131,700	136,240	158,645
Economic Development	139,580	167,343	115,576	122,837	102,324	99,312
Ambulance	76,167	79,619	96,285	108,712	99,076	113,930
Culture	59,349	61,462	62,010	61,943	57,199	80,921
Taxi	161,741	152,881	95,759	93,357	100,641	10,000
Health & Social Services	12,565	12,342	11,741	12,120	11,796	7,250
Outlay Expenditures	111,877	92,718	69,755	28,286	6,887	7,000
Transfers	16,743	245,281	16,477	90,467	-	13,763
Total	6,142,050	6,363,116	5,842,807	6,111,011	6,008,372	6,039,739

General Government

In 2017, the City will begin allocating costs associated with the administration of payroll, benefits, information technology services and human resource services to each department based upon the number of full time equivalents. These costs have historically been absorbed by the general government fund instead of allocated to those departments receiving the services. This allocation methodology allows for the capturing of all costs associated with the operations of each department and will increase state and/or county aids for some departments.

As a result, the general government operations will decrease 22.89% from the prior year's budget.

Police

The Police Department continues to look for ways to enhance the safety and services provided to the community. The restructuring of positions in 2016 allowed for the reallocation of a patrol sergeant position to a drug detective position. As part of the 2017 budget, the Police Department will pursue funding programs focusing on traffic safety, including speed boards and safety vests, and emergency tools for vehicle entrance. Additionally, the department will continue fund raising efforts to support a future K-9 officer in the city.

The Police Department will see an increase of 8.21% over last year's budget, of which 6.10% is attributable to the new allocation formula for administrative services. The remaining increase is driven by increases in salaries and wages based upon the police union contract.

Fire & Rescue

The Fire Department will implement a new pay scale in 2017 for paid-on-call fire fighters. The new pay scale is based upon training and certifications achieved by each paid-on-call fire fighter. Additionally, a new pumper truck will replace the 24-year-old E-3262; delivery is expected sometime in mid-late summer. The pumper truck is jointly purchased with the townships and villages served by the Fire Department of New Richmond.



The Fire Department will see an increase of 11.86% in expenses driven by the allocation of administrative services, the rising cost of replacement hose, testing of SCBA equipment and wage and salary adjustments.

Streets

Significant progress was made in 2016 with regard to street maintenance, reconstruction, and new construction. This momentum will carry forward into 2017 with planned maintenance activities including crack filling, spray patching, and sealing; reconstruction of North 4th Street; and construction of the new Harrison Street, which will connect Madison Avenue and Cernohous Drive. An additional \$40,000 has been allocated to the Street Department for sidewalk maintenance in 2017.

The Street Department will see an increase of 13.21%; however, 7.77% of this increase is driven by the allocation of administrative services and the remaining is the result of wage and salary increases and sidewalk maintenance expenses.



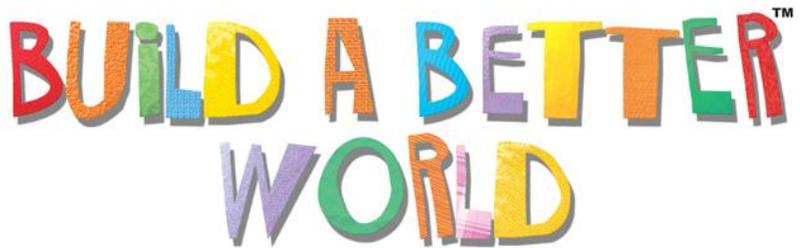
Airport

The Airport will welcome two new businesses, as well as the expansion of an existing company in 2017, equaling new construction of 67,000 square feet between the three facilities. A new website will launch in the first quarter of 2017 to enhance service and communication.

The Airport's increase of 8.14% is driven by the allocation of administrative services; excluding this increase, the airport budget remains relatively flat when compared to the prior year.

Library

An increase in Library funding of \$23,000 has been budgeted for 2017 for continued support of programs such as the Snowy Day Story walk planned for January and the Build a Better World summer reading program. Additionally, the Library will begin a building feasibility study as part of the capital campaign.

