

CAPITAL IMPROVEMENTS PROGRAM: 1987-1991

VILLAGE OF EAST TROY WALWORTH COUNTY WISCONSIN

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MEMORANDUM REPORT NUMBER 5
CAPITAL IMPROVEMENTS PROGRAM: 1987-1991

VILLAGE OF EAST TROY
WALWORTH COUNTY, WISCONSIN

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A CAPITAL IMPROVEMENTS PROGRAM FOR THE VILLAGE OF EAST TROY

Chapter I

INTRODUCTION

BACKGROUND

On February 20, 1986, the Village Board of the Village of East Troy requested that the Southeastern Wisconsin Regional Planning Commission assist the Village in the preparation of a capital improvements program. The program was to assist village officials in better managing current and future outlays and in the preparation of annual village budgets. Work on the capital improvements program was initiated in April 1986 and completed in December 1986. This report sets forth the requested capital improvements program.

A Capital Improvements Program

A capital improvements program is defined as a comprehensive schedule of major improvement projects which are proposed to be undertaken in a municipality over a period of five to six years. Typically, a major improvement project is defined as a project involving the provision of land for, and the construction of, a facility which has a life expectancy of at least 10 years, and involves the investment of a relatively large amount of money, and, therefore, is not appropriate for inclusion in the municipality's annual operating budget. In some instances, major pieces of equipment with relatively long lives, such as a fire truck or snow plow, may be considered as a major improvement project. A capital improvements program should provide a brief description of each included project, an estimate of the capital cost of the project and any attendant operating costs, a statement of the benefits to be provided by the project, including any savings in operating costs, and proposed sources of funding. The projects should be presented in a recommended priority of implementation.

The annual budget of a municipality should consist of an operating budget and a capital budget. The operating budget should consist of the normal recurring expenditures of the municipality. The capital budget should consist of the first or subsequent year of a multi-year capital improvement program. A capital improvements program should be reviewed, updated, and extended periodically so that it remains current and reflects potentially changing needs and priorities.

The Benefits of a Capital Improvements Program

A municipality may expect to receive a number of benefits from a commitment to continuing the process of capital improvements programming. The formulation of sound capital improvements programs, however, requires strong leadership by the elected governing body, a strong commitment by local officials and residents to the program, and a high level of intergovernmental cooperation when the capital projects involve more than one unit of government. The benefits of a capital improvements program include the following:

1. Capital improvements programming can help achieve community development and redevelopment objectives, and meet needs associated with anticipated community growth and urban development or redevelopment, by assuring that those projects that are desired or needed most will be constructed on a priority basis.
2. A capital improvements program can assist in avoiding inefficiencies or costly mistakes associated with the provision of major public improvements, such as opening of a new street pavement to install a utility line.
3. A capital improvements program can facilitate the timely reservation and acquisition of needed lands in advance of actual construction, and potentially reduce land acquisition costs.
4. A capital improvements program can help keep elected officials and citizens informed of future capital improvement projects within the community, and thereby reduce pressures on the governing body for projects which have a relatively low priority for implementation. This is particularly important when there are relatively high turnover levels in local elected officials.
5. A capital improvements program can reduce public improvement scheduling problems, can sequentially time related projects, and can eliminate conflicting projects. Major improvements can be more effectively scheduled and available personnel and equipment better used when it is known in advance what projects are to be undertaken, when, and where.
6. A capital improvements program offers the public officials of a community an opportunity to plan the timing and financing of needed major improvements in the interest of the community as a whole. Also, since major improvements may extend beyond the corporate limits of a municipality, the capital improvements program can help to achieve intermunicipal coordination and reduce duplication of effort associated with project implementation.
7. A capital improvements program can help achieve sound financial management by avoiding the scheduling of capital projects in such a way that the tax rate or bonded indebtedness of a municipality is increased inordinantly. The capital improvements programming process typically provides enough time for officials in a municipality to select the best means of financing major projects. Also, by scheduling capital projects which are within the financial capacity of the community, the capital improvements program helps to preserve the community's credit rating and makes the community more attractive to business and industrial interests.
8. A capital improvements program enhances a municipality's potential for obtaining federal or state aids for major improvements.

