

**FISCAL YEAR 2018**  
**CITY OF NEW RICHMOND**  
**ADOPTED ANNUAL**  
**BUDGET**



**EFFICIENCY | TRANSPARENCY | SUSTAINABILITY**  
**RELIABILITY | INNOVATION | RESPONSIBILITY**

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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 2018 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

Keith Karpenski, Gary Knutson, Scott Counter, Richard Hesselink, Tom Heintz

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

Historic Preservation Commission: Jon Hailey, Tara Van Eperen, Mary Sather, Sarah Skinner, Mike Montello, Theresa Rubida, Esther S. 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, Robert Condon, James Tilly, Scott Schneidewent, Delores Quinn

Board of Appeals: Sarah Mellerud, Jane Hansen, Glenn Highum, Bob Pierson, Bernard Peterson, Dick Nelson, Mania Moore

Library Board: Gordon Granroth, Scottie Ard, Jeff Peplau, Liz Kilibarda, Vicki Gjovik, Marla Hall

Board of Review: Craig Kittel, Scottie Ard, Jim Jackson

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

Community Development Authority: Jim Jackson, Scottie Ard, Jason Zahradka, John Soderberg, MaryKay Rice, Jessie Klopp, Larry Moore

Plan Commission: Fred Horne, Mike Montello, David Tyvoll, 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: Jim Jackson

Public Safety Committee: Scottie Ard, Jim Jackson, Ron Volkert

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

Public Works Committee: Jim Zajkowski, Mike Montello, Craig Kittel

Fire Advisory Board: Ron Volkert, Jim Jackson, Jim Zajkowski, Chad Peterson, John Van Dyk,

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



Pictured left to right: Jim Zajkowski, Ron Volkert, Mike Montello, Fred Horne, Jim Jackson, Scottie Ard and Craig Kittel

Mayor Fred Horne

Aldermanic District One: Craig Kittel

Aldermanic District Four: Mike Montello

Aldermanic District Two: Scottie Ard

Aldermanic District Five: Ron Volkert

Aldermanic District Three: Jim Jackson

Aldermanic District Six: Jim Zajkowski

# LETTER FROM THE CITY ADMINISTRATOR

As we embark on the year ahead, we hope that this Budget Book demonstrates that building a budget must include the input of our valued community members and tax payers.



Our challenge going into this budget process was to develop core values to assist us in telling our financial story. In the summer months, our leadership team worked with Mayor Fred and our City Council members in reviewing themes that embodied financial sustainability, creating greater leadership opportunities for our staff, providing a safe work place, and ensuring that our community is prepared for future growth.

Through many work sessions and countless meetings, Mayor Fred and our Council then challenged our staff to collect feedback from the community by meeting people outside of City Hall. Our Budget Lab 2018 series was intended to generate not only conversation about our budget process, but to put community members in a position to determine what they think is best for our community. Over 230 people participated in these presentations during the fall of 2017.

In addition to these meetings, our staff was focused on creating a conversation through social media, meetings with the *New Richmond News*, and the Budget Lab series throughout this budget process. On social media in particular, our “30 for 30” budget bits reached over 43,000 people on Facebook alone!

As we reflect on 2017, we remain grateful to our first responders for making our community a safe place. We take pride in our staff for their continued efforts in keeping our community beautiful. To our over eighty board and commission members, we say “thank you” for your tireless efforts in ensuring that our local government remains a reflection of our community’s short and long-term visions. Finally, to our Mayor, City Council, and Utility Commission, we are extremely proud to work on your behalf.

2018 promises to be another exciting year. We are committed to ensuring the simple premise that we are better together. We believe that the best is yet to come.

-Mike

# 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 8,909 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 350 businesses.

## CITY OF NEW RICHMOND DEMOGRAPHICS

Data below is from the 2016 American Community Survey, the Wisconsin Department of Administration, and the Wisconsin Department of Workforce Development (October 2017 unemployment rate for St. Croix County)

### Education



**23.1%** have a Bachelor's Degree or Higher

### Median Household Income



**\$53,265**

### Median Age



**33.7** years

### Population



**8,909** people

### Unemployment



**2.5%** unemployment rate

# CITY OF NEW RICHMOND OVERVIEW

## City Staff

The City of New Richmond staff consists of 64 full-time employees, 13 regular part-time employees, 8 seasonal employees, and 34 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, electric, fire and rescue, police, and public works (photo above). 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! Even more importantly, our team is filled with people who display great character, creativity, teamwork, 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 on various 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 of electrical power and recommend to the City Council acceptance of such contracts as negotiated, subject to approval of the Public Service Commission of the State of Wisconsin.



# 2017 HIGHLIGHTS



# TRANSPORTATION



## North Fourth Street Project

The largest reconstruction project of the year was North Fourth Street. After several public input meetings, construction began in May and concluded in October. The project included new pavement, curb and gutter, underground utilities, street lighting, a paved trail on the south side of the street, parking bays, traffic calming measures, and bike lanes on North Pierce Avenue and North Dakota Avenue.

## Sidewalk Improvements

About \$60,000 was invested in new sidewalks near Starr Elementary School and on North Second and North Third Streets, as well as the elimination of hundreds of tripping hazards throughout the downtown and in several older residential neighborhoods in the community.



## 140<sup>th</sup> Street Trail Partnership

Through a partnership between the City of New Richmond, Town of Richmond, and the Pathway Committee, an off-street trail segment was added on 140<sup>th</sup> Street across the Paperjack Creek, greatly improving safety for pedestrians and bicyclists in this neighborhood and improving connectivity with the existing trails system.

# DEVELOPMENT

## Record Year for New Housing

Approximately 100 new dwelling units were permitted in the City of New Richmond in 2017, which is the busiest year for residential construction that the City has experienced in the last decade. There has been a lot of new construction in the Fox Run and Whispering Prairie Developments, and several new homes that are expected to be built in 2018 in the Paperjack Bend, Richmond Prairie, and Willow River Bluffs developments, among others.



## Continued Commercial Growth

Several commercial construction projects broke ground in 2017 for both new and existing businesses. The Best Western Plus (photo left, above) broke ground in mid-June and is anticipated to be completed in late February or early March of 2018. Existing business, Phillips-Medsize, began a significant expansion of their facility in the Business and Technical Park with plans to add several new jobs, and both New Richmond Auto Mall and Johnson Ford (photo left, bottom) broke ground in the fall of 2017 on new facilities along STH 64 on the north end of the city. New Richmond is clearly a very attractive place to do business and will continue to be in the future as our community grows and serves as a hub for the St. Croix River Valley.



# DOWNTOWN IMPROVEMENTS



## New Streetscape Amenities

Citizens and passersby likely noticed several aesthetic enhancements this summer in the historic downtown business district. Local artist Taylor

Berman painted the beautiful flower planters and new trash and recycling receptacles were purchased. City staff installed white LED lights in the boulevard trees that help brighten up downtown during the evening hours, and the welding students at the WITC-New Richmond campus welded custom bicycle racks thanks in part to financial support from the New Richmond Area Community Foundation.

## Façade Grants Awarded to 5 Businesses

The City of New Richmond has awarded a record five matching façade grants for a combined total of \$10,000 to downtown businesses to make improvements to the exterior of their respective buildings. Businesses receiving grants in 2017 include Schmiege Law Office (photo right), Chickadee Doo-Da, New Richmond Computers, Sunbow Properties (former Creamery building), and KBA Technology. Grants can be used for a variety of improvements including awnings, brick work, painting, lighting, and more. Grant applications are reviewed on a continuing basis.



## Hometown Holidays Celebration

A new tradition was started this winter in partnership with the New Richmond Area Chamber of Commerce called Hometown Holidays. The first annual event included a holiday light parade, bonfire, button design contest, s'more and hot chocolate stations, tree lighting ceremony with Santa Claus and the Citizen of the Year, and fireworks over

the mill pond. We hope this family-friendly event will become a new tradition.

# PUBLIC SAFETY

## Community Supports Police K-9 Unit

Over the course of about six months, the New Richmond community generously raised and contributed more than \$75,000 towards the creation of the first police K-9 unit for the New Richmond Police Department. Donations came in from area businesses, citizens, and civic organizations. Fundraisers and benefit events such as t-shirt and stuffed animal sales, the inaugural K-9 Classic fun run/walk, a burger night, and golf outing provided additional ways for the community to show its support.



## New Fire Truck Arrives

The new Engine 3262 arrived in July, replacing a truck that was over twenty-five years old. The new truck was built by Custom Fire Apparatus in Osceola and serves as the primary vehicle for

fighting all structure fires for the department. We hope this new vehicle will serve the city and surrounding townships well for several years to come.

## Proactive, Positive Involvement

The New Richmond Police Department, New Richmond Area Ambulance Services, and New Richmond Fire & Rescue Department have continued to take an increasingly active and involved role in our community. From visits and presentations at local schools and childcare facilities, to National Night Out and Fire Prevention Week activities, our first responders go above and beyond to interact with citizens with the belief that an educated community is a safer community.