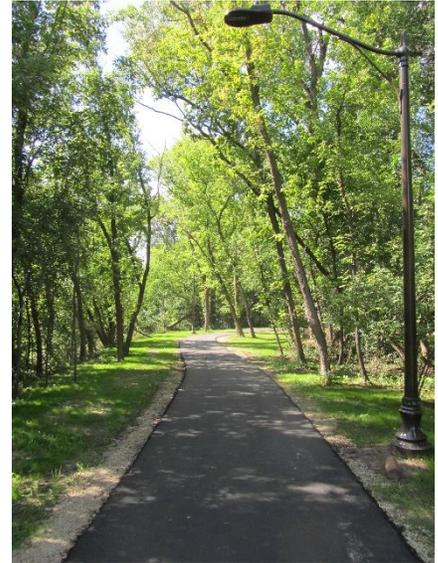


The Library will see an increase of 18.79% in 2017 expenses. The main driver of the increase is the allocation of administrative services accounting for 10%, however, increased program funding, salary/wage adjustments, and increases in MORE maintenance costs account for the remaining increase.

Parks

2017 will continue an upward trend in park and trail projects with preliminary design underway for two connecting trails – one to link the Doughboy Trail with Hatfield Park, and one to link the Nature Center to the Doar Prairie Restoration. Additionally, progress continues at Freedom Park with the addition of two newly irrigated athletic fields, which should be ready for use in late summer or fall of 2017.

Park expenses for 2017 will have an overall increase of 4.61%, with the main driver of this increase attributable to an additional \$20,000 in improvements to parks which includes the addition of recycling receptacles.



Community Development

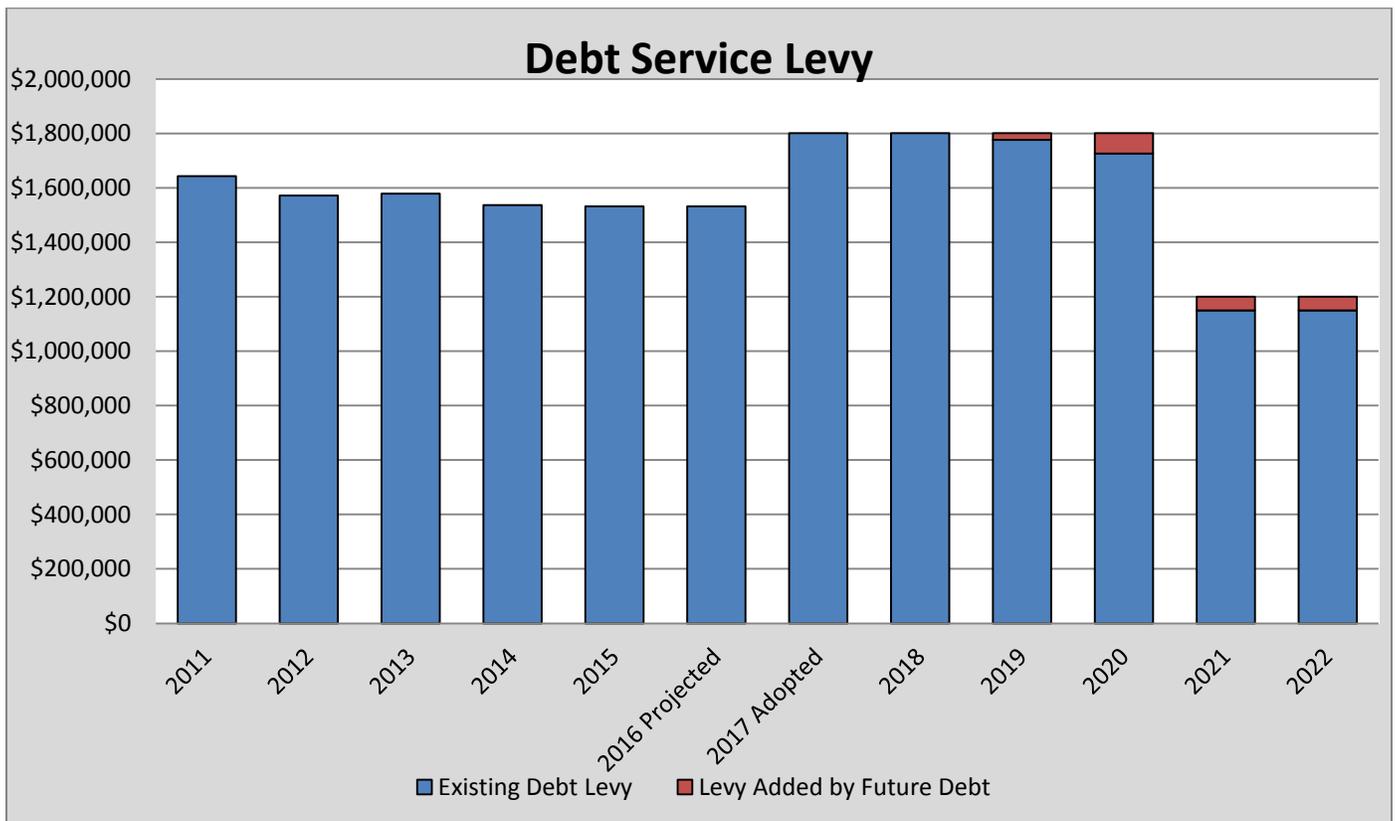
The City will update the 2005 comprehensive plan in 2017. The plan will take the majority of the year to complete and includes everything from economic development to transportation to intergovernmental cooperation. Additionally, community development will be focusing on the downtown and assisting property owners with new signage, facades and marketing to businesses to locate in our downtown.

