



**2017 BUDGET WORKSHOP #3**

**September 21, 2016, 5:00 PM**

**Room 404, City Hall**

**2016 BUDGET PROCESS  
COUNCIL / STAFF WORKSHOP #3  
September 21, 2016, 5:00 PM  
Room 404, City Hall**

**AGENDA**

1. CIP Structure, Organization, Policy
2. Review Model for G.O. Debt
3. 2016 Ambulance Revenue
  - i. Methodology change in calculating revenue
  - ii. Continued transition in Payor make-up
  - iii. Proposed changes in Existing Revenue Model

**Remaining Workshops:**

- iv. Workshop #4 – October 17, 2016 8:00 a.m. – 4:30 p.m.
  - i. Review Department Proposed Budgets
  - ii. Presentation – Cash Flow Analysis for Water, Sewer, Storm Water Utilities
- v. Workshop #5 – October 18, 2016 8:00 a.m. – 4:30 p.m.
  - i. Review Department Proposed Budgets
- vi. Workshop #6 – November 2, 2016
  - i. Final Budget revisions/CIP Review



City of Oshkosh



**2017– 2021  
Capital Improvement Plan (CIP)  
Budget Workshop**



## CIP Categories

City of Oshkosh

- **Comprehensive Street/Utility Improvements**
- **Comprehensive Streets – New Development**
- **Other Streets**
- **Other Utilities**
- **Storm Water**
- **Wastewater Utility**
- **Water Utility**
- **Sidewalks**
- **Traffic Improvements**
- **Park Improvements**
- **Public Property Improvements – Non-Utility**
- **Public Property Improvements – Utility**
- **Major Equipment**
- **Tax Increment Finance (TIF) District Improvements**



## CIP Funding Sources

City of Oshkosh

- Annual General Fund Tax Levy
- Developer Contributions
- General Obligation Debt (Bonds/Notes)
- Special Assessments
- State/Federal Grants or Funds
- Joint Funding with other agencies (County/Town/State)
- Utility Funds (User Fees)
- Utility Debt (Revenue Bonds/Notes)
- Tax Increment Funds (TIF)
- Donor TIF Funds
- Donations

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## Cash or Credit???

City of Oshkosh

**In practice, unless funds are direct expenditure offsets or cash contributions, city has to fund projects until actual revenues are realized.**

### Examples

- **Special Assessments:** Property owners have up to 15 years to repay
- **Grants:** In some cases, reimbursement occurs upon project completion
- **Tax Increment Financing (TIF) Projects:** Tax increment revenues often take years to realize, especially in redevelopment areas (e.g. South Shore)

**If city has not incorporated some direct cash (i.e. levy) funding of capital projects, it relies on debt to fund its CIP**

**For these reasons, debt has typically been used as funding mechanism to cash flow a project**

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## Four Forms of Debt

City of Oshkosh

- 1. General Obligation Debt (Tax-Exempt)**
  - a. Bonds – 20 years
  - b. Notes – 10 years
  - c. Includes funds borrowed from State Trust Fund (taxable)  
(e.g. WRS buyout, TIF borrowings)
- 2. Water Utility Debt – Revenue Bonds/Notes**
- 3. Sanitary Sewer Utility Debt**
- 4. Storm Water Utility Debt**

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## General Obligation (G.O.) Debt

City of Oshkosh

- **Backed by full faith and credit of city**
- **Tax dollars are pledged to ensure repayment**
- **Most reliable debt – widely recognized and available**
- **Lowest interest rate of all municipal debt – tax exempt**
- **Funding source for other debt**

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## Samples of Other Uses of G.O. Debt

City of Oshkosh

- **Special Assessments to address cash flow issues**
- **TIF Projects**
- **Alternative to revenue debt if capacity available and rates are favorable**
- **Capital Outlay items with economic life > 10 years**

**When G.O. debt used as shown above, cuts into debt capacity and may eventually compete for traditional capital projects (i.e. streets, public building projects) and the refinancing of other long term obligations.**

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## Recent Applications and Strategies for General Obligation Debt