# PARTNERSHIPS & ENGAGEMENT



## Planning for New Library Moves Forward

Following the demolition of the old middle school building, the City of New Richmond and the School District of New Richmond officially closed on the property that will serve as the future home of the new library and community space. Two community input meetings were held in the fall to prepare the first conceptual design for the new facility, and now a fundraising feasibility study is underway.

## John Doar Community Celebration

A three-day event in August recognized Presidential Medal of Freedom recipient and New Richmond native John Doar. A photo and memorabilia exhibit, distinguished panel discussion, community picnic, films, book discussions, and the opening of the John Doar History Trail made for a very memorable week for our community that will live on for years to come.



## North Side Redevelopment

Following the City's purchase of the former Dairy Queen property, the community began to create a vision for north side redevelopment along STH 65. Themes developed by the citizens and property owners in this corridor include the following: Willow River, History, Business Attraction

& Retention, Safety, Recreational Opportunities, and Creating a Sense of Place. Possible concepts for phase one, generally described as the area from the Willow River Bridge north to the railroad tracks, were shown in November.

# PARTNERSHIPS & ENGAGEMENT

## New Richmond Recreation Partnership

A joint effort is underway between the City of New Richmond, New Richmond Area Community Foundation, the School District of New Richmond, and the New Richmond Area Centre to develop and strengthen recreational opportunities in the community. Called the New Richmond Recreation Partnership, this initiative is currently developing a website that will serve as a one-stop location for information about youth sports, facility reservations, community education classes, etc. and will soon begin to explore potential operational efficiency improvements.



## Comprehensive Plan

About 30 community members have been meeting regularly every two weeks to create a community action plan that will guide the future of New Richmond for the next decade.

Citizens have been working in small committees that have been researching and developing ideas that focus on topics such as land use, transportation, economic development, downtown revitalization, parks and trails system, etc. Todd Streeter, Principal, Community Collaboration has served as the primary facilitator of the community engagement process. This process will continue into 2018 with presentations to the community and the City Council. The project portfolios developed by the community will serve as the foundation for the actual Comprehensive Plan, which is being completed by consultants from Hoisington Koegler Group Inc. (HKGi) from Minneapolis.

# TRANSPARENCY

## Communication with the Community

A continued effort was made to reach out to the public through several different methods, including a quarterly e-newsletter with highlights from each department, visits with more than 60 local businesses, and a very active presence on social media with more than 3,500 followers on Facebook. City staff are also active in the community as members of several civic organizations, including Rotary International, Kiwanis, New Richmond Area Chamber of Commerce, St. Croix County Salvation Army Grace Place, Pathway Committee, and more.



## Listening and Receiving Feedback

Open house meetings were held throughout the year on a variety of topics, such as the North Fourth Street and 125<sup>th</sup> Street reconstruction projects, North Side redevelopment, future parkland in Fox Run and Whispering Prairie subdivisions, and planning for the new library. Feedback, ideas, and suggestions provided by citizens at these meetings significantly influence the projects, whether it's where a trail should be located or what type of recreational amenities a family would like to see constructed. As part of the 2018 budget process, City staff also gave presentations to 16 community organizations and received input from more than 230 people in regards to capital projects and how to pay for them. Before the 2017 year is complete, there will have been about 119 board and commission meetings and 21 open houses or community meetings. The strong focus on community outreach is a reflection of the City Council's commitment to transparency and citizen participation.



# SUSTAINABILITY

## Gravel Bed Nursery

More than 100 new trees were grown in the City's gravel bed nursery and planted along street boulevards and the parks and trails system. The bare root trees grow an extensive root system and promote greater urban tree diversity that is especially important when it comes to destructive pests such as Emerald Ash Borer.



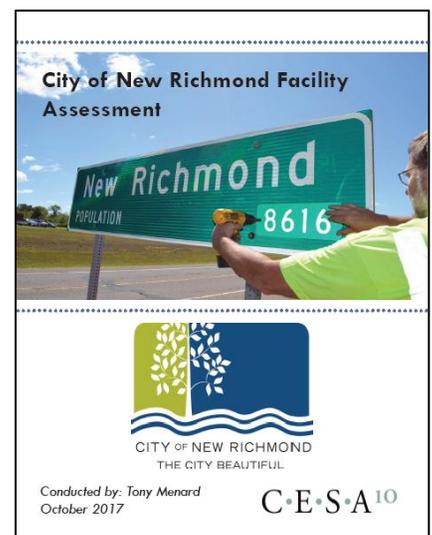
## Green Tier Legacy Community

New Richmond became the 15<sup>th</sup> local government in the state to become a member of the Green Tier Legacy Community program, with six additional communities joining shortly thereafter. This is a growing program led by the Wisconsin DNR, 1000 Friends of Wisconsin, and the League of Wisconsin Municipalities through which communities seek to work cooperatively to promote sustainability. Participants receive direct access and technical assistance from the Wisconsin DNR, plus additional consideration

when applying for state grant funding. Membership also demonstrates leadership in improving the economy, the environment, and the quality of life in the community.

## Energy Audit of City Facilities

Since 2008, the City of New Richmond has reduced its electrical usage by 19% thanks in large part to converting street lights to LED and energy efficiency improvements at the wastewater treatment plant. Through a \$10,000 grant received from the Wisconsin Office of Energy Innovation in 2017, the City of New Richmond partnered with CESA 10 to conduct a facility assessment to find additional energy saving measures that can be taken at city facilities, such as new water heaters, LED lighting, window replacements, etc. Staff have since identified improvements for 2018 that would reduce the City's electricity costs by an estimated \$17,000 per year.



# SUSTAINABILITY

## City Council Sets Energy Reduction Goal

In December of 2017, the City Council approved a resolution setting a goal to curb the use of electricity, natural gas, and water in municipal facilities by 2% from levels measured in 2017 within the next two years. Energy management not only saves taxpayer dollars, but also improves quality of life through active environmental stewardship. The City of New Richmond and New Richmond Utilities are committed to being leaders in the areas of energy efficiency, conservation, and renewable resource development.



## Goodbye to Plastic Water Bottles

The City of New Richmond has started to replace water fountains in municipal buildings with new water bottle refilling stations. The new stations promote drinking tap water instead of bottled water or soda, which not only is better for the environment but also promotes healthy lifestyle choices. The vending machine was also removed from the Civic Center. At public meetings, we now utilize water dispensers instead of purchasing bottled water.

## Sustainability Fund

As part of the city's continued commitment to sustainable practices, \$30,000 in funds were committed in to establish the Sustainability Fund. Cost savings resulting from sustainable practices such as; energy savings, through LED lighting upgrades, heating or cooling reductions or overall reduction in waste will be invested in the sustainability fund. These funds will be designated for future projects as determined by today's City Council.

# FISCAL OVERVIEW

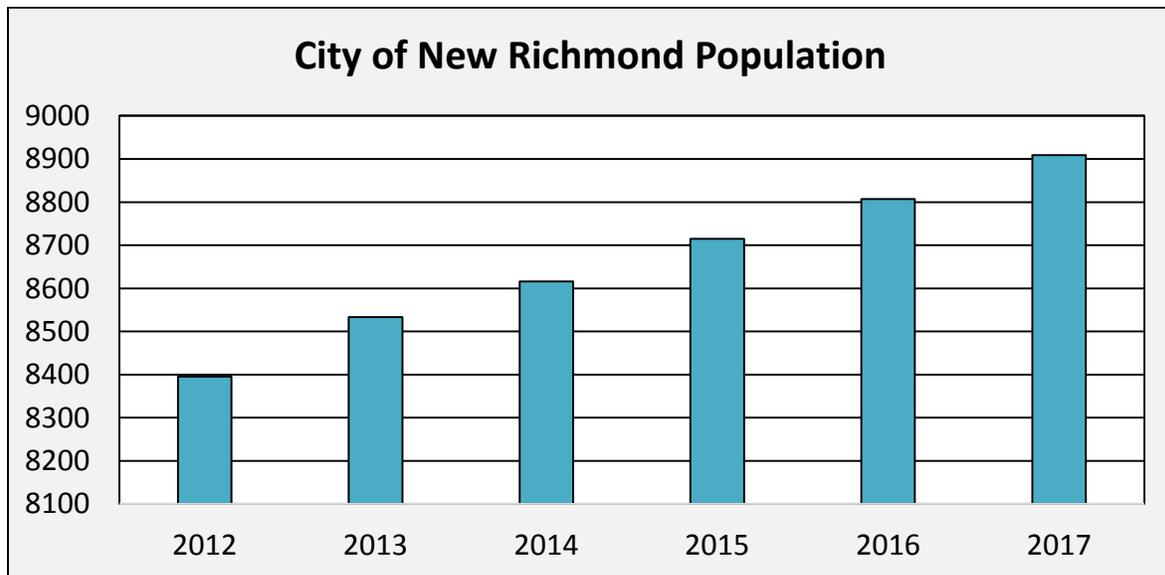
In 2017, the City of New Richmond continued to see recovery from the Great Recession through strong residential and commercial development, low unemployment rates, and continued growth in equalized value. Reductions in state funding, levy limits, and a renewed focus on aggressively paying down long-term debt have required innovation and greater collaboration by elected officials and staff to continue to offer high quality services while meeting the mission of the City and maintaining fiscal sustainability.