The Community Development Department expenses for 2017 will decrease 0.75% due to a \$10,000 increased marketing expense being absorbed by tax increment district No. 6. In subsequent years, salaries and marketing expenses will not be allocated to TID No. 6 as the expenditure period closes in 2017. The decrease is partially offset by increases in salaries and wages and the allocation of administrative services.



Debt Service Levy

The debt service levy provides cash for the payment of principal and interest due on the City's general obligation bonds and other loans for the budget year. In 2017, the City's debt service levy will increase \$268,476 or 17.52% from 2016. The increase is attributable to the 2016 General Obligation Series A Bond issuance for \$4,565,000. The bonding provided funds for street, storm water, sidewalk and TID 6 infrastructure improvements. As part of the strategic and debt management plan, the City evaluates the future borrowing needs of the community and the potential impact on tax payers. The graph below shows the historical debt service levy since 2011. Additionally, it illustrates future borrowing at a rate of \$2 million dollars every two years beginning in 2018 and ending 2022. Based upon its current rate of repayment and potential future borrowing, the City is positioned to reduce the debt service levy in future years at a significant rate.

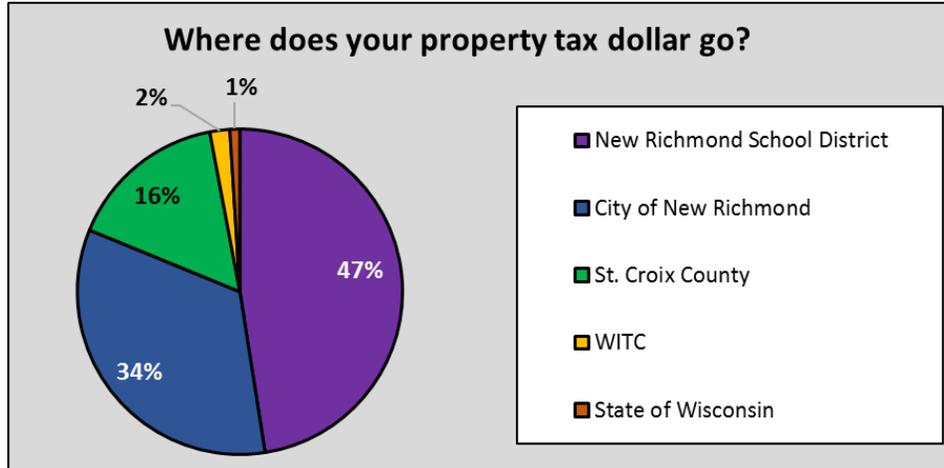


Capital Replacement Levy

In 2015, a capital replacement levy was established, which allows the City to utilize cash instead of borrowing or using reserves for capital improvements. The money levied is used for improvement or replacement of buildings, equipment and machinery. In 2017, the City will levy \$85,000 for the replacement of one police squad car, reconfiguration the customer service area of the Civic Center, replacement of the air conditioning unit at the Civic Center, and completion of the comprehensive plan. The capital replacement levy decreased \$50,000 or 37.04% in 2017 from 2016.