9. A capital improvements program can assist in the implementation of the community comprehensive development plan, since the program can schedule major improvements in such a way as to encourage development in time and place in accordance with such a plan.

The Capital Improvements Programming Process

A seven-step process was used to prepare the capital improvements program for the Village of East Troy. The first step in the process consisted of the formulation of capital improvement objectives. The objectives were based upon sound physical development policies and on needs and concerns identified by the Village Plan Commission and Village Board with respect to the physical development of the Village.

The second step consisted of an inventory of major improvement project proposals for the Village. The project proposals and attendant cost estimates were submitted by Village staff, primarily by the Village Clerk-Treasurer and the Village Engineer, and were drawn from the Village Master Plan, currently under preparation by R.A. Smith and Associates; the Village Park and Recreation Plan, currently under preparation by Strand Associates, Inc.; the CTH ES Street Improvement Plan, currently under preparation of Regional Consulting Engineers, Inc.; and preliminary industrial development plans prepared by the Village. This step of the process also involved the classification of proposed capital improvement projects by project type.

The third step in the process consisted of the priority ranking of all proposed major improvement projects. This involved the setting of implementation priorities, using a project priority matrix to comparatively evaluate the relative benefits of each proposed project against all other proposed projects, and to thereby rank order each proposed project on the basis of its perceived contribution to the attainment of the capital improvement program objectives.

The fourth step in the process consisted of an analysis and projection of the financial resources of the Village of East Troy available for capital investment. This involved an analysis of historic Village revenues and expenditures, historic tax rates, assessed and equalized property valuation, and debt capacity.

The fifth step in the process consisted of the preparation of a preliminary capital improvements program, as well as an analysis of the impact of the recommended program on Village finances.

The sixth step of the process consisted of formal consideration and review of the preliminary capital improvements program by the Village Plan Commission and Village Board of the Village of East Troy. This included a public hearing on the preliminary program held by the Village Plan Commission.

The seventh and final step in the capital improvements programming process consisted of the identification and recommendation of the first year of the program and adoption by the Village Board of that first year program.

The seventh step is intended to be repeated annually. This annual revision to the capital improvements program provides an opportunity for the Village Plan Commission and Village Board and key administrative officials of the Village to review the projects currently included in the capital improvements program in terms of the existing physical development policies of the Village and previously established priorities for implementation. Also, annual review of the capital improvements program provides a means by which a new fifth year of projects is added to the capital improvements program.

The Improvement Area

The area attendant to the capital improvements program for the Village of East Troy is located in the northeastern portion of Walworth County, Wisconsin, and consists of the area within the corporate limits of the Village of East Troy. The Village is located in U. S. Public Land Survey Township 4 North, Range 18 East, and in 1980 had an area of approximately 1.7 square miles. The 1980 population of the Village was 2,385 persons.

Chapter II

CAPITAL IMPROVEMENT OBJECTIVES, PROPOSALS, AND PROJECT PRIORITIES

CAPITAL IMPROVEMENT OBJECTIVES

Prior to the formulation of the capital improvements program, the Village Plan Commission and Village Board formulated a list of capital improvement objectives to be addressed in the capital improvements program, based on past Village planning efforts and perceptions of the most important physical development objectives for the Village. The capital improvement objectives so identified addressed issues in the study area associated with the provision of orderly physical growth and development, environmental protection and preservation, and economic development. The formulation of the capital improvements program objectives by the Village Board was an important first step in the capital improvement programming process, since these objectives provided an important basis for determining the priority ranking of proposed capital projects under consideration for inclusion in the capital improvements program.

The capital improvements program objectives as determined by the Village Board of the Village of East Troy are as follows:

1. To encourage the orderly physical growth and development of the Village of East Troy.
2. To improve the provision and distribution of municipal services in the Village.
3. To improve the environmental quality of the Village.
4. To encourage the protection, preservation, and, when appropriate, wise use of the natural resource base in the Village.
5. To promote conditions that enhance the public health, safety, and general welfare of the residents of the Village.
6. To improve the tax base, employment opportunities, and business and industrial environment in the Village.
7. To accomplish capital improvements in the Village which offer the greatest public benefits.
8. To coordinate major public improvement projects with other such projects and with private improvement efforts.