## St. Croix River Crossing & Impact on Population Growth

The long-anticipated opening of the St. Croix River Crossing occurred in August of 2017. The new bridge will shorten the commute time from New Richmond to the Twin Cities, and is expected to drive additional residential and commercial development. The City of New

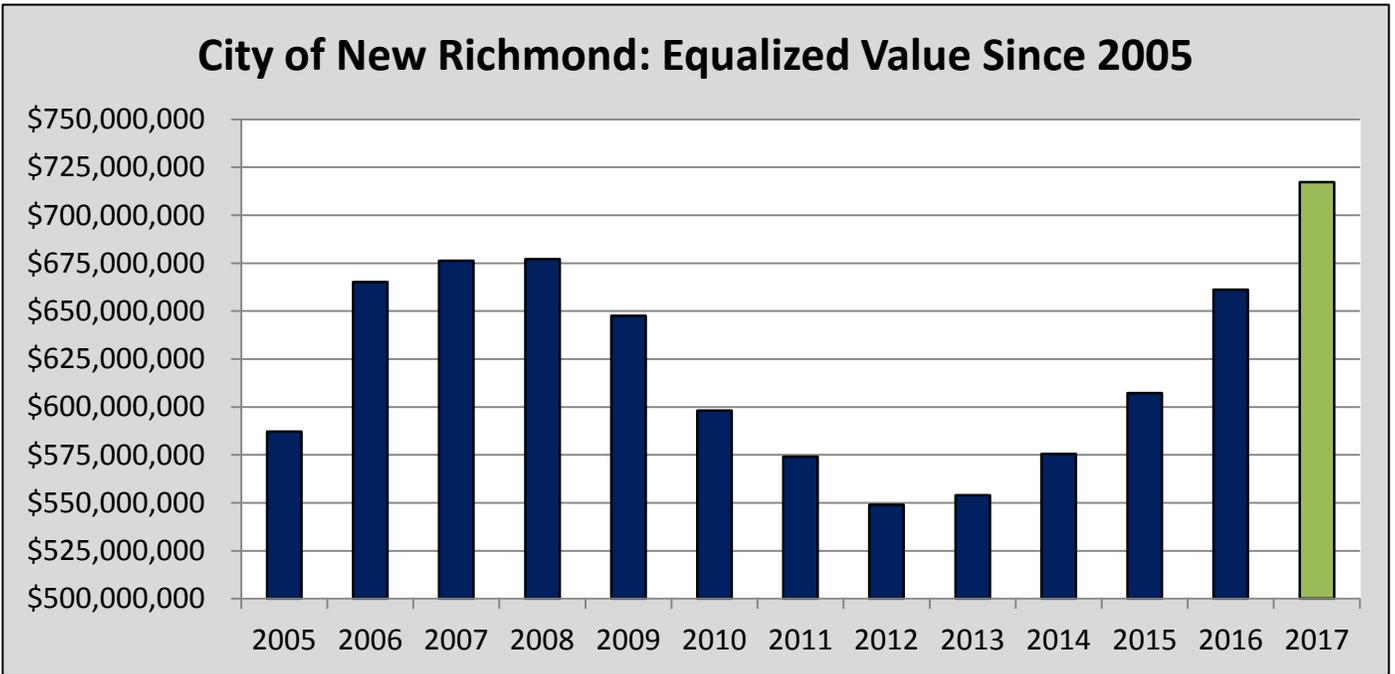
Richmond's estimated population has increased 7% from 2012 to 2017 and is expected to continue to steadily increase over the next several years at a manageable rate.



The City is well-positioned for infill development given its long-term investments in infrastructure and more than 500 shovel-ready residential parcels. The New Richmond Regional Airport, now the second largest airport in the state in terms of privately stationed aircraft, and the City's growing Business and Industrial Park are valuable assets for commercial growth.

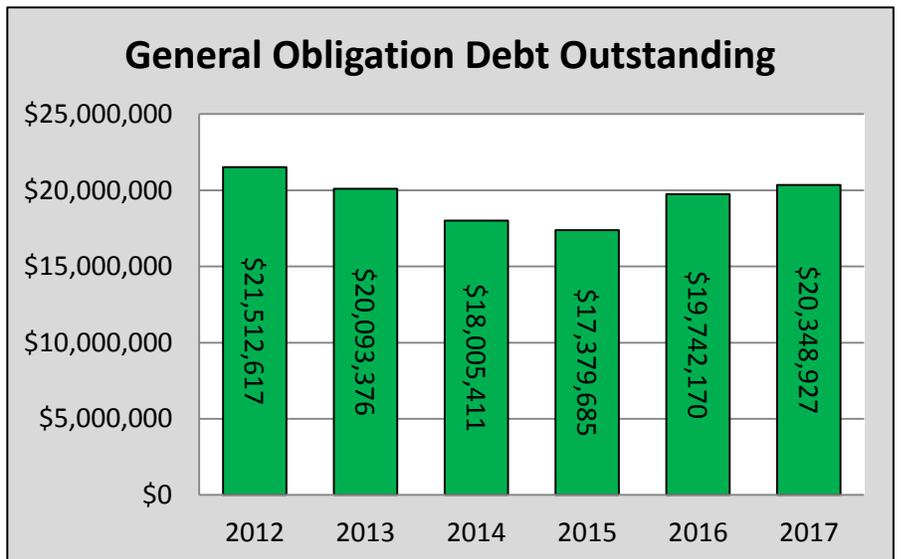
## Equalized Value

The City's equalized value, generally referred to as the fair market value, increased 9% in 2017 representing a tax base value increase of \$56,183,300. This represents the fifth consecutive year that the City's equalized value has increased. The total equalized value for the City of New Richmond is \$717,356,800 which is now greater than it was prior to the Great Recession, during which time municipalities across the country saw decreases in equalized value.

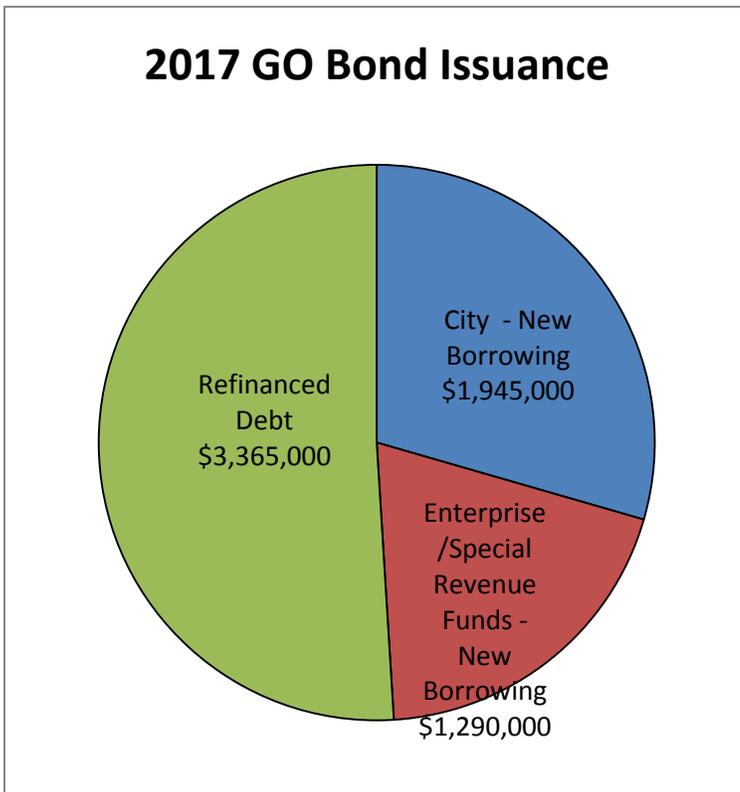


## General Obligation Debt Outstanding

As of December 31, 2017 the City's general obligation debt outstanding is \$20,348,927. Over the last several years, the City has structured repayment of new debt over a 15 year period instead of the previous 20 year period. Not only is debt repaid sooner, but the cost of borrowing is greatly reduced through less costs being paid in interest. In 2017, the City continued to pay down debt at an aggressive pace of \$2.3M.



Managing debt, while improving infrastructure and addressing current and future capital projects, continues to be the focus of the City Council's fiscal management policy.