City of Oshkosh

- **Aggressive street/storm water program**
- **Shift of utility debt to revenue bonds**
- **High profile TIF/economic development projects – long payback**
  - Oshkosh Corp.
  - Best Western Hotel
  - Aviation Business Park
- **Matching funds for grants – Riverwalk**
- **Limit use of debt (10 year notes) to fund capital outlay**
- **Borrowing for Special Assessments (*New*)**

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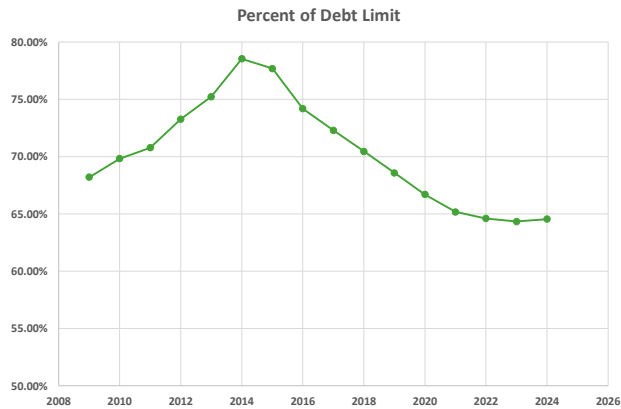
**City of Oshkosh** **Projection Model of 2016 G.O. Debt**

DEBT Projection  
Debt Analysis  
Updated 9/21/16

General Obligation Debt							EXHIBIT A
Year	Debt Principal Retired	Debt Principal Taken On	Net Balance as of 12/31	Increase from Previous Year	Equalized Value	Debt Limit	Percentage of Debt Limit Used
2009	\$11,827,948	\$21,800,396	\$129,657,253		\$3,801,817,900	\$190,090,895	68.21%
2010	\$32,290,444	\$34,586,068	\$131,952,877	\$2,295,624	\$3,779,437,800	\$188,971,890	69.83%
2011	\$11,181,016	\$12,860,000	\$133,631,861	\$1,678,984	\$3,776,085,900	\$188,804,295	70.78%
2012	\$11,912,605	\$16,140,000	\$137,859,256	\$4,227,395	\$3,762,601,100	\$188,130,055	73.28%
2013	\$12,518,429	\$16,054,100	\$141,394,927	\$3,535,671	\$3,759,269,500	\$187,963,475	75.22%
2014	\$21,469,770	\$27,303,802	\$147,228,959	\$5,834,032	\$3,748,827,600	\$187,441,380	78.55%
2015	\$26,028,424	\$24,210,000	\$145,410,535	(\$1,818,424)	\$3,743,645,000	\$187,182,250	77.68%
2016	\$35,455,510	\$30,101,300	\$140,056,325	(\$5,354,210)	\$3,776,225,300	\$188,811,265	74.18%
2017	\$14,951,403	** \$11,400,000	\$136,504,922	(\$3,551,403)	\$3,776,225,300	* \$188,811,265	72.30%
2018	\$14,876,315	** \$11,400,000	\$133,028,607	(\$3,476,315)	\$3,776,225,300	* \$188,811,265	70.40%
2019	\$14,949,035	** \$11,400,000	\$129,479,572	(\$3,549,035)	\$3,776,225,300	* \$188,811,265	68.58%
2020	\$14,952,136	** \$11,400,000	\$125,927,436	(\$3,552,136)	\$3,776,225,300	* \$188,811,265	66.69%
2021	\$14,261,514	** \$11,400,000	\$123,065,922	(\$2,861,514)	\$3,776,225,300	* \$188,811,265	65.18%
2022	\$12,506,391	** \$11,400,000	\$121,959,531	(\$1,106,391)	\$3,776,225,300	* \$188,811,265	64.59%
2023	\$11,892,340	** \$11,400,000	\$121,467,191	(\$492,340)	\$3,776,225,300	* \$188,811,265	64.33%
2024	\$10,989,082	** \$11,400,000	\$121,878,109	\$410,918	\$3,776,225,300	* \$188,811,265	64.55%

\* Assumes no future increases in Equalized Value over current January 1, 2016 actual.  
\*\* Includes future principal payments on additional debt issued in 2017 and beyond assuming a 5.0% interest rate and level payments with 20 year amortization.