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT PROJECTS

An inventory of potential capital improvement projects is required prior to the formulation of any sound capital improvements program. This inventory provides the basis for the review and rank ordering of the projects for implementation. An inventory of proposed capital improvement projects was conducted

jointly by the Commission and Village staffs. The projects were identified by the Village Clerk-Treasurer and Village Engineer on individual project estimate forms a sample of which is included in Appendix A to this report. In identifying the projects, the Village staff drew upon the preliminary Master Plan, the preliminary Park and Recreation Plan, the preliminary CTH ES street improvement plans, and the preliminary industrial development plans.

The preparation of any sound capital improvements program requires the preparation of a concise description of each proposed major improvement project in sufficient detail to permit the Village Board to gain a good understanding of each project and of its potential impact on community finances. The information provided in the inventory included: project title, project reference number, project location, municipal department responsible for the project, estimated expenditures by program year, recommended year of implementation, recommended sources of financing, and a description of the project and its anticipated benefits.

It was necessary to collate the information provided by the inventory in a manner which would facilitate proper analysis. Accordingly, the proposed major improvement projects were first sorted by project type and then summarized in a table. Each project was placed in one of seven major categories, classified as Administrative (AD), Equipment (EQ), Public Property (PP), Stormwater Drainage (SD), Streets (ST), Sanitary Sewer (SW), and Water Distribution (WT). Table 1 sets forth the results of the inventory of each of the proposed capital improvement projects, while Map 1, which is included in the pocket in the back of this report, shows the location of those projects which have a fixed location.

DETERMINATION OF PROJECT IMPLEMENTATION PRIORITIES

The singularly most important step in the capital improvements programming process is determining, from the total list of proposed projects, the order in which the selected major projects are proposed to be implemented. One approach that has proved beneficial to communities involved in capital improvements programming in setting project implementation priorities consists of evaluation all proposed projects by scoring the projects on a point system based on the extent to which each project meets stated capital improvement program objectives. The Village Board determined that it would be appropriate to evaluate the proposed projects by such a point scoring system. The Village Board concluded that an evaluation of this type would be helpful in determining on a preliminary basis the priority of the proposed major improvement projects, but should not substitute for the collective judgment of the Board in the establishment of final implementation schedules. Accordingly, the results of the evaluation would be only one of the considerations used by the Village Board in determining the major improvement projects to be included in the capital improvements program and in determining final project implementation schedules.

The Village Board, with the assistance of the Commission staff, prepared a project priority matrix to evaluate each of the proposed major improvement projects. In preparing the project priority matrix, the Village Board selected five of the eight previously-described capital improvement program objectives

Table 1

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT
PROJECTS FOR THE VILLAGE OF EAST TROY

Page 1 of 5

Project Reference Number	Project Title	Project Location	Responsible Village Department	Project Description and Benefits	Staff Recommended Year(s) of Implementation and Estimated Expenditures	Staff Recommended Sources of Financing
AD-1	Upgrade Village Computer System	--	Clerk - Treasurer	Present hardware is near end of life-cycle. New Technology has been introduced. Software language needs to be upgraded.	1988--\$35,000	General Revenue
EQ-1	Pavement Roller	--	Machinery & Equipment	Replace undersized and worn out unit.	1988--\$15,000	General Revenue
EQ-2	Tank Truck	--	Machinery & Equipment	Replace the old Army truck which is no longer serviceable.	1987--\$10,000	General Revenue
EQ-3	Truck and Snow Plow	--	Machinery & Equipment	Replace oldest unit.	1987--\$50,000	General Revenue
EQ-4	Tractor and Snow Blower	--	Machinery & Equipment	Needed for snow removal at airport	1989--\$27,500	General Revenue
EQ-5	3/4 Ton Truck Conversion	--	Water	Needed to replace a van that does not function well as a Water Dept. maintenance vehicle	1987--\$2,500	General Revenue
EQ-6	Radio System	--	Public Safety	Upgrade emergency radio and dispatch system.	1987--\$8,700 1988--\$8,700 1989--\$8,700 1990--\$8,700 1991--\$8,700	General Revenue
EQ-7	Rescue Squad	--	Public Safety	Replace older vehicle.	Total--\$75,000 Village Share: 1987--\$16,500	General Revenue
EQ-8	Pumper	--	Public Safety	Replace older vehicle.	Total--\$140,000 Village Share: 1988--\$39,200	General Revenue
EQ-9	4WD Mini-Pumper and Grass Rig	--	Public Safety		Total--\$45,000 Village Share: 1990--\$12,600	General Revenue
EQ-10	Squad Car	--	Public Safety	Replace older vehicle	1988--\$13,000 1990--\$14,000	General Revenue
PP-1	T-Hangers	East Troy Municipal Airport	Parks & Public Property	User demand. This project will generate about \$4,320 per year in hanger rentals.	1988--\$80,000 1989--\$80,000	General Obligation Bonds