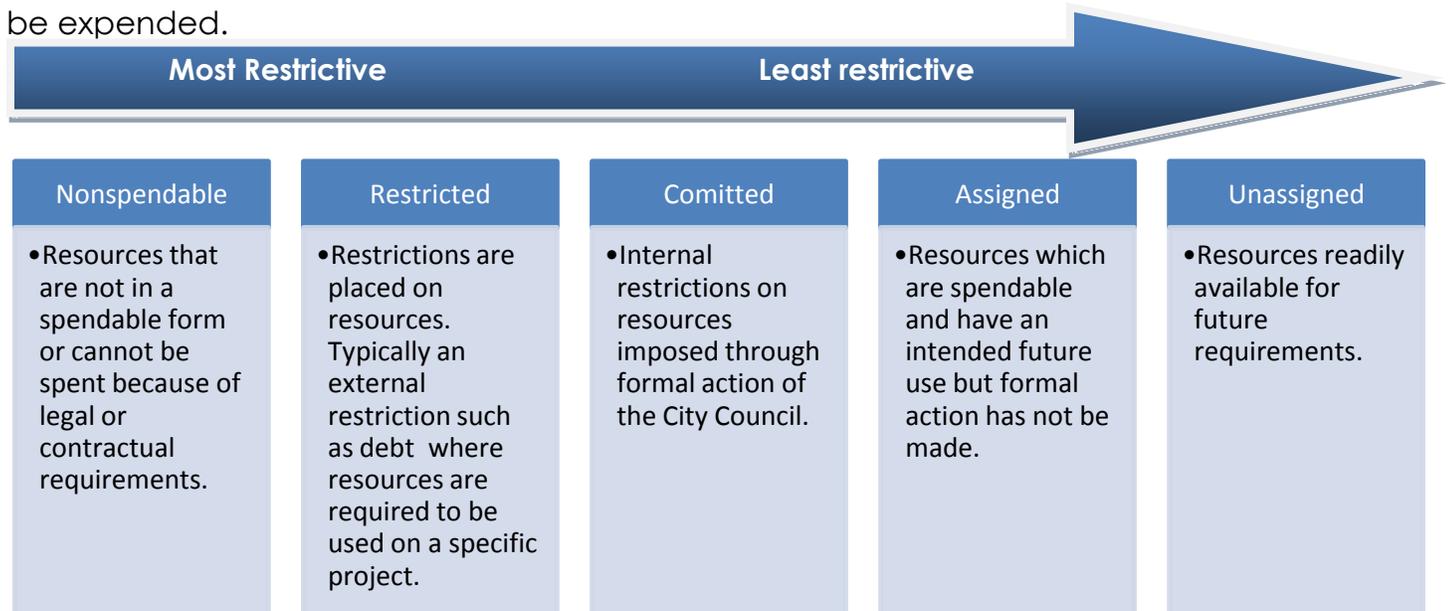
Favorable market conditions in 2017, resulted in the city issuing new debt to finance the planned street, water, sewer and storm water improvements for North 4<sup>th</sup> street, a new fire truck to replace a 30 year old engine, as well as, future street improvements for 125<sup>th</sup> Street. Additionally, 2007 and 2008 general obligation debt was refinanced which resulted in interest savings of \$443,365 over the remaining life of the debt.

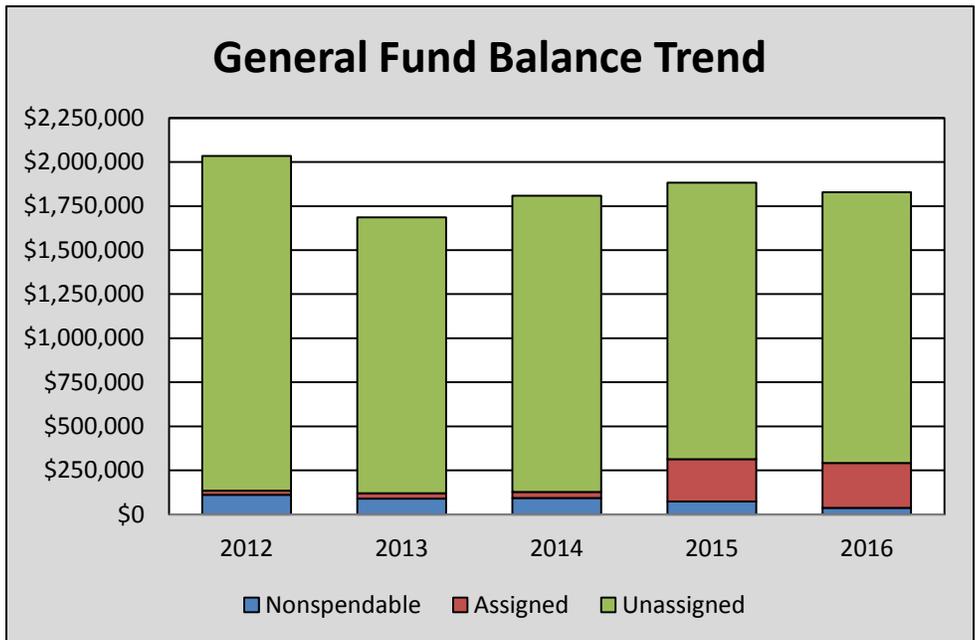
The City's bond rating of A1 was reaffirmed by Moody's rating agency as part of the \$6,600,000 bond issuance; of which \$1,945,000 was in new borrowing, \$1,290,000 in borrowing which will be repaid by enterprise and special revenue

funds and \$3,365,000 in refinancing of 2007 and 2008 GO bonds.

## General Fund Balance

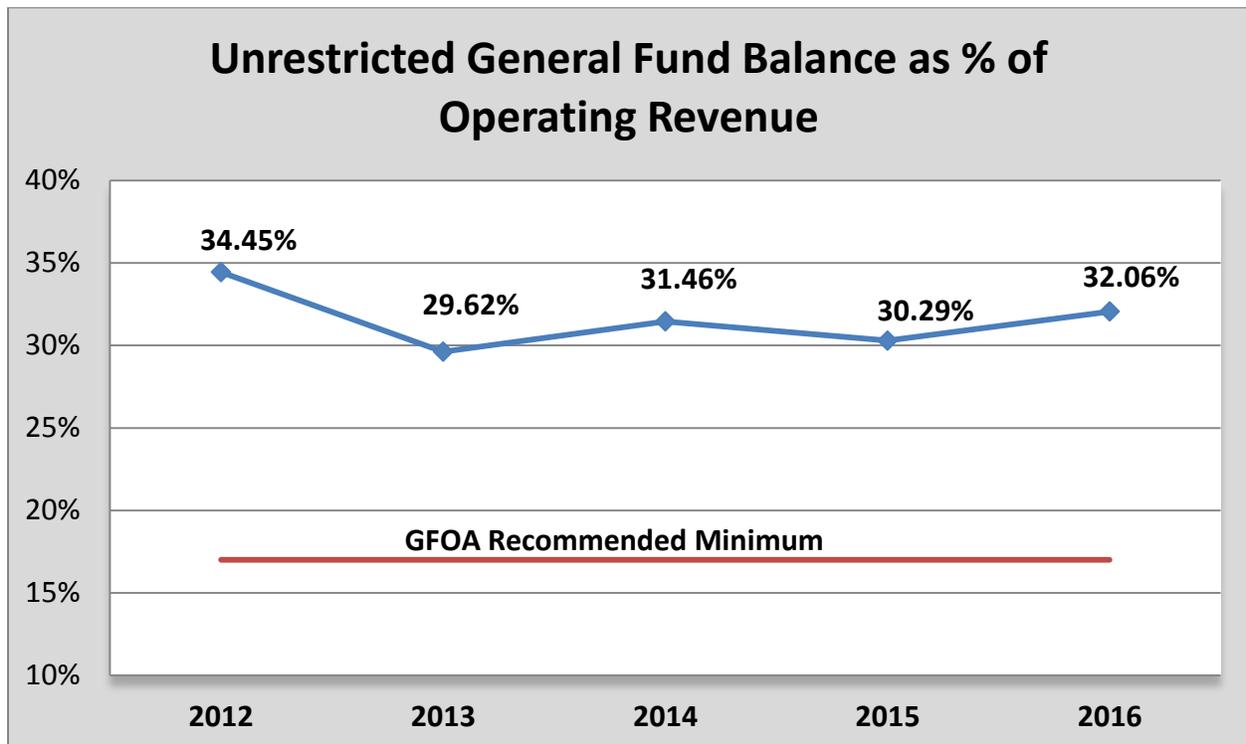
The City's general fund balance, commonly described as net position, is the difference between assets (resources) and liabilities (future commitment). Financial statements report fund balance in five separate categories based upon type and how resources can be expended.