**City of Oshkosh** **15 Year Debt Projection (2009-2024)**





## Summary of 2017 CIP Requests and Impact on G.O. Borrowing

City of Oshkosh

<i>CIP Program</i>	General Obligation Bonds & TID Contribution			Subtotal
	General Obligation Bonds	TID Contribution	General Obligation Notes	GO/TIF Funded through GO Debt
Comp Streets/Utility Improvements	\$5,308,500	\$0	\$0	\$5,308,500
Sidewalks	\$0	\$0	\$0	\$0
Traffic Improvements	\$0		\$55,000	\$55,000
Park Improvements	\$625,300	\$0	\$0	\$625,300
Public Property Imp - Non-Utility	\$0		\$2,684,000	\$2,684,000
Major Equipment	\$0		\$131,000	\$131,000
Major Equipment – Vehicles	\$0		\$1,689,500	\$1,689,500
Tax Increment Finance District Improvements	\$0	\$2,370,000		\$2,370,000
Special Assessment Borrowing			\$905,000	\$905,000
<b>Total</b>	<b>\$5,933,800</b>	<b>\$2,370,000</b>	<b>\$5,464,000</b>	<b>\$13,768,300</b>
Subtotal - G.O. Bonds and Notes				\$11,397,800
Projected Available Funding through Borrowing				\$11,400,000
Amount above/(below) projected borrowing				\$(2,200)



## 2017 CIP Funding Sources

City of Oshkosh

- **2017 CIP Plan meets the borrowing cap of \$11,400,000**
- **Establishing a base G.O. borrowing of \$11,400,000 in the years 2017-2021 will sustain the goal of a 70% borrowing capacity**
- **Monies that are levied (cash) are being applied to items that are considered maintenance and reoccurring**
- **Equipment Replacement Fund (ERF) has not been established yet**





## 2017 CIP Objectives

City of Oshkosh

- **The final CIP document will meet the borrowing cap of \$11,400,000 for**

### **2017 and 2018.**

- This 2-year projection will be beneficial for current and future financial and operational planning.
- \$3,800,000 is allocated to Streets for 2017-2018
- Non-Street projects for 2018-2020 are considered “fluid” and are difficult to anticipate due to changing circumstances and priorities.

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## 2015 CIP Prioritization

City of Oshkosh

- **Factors used in assessing priority (deemed “gotta do”):**
  - Imminent failure or in critical need of replacement
  - Contractual obligations / deadlines
  - Previously established long term commitments
  - Required for maintaining grant eligibility
  - Adherence to equipment replacement schedules
  - Public and employee health, safety, and security
  - Ensuring long-term infrastructure needs are met

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## 2015 CIP Prioritization (continued)

City of Oshkosh

- **Projects deemed necessary but not imminent (“need to do”):**
  - Items at or nearing the end of useful life with increasing non-value-added maintenance costs
  - Adherence to replacement schedules in order to “avoid log jams” and minimize financial impact
  - Proactive projects to avoid future “gotta do” status and possible increased future costs

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## 2015 CIP Prioritization (continued)

City of Oshkosh

- **Projects deemed “should do” in nature:**
  - Continued investment in cultural, recreational, and educational facilities
  - Neighborhood development and improvement
  - Avoidance of increased maintenance costs
  - Adherence to recommended replacement schedules
  - Meeting other goals of the City’s strategic plan
  - Proactive projects to avoid future “gotta do” status

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## 2016 CIP Prioritization System

City of Oshkosh

- **Per last years council request Long Range Finance Committee –  
Developed a CIP Policy**
- **Policy was adopted on 06/09/2015 and was applied in the 2016-2020 CIP  
Process**
- **This policy implemented a new scoring system be used in the  
prioritization of Capital Improvement Projects**