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Table 1 (continued)

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT
PROJECTS FOR THE VILLAGE OF EAST TROY

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Project Reference Number	Project Title	Project Location	Responsible Village Department	Project Description and Benefits	Staff Recommended Year(s) of Implementation and Estimated Expenditures	Staff Recommended Sources of Financing
PP-2	Repair East Troy Lake Dam	Church St. at east end of East Troy Lake	Parks & Public Property	Required to conform to minimum safety standards.	1987--\$13,000 1988--\$13,000	General Revenue
PP-3	Amusement Park Expansion and Improvements	South of Elm St., East of West St.	Parks & Public Property	Public use.	1987--\$2,500	General Revenue
PP-4	Railroad Park Improvements	East of Church St., South of Edwards St.	Parks & Public Property	Park area will be available to Railroad Museum visitors.	1987--\$2,500	General Revenue
PP-5	Airport Park Development	North of East Troy Municipal Airport	Parks & Public Property	Anticipated use by flying enthusiasts.	1987--\$5,000 1988--\$10,000	General Revenue
PP-6	Rehabilitate Lavatories on the Village Square	Village Square	Parks & Public Property	Existing facilities are in a deteriorated condition.	1988--\$5,000	General Revenue
SD-1	Storm Sewer in Beulah Ave.	From East Troy Lake to 300 feet south of Elm St.	Streets	Replace existing undersized sewer.	1989--\$130,000	General Obligation Bonds
SD-2	Storm Sewer in Union St.	From Beulah Ave. to Clark St.	Streets	Alleviate surface drainage problems.	1989--\$42,200	General Obligation Bonds; and Special Assessments
SD-3	Storm Sewer in Meyer Ln.	East from Church St.	Streets	Industrial Park improvements.	1987--\$33,400	General Obligation Bonds; and Tax Incremental Financing
SD-4	Storm Sewer in East Industrial Park	East of STH 15	Streets	Industrial Park improvements.	1987--\$98,500 1988--\$98,500 1989--\$98,500 1990--\$98,500	General Obligation Bonds; and Tax Incremental Financing
SD-5	Storm Sewer in Bellview Ave.	From Graydon Ave. to Chaffin Ave.	Streets	Alleviate surface drainage problems.	1989--\$13,000	General Obligation Bonds
SD-6	Storm Sewer in Austin St.	From Beulah Ave. to Clark St.	Streets	Alleviate surface drainage problems.	1987--\$47,000	General Obligation Bonds

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Table 1 (continued)

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT
PROJECTS FOR THE VILLAGE OF EAST TROY