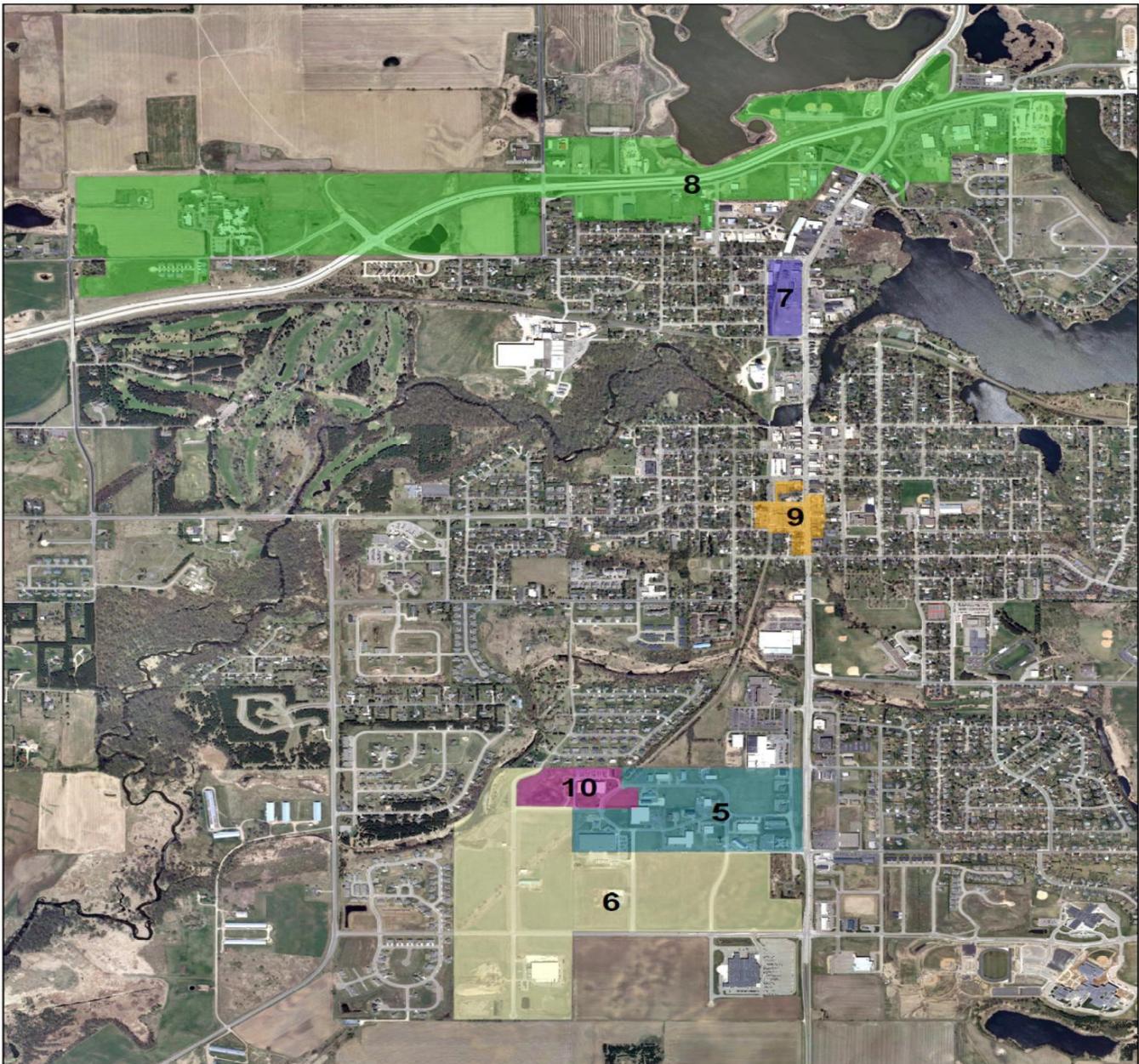
The city has historically maintained a strong general fund balance achieving the city's policy of an unassigned (unrestricted) fund balance of 25-35% of operating revenues. The city also exceeds the Governmental Finance Officers Association (GFOA) minimum recommended fund balance of two month's operating revenue or expenditures.

Fund balance is critical in mitigating risk which could occur due to unforeseen emergencies. It is also important in achieving competitive interest rates as rating agencies, such as Moody's and Standard and Poor's, look at fund balance as a measure of liquidity or the city's ability to repay debt. While no two communities are alike, fund balance policies also vary based upon each communities individual risks. However, maintaining a healthy fund balance is important to every community's financial sustainability.



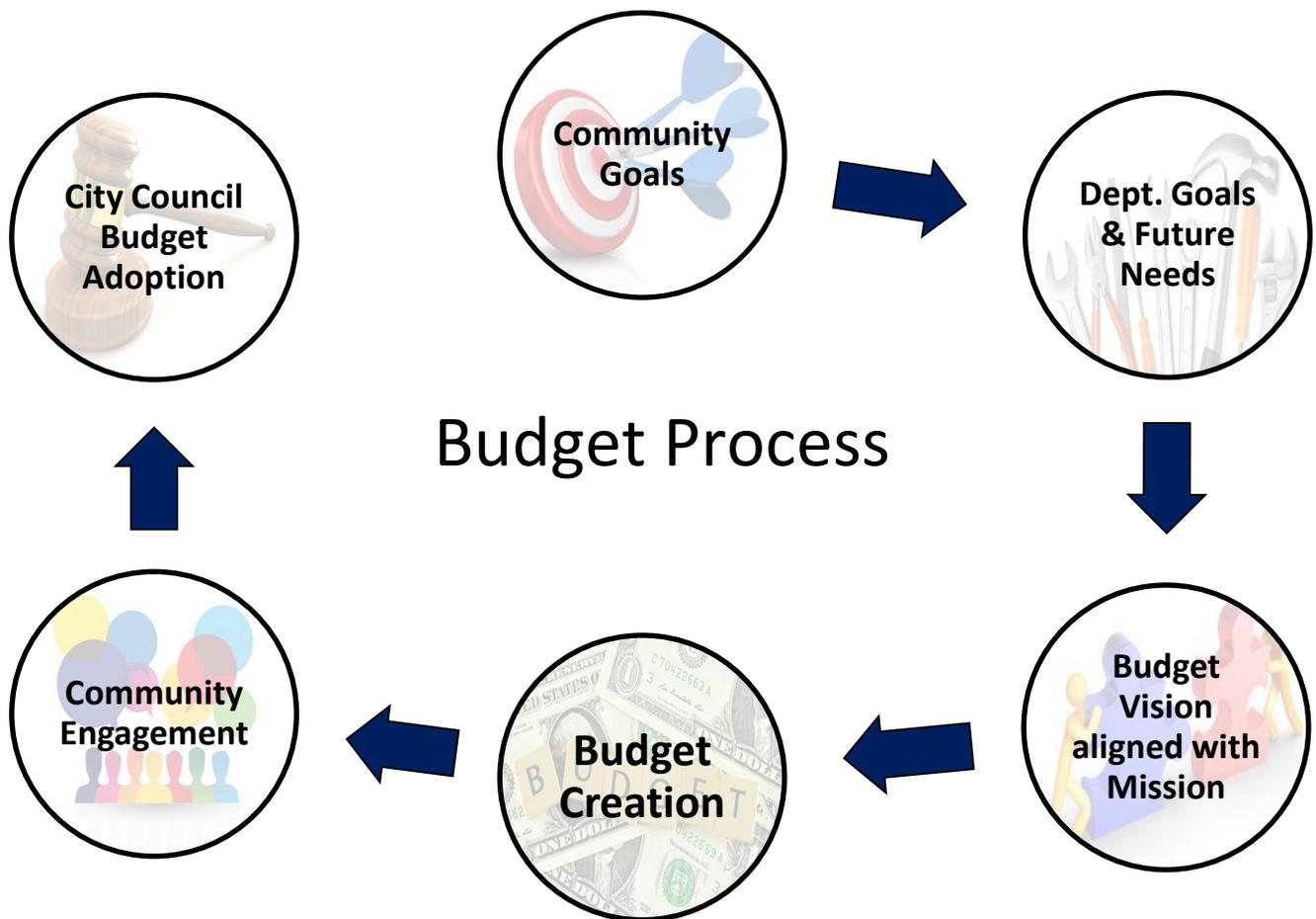
# TAX INCREMENT DISTRICTS

Tax increment districts serve as a valuable financing method to facilitate public infrastructure improvements so development or redevelopment of an area has a positive impact on the tax base. The City of New Richmond has six active tax increment districts (TIDs) in the city: TID 5, 6, 7, 8, 9 and 10. The City'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 could elect to close these districts early. The last expenditure period for TID 6 ended in the fall of 2017. TID 5 shares revenue with TID 8 as a shortfall continues, but completion of the St. Croix River Crossing could have a positive future impact on this district.



# BUDGET PROCESS

The budget is the financial policy, serving as the operational roadmap, for how city resources will be utilized; ensuring alignment with community vision, department goals and future needs, as well as, the overall mission of the City. The City's budget process is centered on creating a transparent, collaborative and inclusive process where residents, business owners, staff, elected officials, and other key stakeholders feel their voice has been heard throughout the creation and adoption of the budget.



As part of the 2018 budget process, a vision statement was developed to aid staff and the City Council in aligning operational and community needs.