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## 2017 – 2021 CIP Budget Workshop

City of Oshkosh

**Questions  
or  
Comments**

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**DEBT Projection**  
**Debt Analysis**  
Updated 9/21/16

**General Obligation Debt**

**EXHIBIT A**

<u>Year</u>	<u>Debt Principal Retired</u>	<u>Debt Principal Taken On</u>	<u>Net Balance as of 12/31</u>	<u>Increase from Previous Year</u>	Equalized Value	Debt Limit	Percentage of Debt Limit Used
2009	\$11,827,948	\$21,800,396	\$129,657,253		\$3,801,817,900	\$190,090,895	68.21%
2010	\$32,290,444	\$34,586,068	\$131,952,877	\$2,295,624	\$3,779,437,800	\$188,971,890	69.83%
2011	\$11,181,016	\$12,860,000	\$133,631,861	\$1,678,984	\$3,776,085,900	\$188,804,295	70.78%
2012	\$11,912,605	\$16,140,000	\$137,859,256	\$4,227,395	\$3,762,601,100	\$188,130,055	73.28%
2013	\$12,518,429	\$16,054,100	\$141,394,927	\$3,535,671	\$3,759,269,500	\$187,963,475	75.22%
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2017	\$14,951,403	** \$11,400,000	\$136,504,922	(\$3,551,403)	\$3,776,225,300	* \$188,811,265	72.30%
2018	\$14,876,315	** \$11,400,000	\$133,028,607	(\$3,476,315)	\$3,776,225,300	* \$188,811,265	70.46%
2019	\$14,949,035	** \$11,400,000	\$129,479,572	(\$3,549,035)	\$3,776,225,300	* \$188,811,265	68.58%
2020	\$14,952,136	** \$11,400,000	\$125,927,436	(\$3,552,136)	\$3,776,225,300	* \$188,811,265	66.69%
2021	\$14,261,514	** \$11,400,000	\$123,065,922	(\$2,861,514)	\$3,776,225,300	* \$188,811,265	65.18%
2022	\$12,506,391	** \$11,400,000	\$121,959,531	(\$1,106,391)	\$3,776,225,300	* \$188,811,265	64.59%
2023	\$11,892,340	** \$11,400,000	\$121,467,191	(\$492,340)	\$3,776,225,300	* \$188,811,265	64.33%
2024	\$10,989,082	** \$11,400,000	\$121,878,109	\$410,918	\$3,776,225,300	* \$188,811,265	64.55%

\* Assumes no future increases in Equalized Value over current January 1, 2016 actual.

\*\* Includes future principal payments on additional debt issued in 2017 and beyond assuming a 5.0% interest rate and level payments with 20 year amortization.

**DEBT Projection**  
**Debt Analysis - Budget Workshop #6**

Updated 11-4-2014 (Developed plan to implement cap of annual GO borrowing of \$11,400,000)