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Project Reference Number	Project Title	Project Location	Responsible Village Department	Project Description and Benefits	Staff Recommended Year(s) of Implementation and Estimated Expenditures	Staff Recommended Sources of Financing
SD-7	Storm Sewer in Railroad yard	West of Division St.	Streets	Alleviate surface drainage problems.	1987--\$15,000	General Obligation Bonds
ST-1	West St. Extension	From School Bus Garage to North St.	Streets	Street project requiring excavation, base course, and double seal coating. The street extension will alleviate traffic congestion in the school area.	1989--\$32,000	General Revenue
ST-2	Beulah Ave. Reconstruction	From Main St. to North St.	Streets	Total reconstruction required because of current pavement condition.	1990--\$201,000	General Obligation Bonds; and Special Assessments (\$73,000)
ST-3	Chaffin Ave. Improvements	From Beulah Ave. to 150 ft. west of Bellview Ave.	Streets	Install curb and gutter, and bituminous concrete pavement. Required because of current pavement condition.	1990--\$33,500	General Obligation Bonds; and Special Assessments (\$20,000)
ST-4	Bellview Ave. Improvements	From Graydon Ave. to Chaffin Ave.	Streets	Install curb and gutter, and bituminous concrete pavement. Required because of current pavement condition.	1990--\$12,000	General Obligation Bonds; and Special Assessments (\$9,000)
ST-5	Main St. Reconstruction	From Town Line Rd. to STH 20	Streets	County Project Highway "ES".	1988--\$50,000 (Village Share)	General Revenue and Special Assessments (\$15,000)
ST-6	Meyer Ln. Improvements	West from Church St.	Streets	Install curb and gutter, and bituminous concrete pavement. Industrial Park improvement.	1988--\$91,000	General Obligation Bonds
ST-7	East Industrial Park	East of STH 15	Streets	Install curb and gutter, and bituminous concrete pavement. Industrial Park improvement.	1988--\$176,400 1989--\$176,400 1990--\$176,400 1991--\$176,400	General Obligation Bonds
ST-8	Union St. Improvements	From Division St. to Beulah Ave.	Streets	Install curb and gutter, wedge course, and seal coat. Required because of poor curb and gutter condition.	1989--\$31,500	General Revenue and Special Assessments (\$10,000)

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Table 1 (continued)

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT
PROJECTS FOR THE VILLAGE OF EAST TROY

Page 4 of 5

Project Reference Number	Project Title	Project Location	Responsible Village Department	Project Description and Benefits	Staff Recommended Year(s) of Implementation and Estimated Expenditures	Staff Recommended Sources of Financing
ST-9	North St. Improvements	From west Village Limits east to the improved section of SIH 20	Streets	Wisconsin Department of Transportation (WisDOT) Highway Improvement Project.	1990--\$50,000 (Village Share)	General Revenue and Special Assessments (\$30,000)
ST-10	Reconstruct Three Railroad Crossings	Young St.	Railroad	Needed because of deteriorated condition.	1987--\$18,000	General Revenue
SW-1	Personal Computer w/ Word Processing Capability and Dishwasher for Wastewater Treatment Plant Laboratory	--	Sewer & Sanitation	Computer to be used for reports and records. Dish washer will free Lab Technician approximately three hours per day to perform other tasks.	1987--\$4,900	General Revenue
SW-2	Sludge Storage Bed Construction	Wastewater Treatment Plant	Sewer & Sanitation	The present storage beds will not be adequate for Winter storage by about 1990.	1990--\$85,000	General Obligation Bonds
SW-3	Sanitary Sewer Service to North St.	Between Beulah Ave. and Well No. 3	Sewer & Sanitation	Sanitary sewer must be installed prior to North St. reconstruction by WisDOT. Project will generate about \$4,450 per year in sewer user charges.	1987--\$100,000	General Obligation Bonds; and Special Assessments (\$80,000)
SW-4	Sanitary Sewer Lateral Replacement in Main St.	From West St. to School St.	Sewer & Sanitation	Replace old sanitary sewer laterals prior to pavement reconstruction by Walworth County.	1989--\$45,000	General Obligation Bonds; and Special Assessments
SW-5	Sanitary Sewer Service to Church St.	Between School St. and Edwards St.	Sewer & Sanitation	Local sanitary sewer service and capacity needed to serve developing areas to the north. Project will generate sewer user charges.	1991--\$167,400	General Obligation Bonds; and Special Assessments (\$30,000)

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Table 1 (continued)