The 2018 budget vision statement:

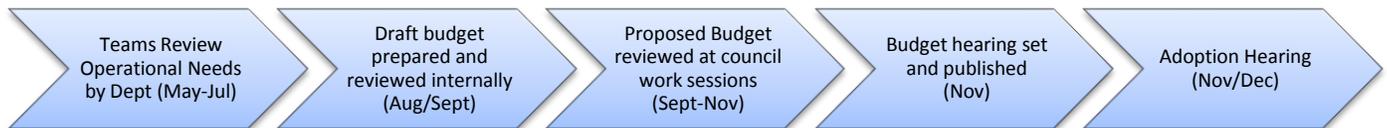
The City of New Richmond strives to bridge our heritage with the current and future needs of our growing community. We will accomplish this through:

- Providing reliable, safe and convenient services
- Striving to be leaders in local government through the use of innovation, sustainable best practices and fiscal responsibility
- Fostering transparency through community engagement
- Acknowledging the significant return on investment to our economy through the support of local programs and services
- Retaining and attracting staff to meet the growing expectations of our community

Transparency and collaboration are the pillars of budgeting. 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 2018 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 timeline

The budget process begins in spring and stretches several months with adoption occurring in late November or early December.



# BUDGET OVERVIEW

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, buildings, or equipment. Additionally, each taxing jurisdiction is responsible to levy for their proportionate share of the tax increment districts (TIDs). When combined, these four levies - operating, debt, capital replacement, and tax increment - equal the City's portion of the mill rate.

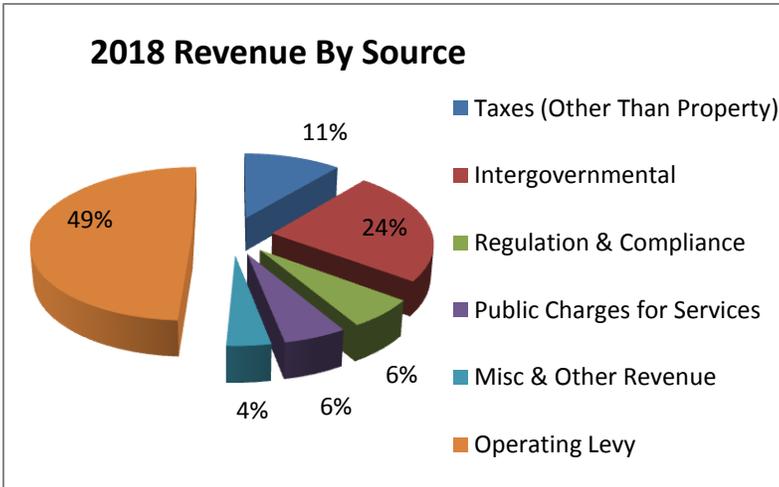
The 2018 adopted budget levies \$3,147,854 for general operating expenses, which is an increase of 10.38% from 2017. The debt service levy for 2018 is \$1,851,176, an increase of 2.79% when compared to 2017. The capital replacement levy is an increase of 17.65% from 2017 with \$100,000 being levied in 2018. Lastly, the tax increment levy for 2018 is \$428,179, an increase of 11.79% from 2017 due to increased equalized value.

Levy	2017	2018	+/- Change
Operating	2,851,707	3,147,854	<b>+10.38%</b>
Debt Service	1,800,896	1,851,176	<b>+2.79%</b>
Capital Replacement	85,000	100,000	<b>+17.65%</b>
Tax Increment	383,035	428,178	<b>+11.79%</b>
<b>Total</b>	<b>5,120,638</b>	<b>5,527,208</b>	<b>+7.94%</b>

# GENERAL FUND

## Revenues

Operating revenues are generated through a number of recurring sources, including property and room taxes, intergovernmental aids, fees, penalties, licensing, and interest. There are also one time sources of revenue, such as grants, insurance dividends,



assessments, and property sales. The largest source of revenue comes from general property taxes, accounting for 49% of revenue. Followed by intergovernmental revenue (state and county funding) at 24% and the remaining 23% of revenue is received through building permits, various licensing, municipal court penalties, recycling fees, and lease revenue.

<p><b>Property Taxes (Operating levy)</b></p>	<p><b>Intergovernmental</b></p>	<p><b>Taxes (Other than Property)</b></p>	<p><b>Regulation &amp; Compliance</b></p>
<ul style="list-style-type: none"> <li>• Taxes levied by the City on residential and commercial businesses to support City services.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue received by other governmental entities includes: grants, transportation aids, state shared taxes, expenditure restraint and county library funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue received through PILOT (Payment in Lieu of Taxes) agreements, room tax and mobile home parking fees.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue generated through licensing, permitting and court fines.</li> </ul>
<p><b>Public Charges for Services</b></p>	<p><b>Miscellaneous Revenue</b></p>	<p><b>Other financing Sources</b></p>	<p><b>Public Improvement</b></p>
<ul style="list-style-type: none"> <li>• Fees charged for the use of municipal buildings, shelters or land, recycling fees and airport lease revenue.</li> </ul>	<ul style="list-style-type: none"> <li>• Interest earned on general investments, insurance dividends or recoveries, donations and property sales</li> </ul>	<ul style="list-style-type: none"> <li>• Funds allocated to the general operations of the City from other municipal funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Assessments received from property owner's related to public improvements; such as, sidewalks, curb and gutter and sanitary sewer.</li> </ul>

2018 revenue, excluding personal property taxes, is expected to increase 2% or \$63,784 from the prior year. The City anticipates strong residential and commercial construction to continue in 2018, which will result in increased building permit revenue. Room tax revenue is also anticipated to increase upon completion of a new hotel in the spring of 2018. The room tax provides funding to promote, market, and develop tourism within our community. Under state statute, 70% of room tax revenues are used directly in these efforts while the City can retain 30% to support infrastructure and services utilized by those visiting our city. Communities can charge a room tax up to 8%; the current room tax in New Richmond is 5%.

Intergovernmental revenues, which are the second largest source of revenue for the City, have been downward trending since 2014. However, due to increased spending in 2016 and 2017 on street improvements, this revenue source will increase state transportation aids by 11% or \$53,786 in 2018. Transportation aid is based on a multi-year per mile computation and is derived from state fuel taxes and registrations.

### Intergovernmental Revenue 5 Year Trend

	2018 Budget	2017 Projected	2017 Budget	2016 Actual	2015 Actual	2014 Actual
State Shared Taxes & Computer Exempt Aid	475,040	475,217	471,445	474,387	475,110	474,346
State Aid - Transportation	553,253	498,494	499,467	476,910	488,169	524,860
County Aid – Library	328,627	328,945	329,364	307,550	337,541	346,296
Expenditure Restraint Program	121,233	132,250	132,250	133,814	135,449	144,766
Other State Aids	57,717	63,632	54,997	64,417	59,600	58,381
Federal/State/County Grants	0	134,160	0	135,352	108,963	115,045
<b>Total Intergovernmental Revenue</b>	<b>1,535,870</b>	<b>1,632,698</b>	<b>1,487,523</b>	<b>1,592,430</b>	<b>1,604,832</b>	<b>1,663,694</b>

Under Act 150, 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, excluding capital expenditures and federal fund expenditures. Library aids in 2018 will remain consistent with 2017 levels.

The City will receive funds in 2018 under the Wisconsin Department of Revenue Expenditure Restraint Program, a shared revenue program under State Statute, of \$121,233. To qualify for funding, the City must limit operating increases based on the Department of Revenue's predetermined calculation. The 2018 payment is based on the City adhering to a 2.2% increase in 2017. The City will not qualify for the program in 2019, as 2018 operating expenses exceed the program's limit of 3.8%.

# Expenditures

2018 budgeted operating expenditures of \$6,399,671 reflect the City's mission to **provide its citizens with reliable, efficient and economic public services**. Over the last five years, our community has experienced strong residential and commercial growth which has increased the demand for city services; from the miles of street and trails maintained to the number of calls for police service to building inspections, every service within the city has experienced increased demand. Additionally, new services such as the cemetery have also been absorbed.

As leaders in local government, we strive to find innovative and sustainable solutions which improve our service delivery in a cost efficient manner. We have achieved consistent expenditure levels over the last several years through organizational changes, utilization of technology, grants, and in-house project management for street/utility projects. Through these initiatives staffing levels have remained at 2012 levels.

However, as community goals and current and future operational needs were evaluated through the budget process, the need for additional staff is critical in ensuring service demands are met into the future. The 2018 general fund operating expenditures represent an increase of 5.96% or \$359,931 from prior year. Increases in expenditures support the following budget visions:

- **Providing reliable, safe and convenient services.** The following positions have been approved as part of 2018 budget:
  - One full-time patrol officer
    - This will bring the number of sworn officers back to 2010 levels.
  - One K9 officer
    - This position enhances the operations of the department and is fully funded in 2018 by donations
  - One full-time public works position
    - This position is a shared position with New Richmond Utilities and provides flexibility in operational needs for both city and utility operations.
  - One part-time custodial position
  - One seasonal limited term airport position
  - One contracted inspector position
- **Striving to be leaders in local government through the use of innovation, sustainable best practices and fiscal responsibility.** The following contracted services will be implemented in 2018, enhancing service, security and promoting sustainable efforts in consumption of printed products.
  - Contracted information technology services
  - Contracted print management services
- **Investing in our economy through the support of local programs and services.** The following program will receive increased funding as part of the 2018 budget:
  - Façade grant program

- **Retaining and attracting staff to meet the growing expectations of our community.**  
The pillars safety and family will continue to be the focus of the city's culture as well as retention, development of staff and attraction of new staff. The budget supports this through:
  - Insurance costs for city and employee remain at 2017 level.
  - Salary and wage adjustments based upon market analysis and cost of living indices.