**General Obligation Debt**

**EXHIBIT B**

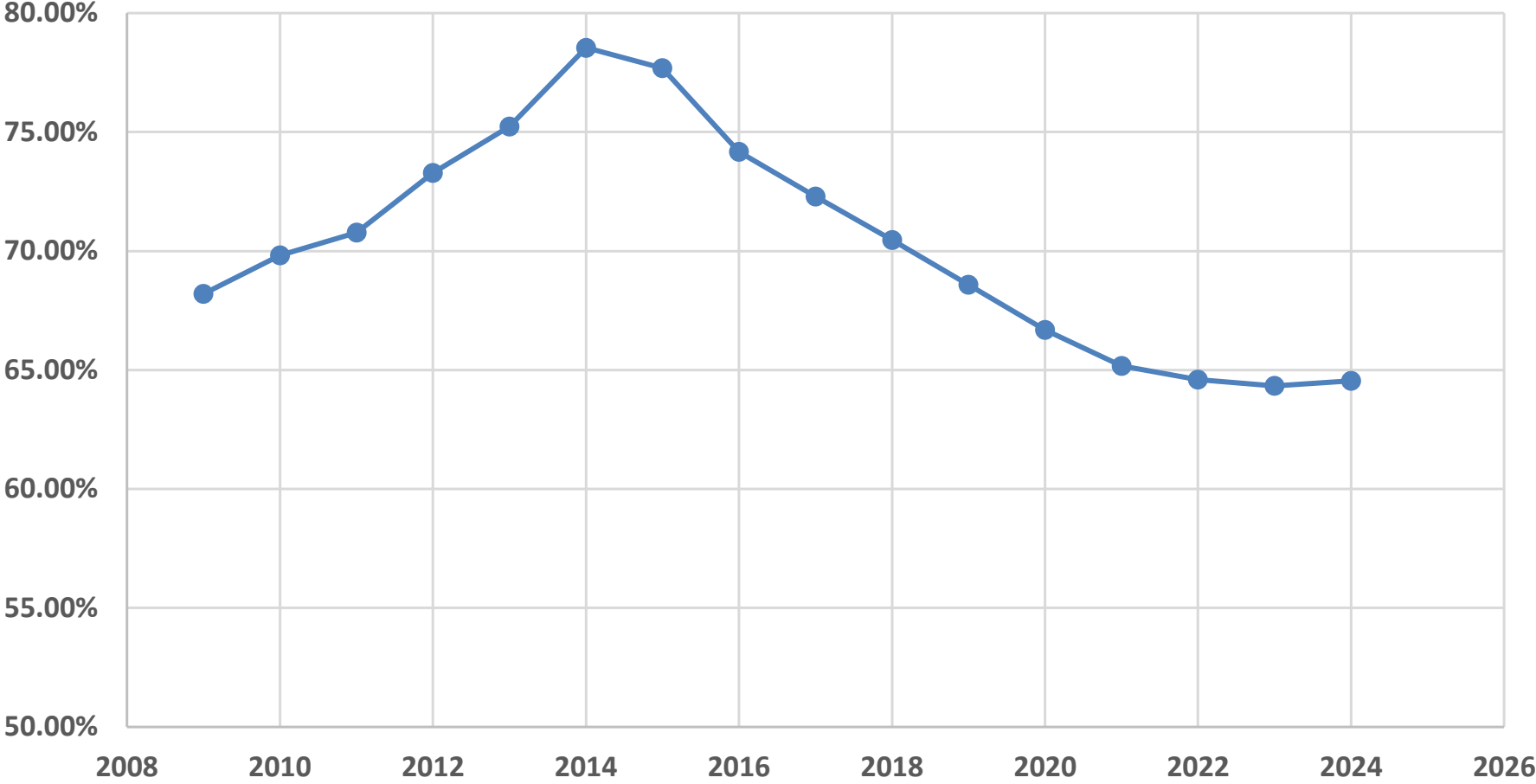
<u>Year</u>	<u>Existing Debt</u>	<u>Debt Principal Retired</u>	<u>Debt Principal Taken On</u>	<u>Net Balance as of 12/31</u>	<u>Increase from Previous Year</u>	Equalized Value	Debt Limit	Percentage of Debt Limit Used
2009	\$11,827,948	\$11,827,948	\$21,800,396	\$129,657,253		\$3,801,817,900	\$190,090,895	68.21%
2010	\$32,290,444	\$32,290,444	\$34,586,068	\$131,952,877	\$2,295,624	\$3,779,437,800	\$188,971,890	69.83%
2011	\$11,181,016	\$11,181,016	\$12,860,000	\$133,631,861	\$1,678,984	\$3,776,085,900	\$188,804,295	70.78%
2012	\$11,912,605	\$11,912,605	\$16,140,000	\$137,859,256	\$4,227,395	\$3,762,601,100	\$188,130,055	73.28%
2013	\$12,518,429	\$12,518,429	\$16,054,100	\$141,394,927	\$3,535,671	\$3,759,269,500	\$187,963,475	75.22%
2014	\$21,470,422	\$21,470,422	\$28,553,802	** \$148,478,307	\$7,083,380	\$3,748,827,600	\$187,441,380	79.21%
2015	\$13,019,851	\$13,729,851	*** \$11,400,000	\$146,148,456	(\$2,329,851)	\$3,748,827,600	* \$187,441,380	77.97%
2016	\$12,836,969	\$13,964,539	*** \$11,400,000	\$143,583,916	(\$2,564,539)	\$3,748,827,600	* \$187,441,380	76.60%
2017	\$11,692,725	\$14,101,716	*** \$11,400,000	\$140,882,200	(\$2,701,716)	\$3,748,827,600	* \$187,441,380	75.16%
2018	\$11,438,568	\$14,312,969	*** \$11,400,000	\$137,969,231	(\$2,912,969)	\$3,748,827,600	* \$187,441,380	73.61%
2019	\$11,054,859	\$14,406,823	*** \$11,400,000	\$134,962,408	(\$3,006,823)	\$3,748,827,600	* \$187,441,380	72.00%
2020	\$10,461,427	\$14,307,115	*** \$11,400,000	\$132,055,293	(\$2,907,115)	\$3,748,827,600	* \$187,441,380	70.45%
2021	\$9,178,827	\$13,546,404	*** \$11,400,000	\$129,908,888	(\$2,146,404)	\$3,748,827,600	* \$187,441,380	69.31%
2022	\$6,876,537	\$11,787,175	*** \$11,400,000	\$129,521,713	(\$387,175)	\$3,748,827,600	* \$187,441,380	69.10%
2023	\$5,695,196	\$11,187,071	*** \$11,400,000	\$129,734,643	\$212,929	\$3,748,827,600	* \$187,441,380	69.21%
2024	\$5,024,410	\$10,313,706	*** \$11,400,000	\$130,820,937	\$1,086,294	\$3,748,827,600	* \$187,441,380	69.79%