INVENTORY OF PROPOSED CAPITAL IMPROVEMENT
PROJECTS FOR THE VILLAGE OF EAST TROY

Page 5 of 5

Project Reference Number	Project Title	Project Location	Responsible Village Department	Project Description and Benefits	Staff Recommended Year(s) of Implementation and Estimated Expenditures	Staff Recommended Sources of Financing
SW-6	Sanitary Sewer Service to Bellview Ave.	From Graydon Ave. north 200 feet	Sewer & Sanitation	Provide sanitary sewer service to unsewered house. Project will generate about \$280 per year in sewer user charges.	1989--\$8,900	General Revenue and Special Assessment (\$2,250)
SW-7	Sanitary Sewer Service to East Industrial Park	East of STH 15	Sewer & Sanitation	Industrial Park improvements. This project will generate sewer user charges.	1987--\$291,000 1988--\$140,000 1989--\$140,000 1990--\$140,000	General Obligation Bonds
SW-8	Sanitary Sewer Service to Meyer Ln.	East from Church St.	Sewer & Sanitation	Industrial Park improvements. This project will generate sewer user charges.	1987--\$88,000	General Obligation Bonds; and Tax Incremental Financing
WT-1	Water Service to Main St.	From West St. to School St.	Water	Replace water laterals, valves, and hydrants & install part of Segment "AA" prior to pavement reconstruction by Walworth Co.	1989--\$80,000	General Obligation Bonds; and Special Assessments
WT-2	Water Main Construction in South Church St. and Meyer Ln.	From Honey Creek to Meyer Ln.	Water	Industrial Park improvements. This project will generate water user charges.	1987--\$113,000	Revenue Bonds
WT-3	Water Main Construction in East Industrial Park	East of STH 15	Water	Industrial Park improvements. This project will generate water user charges.	1987--\$273,700 1988--\$152,100 1989--\$152,100 1990--\$152,100	Revenue Bonds
WT-4	Water Service to South Church St.	From Meyer Ln. to STH 15	Water	Service has been requested by property owners. This project would generate water user charges.	1988--\$64,100	Revenue Bonds; and Special Assessments (\$45,000)
WT-5	Enlarge Water Mains	Clark St., South St. and Mill St.	Water	Construction of 8-inch water main to reinforce the original distribution system.	1990--\$180,000	Revenue Bonds
WT-6	Water Tower	Alternate sites being considered	Water	Needed for fire protection.	1991--\$620,000	Revenue Bonds

Source: Village of East Troy, and SEWRPC

as key objectives to be used in evaluating the proposed major improvement projects. Each of the projects was to be evaluated in the matrix in relation to the following objectives:

1. The extent the proposal would encourage the orderly physical growth and development of the Village.
2. The extent the proposal would improve the provision and distribution of municipal services in the Village.
3. The extent the proposal would promote conditions that enhance the public health, safety, and general welfare of the residents of the Village.
4. The extent the proposal would improve the tax base, employment opportunities, and overall business and industrial climate in the Village.
5. The extent the proposal would be coordinated with other public and private improvement projects in the immediate area.

Once the Village Board determined the objectives to be used in the analysis, the Board considered the relative importance of the key objectives in relation to each other, and then assigned a numerical weighting from 1 to 10 to each of the objectives. The higher numerical weighting indicated a relatively higher level of importance of the objective. In evaluating the major improvement projects, each Village Board member individually assigned a rating score of from 0 to 5 to each project relative to each of the objectives, with 5 indicating a high perceived level of significance of the project to the attainment of the objective and 0 indicating little or no significance of the project to the attainment of the objective. Total weighting rated scores were then calculated for each proposed major improvement project by multiplying the weighting factor collectively assigned by the Village Board to each of the key objectives by the rating score assigned individually by each Village Board member. The total weighted rating scores assigned by each Village Board member to each of the proposed capital improvement projects were totaled and a composite average score was determined for each project.

Table 2 provides a summary of the implementation priority ratings and ranking of the proposed capital improvement projects in the Village of East Troy. As shown in Table 2, composite scores are shown under each of the key objectives for each proposed project, as well as an average composite score. Table 3 provides the resultant priority ranking of proposed major improvement projects in the Village of East Troy.

Table 2

IMPLEMENTATION PRIORITY RATINGS AND RANKINGS OF PROPOSED
CAPITAL IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 1 of 4