The table below shows historical expenditures by department since 2013. There were one-time extraordinary expenditures in 2013, 2014 and 2016; when these are removed, the expenditures have remained consistent, averaging \$6.1M from 2013-2016. Also, 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.

### Historical Expenditure Trend

Description	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Projected	2018 Adopted
Police	1,915,189	1,832,575	1,953,088	1,935,225	2,073,295	2,221,164
General Government	1,167,784	1,205,453	1,259,244	1,317,467	1,003,222	1,062,105
Streets	997,643	978,614	962,719	993,104	1,023,053	1,086,173
Library	728,414	665,206	677,552	695,567	753,762	802,228
Parks	418,237	368,607	392,947	375,071	416,948	405,267
Fire	187,349	187,532	212,288	295,824	260,066	273,865
Airport	134,478	137,216	131,700	141,074	153,258	181,939
Economic Development	167,343	115,576	122,837	99,883	99,312	105,291
Ambulance & Misc	79,619	96,285	108,712	98,392	114,347	127,288
Culture	61,462	62,010	61,943	59,095	74,185	96,450
Taxi	152,881	95,759	93,357	99,876	117,983	10,000
Health & Social Services	12,342	11,741	12,120	11,855	6,841	5,900
Outlay Expenditures	92,718	69,755	28,286	48,044	33,882	7,000
Transfers	245,281	16,477	15,467	15,072	13,614	15,000
<b>Total</b>	<b>6,360,740</b>	<b>5,842,807</b>	<b>6,032,259</b>	<b>6,185,549</b>	<b>6,143,768</b>	<b>6,399,670</b>

# General Government

Expenditures covered under general government include those necessary in overseeing daily operations, coordination of city-wide projects, budget preparation, financial management, and providing assistance to all departments within the city.

<b>Expenditure</b>	<b>2016 Actual</b>	<b>2017 Adopted</b>	<b>2017 Projected</b>	<b>2018 Adopted</b>
General Government	\$1,317,467	\$990,142	\$1,003,222	\$1,062,105

## City Council

The City of New Richmond is governed by a City Council consisting of one Mayor and six Alderpersons. The council is responsible for establishing policies, determining priorities, budget adoption, and fiscal oversight. The City Council also appoints members to advisory boards, commissions, and committees.

## Administration

Administration strives to provide high quality services, strong fiscal management, and effective leadership as directed by the City Council. Administration is comprised of a City Administrator, Management Analyst, and Human Resources Manager. The City Administrator/Utility Manager serves as the Chief Administrative and Operating Officer overseeing daily operations, citywide projects, economic development and business retention, budget development and staff recruitment and retention.

## Building and Zoning

Building and Zoning issues building permits and provides necessary inspections and enforces building code as required by the State of Wisconsin. The department also oversees Zoning Ordinance compliance throughout the city. The Building Inspector and Administrative Assistant are full time positions within the department, and a contracted inspector also assists the department.

## City Clerk

The City Clerk's office is the custodian of official city records, ordinances and council proceedings. The Clerk is responsible for conducting all Federal, State and City elections held within the city. The City Clerk, Deputy Clerk and Receptionist strive to provide excellent customer service to the public, developers and all departments within the city.

## Finance

The Finance office serves as the fiscal stewards of the City's resources. The Finance Director and Treasurer are responsible for development and compliance of fiscal policies, budget development and implementation, financial reporting, debt compliance and general accounting procedures and policies. The office works collaboratively with all staff to build upon and improve existing processes.

## Police Department

The New Richmond Police Department is staffed by 16 sworn police officers, including the Chief of Police, Lieutenant, and 3 Patrol Sergeants, as well as one full time and part time civilian administrative assistant. Through community partnership and service, the agency's focus is on citizen safety and trust.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Police	\$1,935,225	\$2,037,566	\$2,073,295	\$2,221,164

## Fire & Rescue Department

New Richmond Fire & Rescue operates with a full-time Chief, an administrative assistant, and 34 paid-on-call firefighters. The department provides fire prevention, fire suppression, fire inspections, extrication, and rescue operations for the City of New Richmond, five townships, and one village for a total of 150 square miles.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Fire & Rescue – City Portion (50.7%)	\$295,824	\$261,969	\$260,066	\$273,865

2018 budgeted operating expenditures for the fire department are \$478,488 where 50.7% or \$273,865 is levied by the City of New Richmond and the remaining \$204,623 or 49.3% is levied by participating townships and villages.

## Ambulance

New Richmond Area Ambulance Service (NREMS) is a team of professionals dedicated to providing quality pre-hospital care to the communities it serves by facilitating immediate transport of the ill and injured and partnering with the community to promote health and safety programming. NREMS serves the City of New Richmond, eight townships, and one village, all of which covers 220 square miles.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Ambulance – City Portion	\$98,392	\$88,485	\$88,486	\$99,503

2018 budgeted operating expenditures for the ambulance are \$989,401 with the City's portion being \$99,503.

## Public Works

The Public Works Department is responsible for maintaining the City's local streets, collectors, and arterials, parkland, trails, water distribution, and wastewater collection/treatment systems. The Public Works Department is comprised of a Public Works Director, Operations Manager, nine full-time Public Works 1 & 2 as well as four seasonal employees. Note that the water and wastewater budgets are reflected in the New Richmond Utilities budget.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Streets	\$993,104	\$1,078,205	\$1,023,053	\$1,086,173
Parks	\$375,071	\$386,866	\$416,948	\$405,267

### Streets

Staff is responsible for maintenance of the City's roadways – a network of over 57 miles of local streets, collectors, and arterials.

### Parks

Staff is responsible for maintenance of the City's 217 acres of parkland and 14 miles of trails.

## Library

The Friday Memorial Library seeks to be a dynamic and friendly hub for the community. The Library is a gathering place for people in the New Richmond area to learn, explore, and connect. It offers books, movies, and music, as well as exciting programs for all ages. The library is staffed with six full time and eight part time employees.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Library	\$695,567	\$794,171	\$753,762	\$802,228

## Airport

The New Richmond Regional Airport serves the Eastern Twin Cities Metro Area and Western Wisconsin and serves as the only public use airport in St. Croix County. The Airport is home to 196 aircrafts and eleven aviation businesses. The Airport Manager and Airport Coordinator are responsible for daily operations.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Airport	\$141,074	\$158,645	\$153,258	\$181,939

## Community Development

The Community Development department is responsible for administering the City's land use policies, including building, zoning and subdivision ensuring orderly physical growth of the community. The Community Development Director works closely with the Economic Development Commission and City Council to market and promote economic development interests within the community.

Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Community Development	\$99,883	\$99,312	\$78,315	\$105,291

## Culture, Taxi, Health & Social Services

### Culture

Culture programs support community events, local access programming, façade grants and historic preservation. These events and programs promote our community and promote and support local tourism.

### Taxi

The city has partnered with Running, Inc. since 2014 to provide residents public transportation. The program is almost fully funded through the State Urban Mass Transit assistance program.

### Health & Social Services

Animal control services are supported under health and social services. The city's animal control issues are fielded by the police department; third party services are contracted for kenneling and care of animals taken into custody.