\* Estimate no change in equalized value from 2014 to 2015

\*\* Includes \$14,455,000 in G.O. Bonds, \$2,615,000 in G.O. Notes for other capital projects, \$10,233,802 STF for WRS UFPL payoff and \$1,250,000 STF for Southwest Industrial Park (pending).

\*\*\* Includes future principal payments on additional debt issued in 2015 and beyond assuming a 5.0% interest rate and level payments with 20 year amortization.

### Percent of Debt Limit



## Oshkosh Fire Department Base Rate Audit

Charge Description	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>YTD 2016</u>
No Charges Applied	2050	2420	2651	2749	2249	437
On Scene Care ALS - Resident	53	63	70	42	56	5
On Scene Care ALS - Non-Resident	21	18	20	22	19	7
On Scene Care BLS		1	1	2	7	2
Urgent Care		0	1	0	0	0
BLS Non-Emergency Base Rate - Resident	207	154	155	188	254	87
BLS Non-Emergency Base Rate - Non-Resident	58	32	44	98	134	25
BLS Emergency Base Rate - Resident	2104	1775	1523	1588	1639	331
BLS Emergency Base Rate - Non-Resident	392	373	343	411	394	70
ALS1 Non Emergency Base Rate - Resident	58	57	81	141	131	39
ALS1 Non Emergency Base Rate - Non-Resident	23	31	35	53	43	12
ALS1 Emergency Base Rate - Resident	1681	1834	1925	1874	1842	368
ALS1 Emergency Base Rate - Non-Resident	446	479	528	513	558	103
ALS2 Emergency Base Rate - Resident	68	71	62	70	49	15
ALS2 Emergency Base Rate - Non-Resident	31	24	27	24	33	8

**Total:    7192       7332       7466       7775       7408       1509**

### Payor Mix Audit

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>YTD 2016</u>
Commercial	13.55%	13.87%	11.23%	10.84%	10.31%	11.51%
Medicaid	7.19%	8.09%	7.97%	8.96%	10.64%	11.44%
Medicare	36.28%	39.11%	37.60%	38.55%	41.81%	39.24%
Private Pay	40.53%	34.57%	43.13%	41.90%	37.20%	37.81%