Proposed Capital Improvement Project	Recommended Priority by Staff (1)	Objectives and Numerical Weighting Factor					Composite Average Rating Score	Rank
		Encourages Orderly Growth (10)	Improves Tax Base, Employment, and Business (8)	Coordination With Other Projects (6)	Improves Distribution of Public Services (2)	Enhances Public Health, Safety and General Welfare (3)		
AD-1 Upgrade Village Computer System	4	24	12	23	26	10	18.67	1
EQ-1 Pavement Roller	4	3	10	13	16	22	9.67	35
EQ-2 Tank Truck	5	9	4	15	17	18	10.17	32
EQ-3 Truck and Snow Plow	5	6	5	12	18	24	9.50	36
EQ-4 Tractor and Snow Blower	3	3	6	9	21	18	7.70	42
EQ-5 3/4 Ton Truck Conversion	5	12	10	20	19	21	14.20	12
EQ-6 Radio System	5	10	5	11	15	18	9.83	34
EQ-7 Rescue Squad	5	7	6	6	6	7	6.40	45
EQ-8 Pumper	4	7	6	8	6	7	6.77	43
EQ-9 4WD Mini-Pumper and Grass Rig	2	7	6	8	4	7	6.57	44
EQ-10 Squad Car	4	9	6	8	6	10	7.73	41
PP-1 T-Hangers	4	24	18	13	16	14	18.00	3
PP-2 Repair East Troy Lake Dam	5	8	10	16	10	24	11.77	24
PP-3 Amusement Park Expansion and Improvements	5	9	13	20	14	19	13.47	18
PP-4 Railroad Park Improvements	5	15	16	23	15	21	17.13	5

-continued-

Table 2 (continued)

IMPLEMENTATION PRIORITY RATINGS AND RANKINGS OF PROPOSED
CAPITAL IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 2 of 4

Proposed Capital Improvement Project	Recommended Priority by Staff (1)	Objectives and Numerical Weighting Factor					Composite Average Rating Score	Rank
		Encourages Orderly Growth (10)	Improves Tax Base, Employment, and Business (8)	Coordination With Other Projects (6)	Improves Distribution of Public Services (2)	Enhances Public Health, Safety and General Welfare (3)		
PP-5 Airport Park Development	5	12	8	13	11	6	10.23	31
PP-6 Rehabilitate Lavatories on the Village Square	4	11	9	8	10	21	10.57	30
SD-1 Storm Sewer in Beulah Ave.	3	10	9	14	19	21	12.00	23
SD-2 Storm Sewer in Union St.	3	13	9	15	20	20	13.17	19
SD-3 Storm Sewer in Meyer Ln.	5	15	21	17	17	12	16.50	7
SD-4 Storm Sewer in East Industrial Park	0	9	12	13	18	14	11.40	26
SD-5 Storm Sewer in Bellview Ave.	3	9	4	14	23	24	10.90	28
SD-6 Storm Sewer in Austin St.	5	5	5	8	7	8	6.03	46
SD-7 Storm Sewer in Railroad Yard	5	5	5	8	7	6	5.83	49
ST-1 West St. Extension	3	19	16	19	22	26	18.57	2
ST-2 Beulah St. Reconstruction	2	15	12	15	11	20	14.00	16
ST-3 Chaffin Ave. Improvements	2	14	11	17	20	17	14.10	13

-continued-

Table 2 (continued)

IMPLEMENTATION PRIORITY RATINGS AND RANKINGS OF PROPOSED
CAPITAL IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 3 of 4

Proposed Capital Improvement Project	Recommended Priority by Staff (1)	Objectives and Numerical Weighting Factor					Composite Average Rating Score	Rank
		Encourages Orderly Growth (10)	Improves Tax Base, Employment, and Business (8)	Coordination With Other Projects (6)	Improves Distribution of Public Services (2)	Enhances Public Health, Safety and General Welfare (3)		
ST-4 Bellview Ave. Improvements	2	12	6	17	17	12	11.40	25
ST-5 Main St. Reconstruction	4	12	9	9	8	13	10.17	33
ST-6 Meyer Ln. Improvements	4	14	16	12	10	19	14.03	15
ST-7 East Industrial Park Improve- ments	0	10	15	19	17	17	13.97	17
ST-8 Union St. Improvements	3	10	7	21	16	15	12.07	22
ST-9 North St. Improvements	2	9	9	8	7	9	8.43	39
ST-10 Reconstruct Three Railroad Crossings	5	12	10	14	9	22	12.43	20
SW-1 Personal Com- puter and Dish- washer for WWTP Laboratory	5	16	11	19	19	28	16.30	8
SW-2 Sludge Storage Bed Construc- tion	2	9	7	17	12	20	11.13	27
SW-3 Sanitary Sewer Service to North St.	3	8	10	7	15	15	9.33	37
SW-4 Sanitary Sewer Lateral Replace- ment in Main St.	3	9	9	7	7	7	8.07	40

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Table 2 (continued)