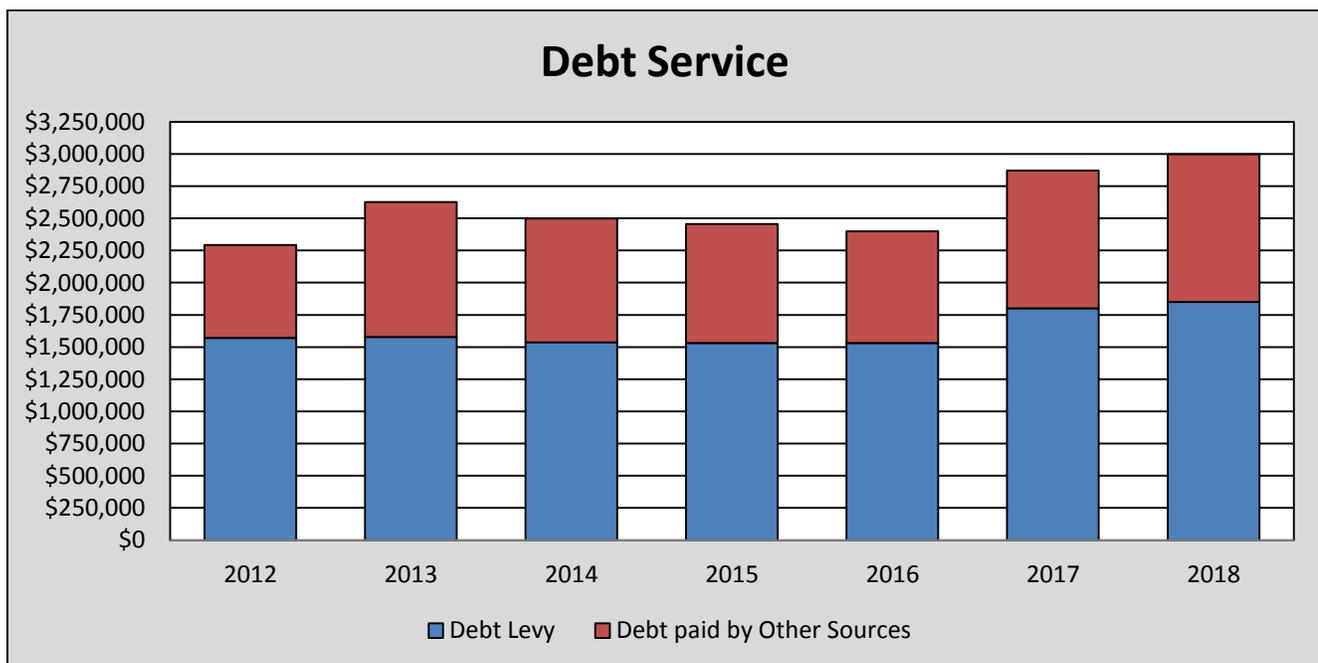
Expenditure	2016 Actual	2017 Adopted	2017 Projected	2018 Adopted
Culture	\$59,095	\$80,921	\$74,185	\$96,450
Taxi	\$99,876	\$10,000	\$117,983	\$10,000
Health & Social Services	\$11,855	\$7,250	\$6,841	\$5,900

# DEBT SERVICE FUND

The debt service fund accounts for the payment of principal and interest due on the current portion of the City's general obligation bonds and other debt obligations. The City of New Richmond has three types of debt issues:

- **General obligation bonds and notes** are issuances support capital improvement projects such as streets, trails and equipment and are backed by the City's full faith and credit.
- **Tax Incremental bond and notes** are issuances which support infrastructure improvements within Tax Increment Districts (TID's). Debt is repaid through increment (property taxes) generated in the TID. However, if increment is not sufficient to repay the obligation the debt is backed by the City's full faith and credit pledge.
- **Revenue Bonds** are issuances which support capital construction projects of the Electric, Water, Sewer and Storm Water Utility and are paid by revenue generated through user fees.

In 2018, the City's debt service levy increased \$50,279 or 2.79% from 2017. 2018 debt payments include new debt issued in 2017 for street, water, sewer and storm water improvements for North 4<sup>th</sup> Street and the purchase of a new fire truck. As part of the City's debt management plan, future borrowing needs and the impact on tax payers are evaluated on an ongoing basis.



# CAPITAL REPLACEMENT LEVY

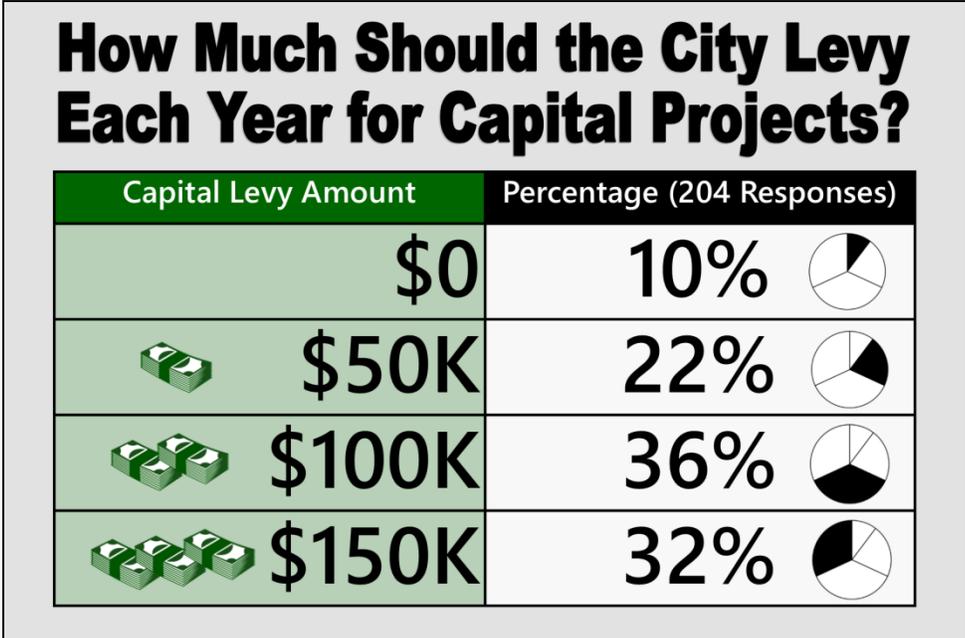
Municipalities have limited ability to raise revenues sufficient to fund capital needs, because of this borrowed funds are typically necessary in order to replace vehicles, equipment and machinery or improve buildings. In 2015, the City established a capital replacement levy, which allows the City to utilize cash instead of borrowing or reserves for capital improvements.



As part of the 2018 budgeting process, community members were asked to “cast their vote” in prioritizing future capital projects and how should the city fund these projects in the future.

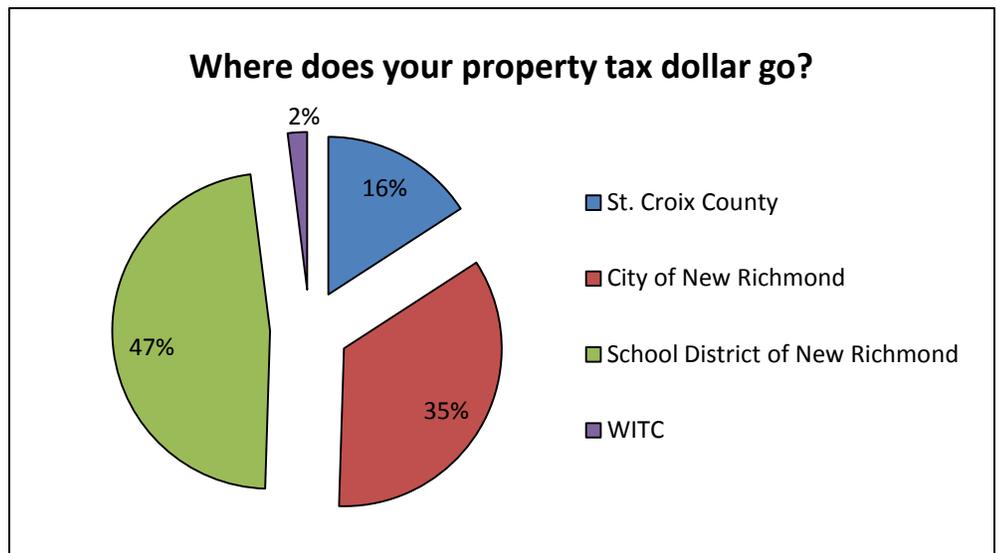
The projects receiving the most votes was a new library and community space, followed by parks, trails and recreation amenities and development and/or redevelopment.

Ninety percent of responses supported paying a little more today in order to utilize cash to pay for capital improvements which are needed. The community’s feedback was instrumental in “telling the story” which resulted in a 2018 levy in the amount of \$100,000 which is an increase of 17.65% or \$15,000 from prior year.



# 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 shows how the 2017 property tax dollars will be allocated.



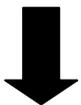
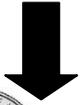
Since property taxes are paid to five different taxing authorities, it's possible that one taxing authority may decrease its mill rate, yet the total property taxes paid could still increase (or vice versa) depending on the financial management decisions of the other taxing authorities. The School District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

In 2017, all of the taxing authorities increased their mill rate: The School District of New Richmond, the City of New Richmond, and WITC. The State of Wisconsin did not impose a levy for 2017, which typically accounted for less than 1% of your tax dollar. The net result is that an owner of a property with an assessed value of \$100,000 will see an overall tax increase of \$81.05 (includes credits) from 2017.

Taxing Authority	2016 Mill Rate/ \$1,000 of Assessed Value	2017 Mill Rate/ \$1,000 of Assessed Value	Difference
School District of New Richmond	\$11.90	\$12.26	<b>+0.36</b>
City of New Richmond	\$8.37	\$8.92	<b>+0.55</b>
St. Croix County	\$3.86	\$4.13	<b>+0.27</b>
WITC	\$0.41	\$0.44	<b>+0.03</b>
State of Wisconsin	\$0.18	\$0.00	<b>-0.18</b>

# How Much of Your Tax Dollar Goes to City Services?

For every one dollar that you pay in property taxes, about 35 cents goes to the City of New Richmond.



Those 35 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	
Administrative Operations	
City Streets	
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.

# CONTACT INFORMATION

Thank you for reading our 2018 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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