Understanding Your Property Taxes

When residents pay their property taxes, the amount paid is allocated to five different taxing authorities: The School District of New Richmond, the City of New Richmond, St. Croix County, WITC, and the State of Wisconsin. The pie chart below shows how the 2016 property tax dollars will be allocated.



Since property taxes are paid to five different taxing authorities, it's possible that one taxing authority may decrease its mill rate, yet the total property taxes paid could still increase (or vice versa) depending on the financial management decisions of the other taxing authorities. The School District of New Richmond receives the largest proportion of property taxes; thus their financial management decisions will often times have the most significant impact on whether property taxes increase or decrease.

Taxing Authority	Change Since 2015
School District of New Richmond	Decrease ↓
City of New Richmond	Decrease ↓
St. Croix County	Increase ↑
WITC	Decrease ↓
State of Wisconsin	Increase ↑

In 2016, three of the taxing authorities reduced their mill rate: The School District of New Richmond, the City of New Richmond, and WITC. The State of Wisconsin and St. Croix County increased their mill rate. The net result is that an owner of a property with an assessed value of \$100,000 will see an overall tax decrease of \$31.46 from 2015.



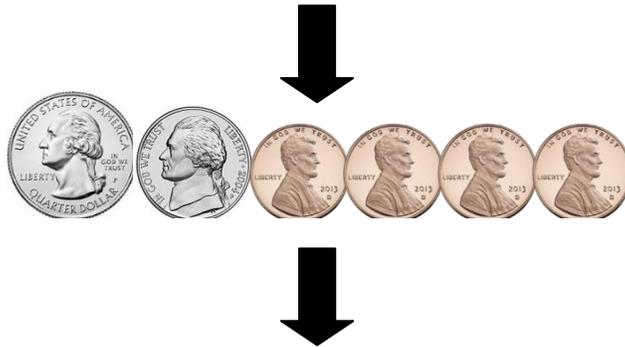
Assessed Value	Total Property Taxes Due
\$100,000	\$2,285.27
\$150,000	\$3,427.91
\$200,000	\$4,570.54
\$250,000	\$5,713.18
\$300,000	\$6,855.82

Tax Savings for Owner of \$100K Home



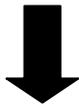
How Much of Your Tax Dollar Goes to City Services?

For every one dollar that you pay in property taxes, about 34 cents goes to the City of New Richmond.



Those 34 cents are divided amongst the City's operating budget, debt service, tax increment, & capital replacements.

Operating Budget	Debt Service	Tax Increment	Capital Replacements
			Less than \$0.01



Police, Fire, & EMS	
City Streets	
Administrative Operations	
Friday Memorial Library	
Parks & Trails	
Airport	
Economic Development	Less than \$0.01

The operating budget is then divided into the various City department budgets, with the largest portion going to public safety.

Household Budget Comparison

The table below shows the monthly amount paid by the owner of a \$100,000 home for some city services, as compared to other purchases individuals make on a regular basis.

Other Frequent Purchases	The Monthly Cost for City Services for the Owner of a \$100K Home
 <p data-bbox="315 617 597 705">\$2.25 One Gallon of Gas</p>	 <p data-bbox="906 627 1422 716">\$1.90 Enjoying the parks & trails system</p>
 <p data-bbox="183 1037 732 1125">\$5.79 Quarter Pounder with Cheese Meal</p>	 <p data-bbox="901 1037 1427 1125">\$5.71 Maintaining 57 miles of city streets</p>
 <p data-bbox="235 1388 680 1476">\$17.00 Movie Tickets for Two Adults</p>	 <p data-bbox="899 1388 1429 1476">\$15.23 Police, Fire, & Ambulance Services</p>

CONTACT INFORMATION

Thank you for reading our 2017 budget book. If you have any questions about our budget process or suggestions for how we can improve in the year ahead, we would like to hear from you! We would also be glad to speak to your business or organization about current and future projects. Feel free to contact us through the following methods:



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