IMPLEMENTATION PRIORITY RATINGS AND RANKINGS OF PROPOSED
CAPITAL IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 4 of 4

Proposed Capital Improvement Project	Recommended Priority by Staff (1)	Objectives and Numerical Weighting Factor					Composite Average Rating Score	Rank
		Encourages Orderly Growth (10)	Improves Tax Base, Employment, and Business (8)	Coordination With Other Projects (6)	Improves Distribution of Public Services (2)	Enhances Public Health, Safety and General Welfare (3)		
SW-5 Sanitary Sewer Service to Church St.	1	9	14	9	15	13	10.87	29
SW-6 Sanitary Sewer Service to Bellview Ave.	3	6	8	10	15	13	8.53	38
SW-7 Sanitary Sewer Service to East Industrial Park	0	14	19	14	17	15	15.17	11
SW-8 Sanitary Sewer Service to Meyer Ln.	5	18	20	16	20	19	17.93	4
WT-1 Water Service to Main St.	3	14	11	12	15	13	12.40	21
WT-2 Water Main Con- struction in South Church St. and Meyer Ln.	5	16	20	16	17	18	16.97	6
WT-3 Water Main Con- struction in East Industrial Park	0	15	19	17	18	15	16.17	9
WT-4 Water Service to South Church St.	5	11	16	14	19	19	14.07	14
WT-5 Enlarge Water Mains	2	15	13	21	19	18	15.80	10
WT-6 Water Tower	1	2	5	8	15	13	5.93	47

Table 3

IMPLEMENTATION PRIORITY RANKINGS OF PROPOSED CAPITAL
IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 1 of 3

Project No.	Project	Composite Average Rating Score	Rank
AD-1	Upgrade Village Computer System	18.67	1
ST-1	West Street Extension	18.57	2
PP-1	T-Hangers	18.00	3
SW-8	Sanitary Sewer Service to Meyer Lane	17.93	4
PP-4	Railroad Park Improvements	17.13	5
WT-2	Water Main Construction in S. Church Street and Meyer Lane	16.97	6
SD-3	Storm Sewer in Meyer Lane	16.50	7
SW-1	Personal Computer and Dishwasher for Wastewater Treatment Plant Laboratory	16.30	8
WT-3	Water Main Construction in East Industrial Park	16.17	9
WT-5	Enlarge Water Mains in Clark Street, South Street, and Mill Street	15.80	10
SW-7	Sanitary Sewer Service to East Industrial Park	15.17	11
EQ-5	3/4 Ton Truck Conversion	14.20	12
ST-3	Chaffin Avenue Improvements	14.10	13
WT-4	Water Service to S. Church Street	14.07	14
ST-6	Meyer Lane Improvements	14.03	15
ST-2	Beulah Street Reconstruction	14.00	16
ST-7	East Industrial Park Improvements	13.97	17

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Table 3 (continued)

IMPLEMENTATION PRIORITY RANKINGS OF PROPOSED CAPITAL
IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 2 of 3

Project No.	Project	Composite Average Rating Score	Rank
PP-3	Amusement Park Expansion and Improvements	13.47	18
SD-2	Storm Sewer in Union Street	13.17	19
ST-10	Reconstruct Three Railroad Crossings	12.43	20
WT-1	Water Service to Main Street	12.40	21
ST-8	Union Street Improvements	12.07	22
SD-1	Storm Sewer in Beulah Avenue	12.00	23
PP-2	Repair East Troy Lake Dam	11.77	24
ST-4	Bellview Avenue Improvements	11.40	25
SD-4	Storm Sewer in East Industrial Park	11.40	26
SW-2	Sludge Storage Bed Construction	11.13	27
SD-5	Storm Sewer in Bellview Avenue	10.90	28
SW-5	Sanitary Sewer Service to Church Street	10.87	29
PP-6	Rehabilitate Lavatories on the Village Square	10.57	30
PP-5	Airport Park Development	10.23	31
EQ-2	Tank Truck	10.17	32
ST-5	Main Street Reconstruction	10.17	33
EQ-6	Radio System	9.83	34
EQ-1	Pavement Roller	9.67	35
EQ-3	Truck and Snow Plow	9.50	36

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Table 3 (continued)

IMPLEMENTATION PRIORITY RANKINGS OF PROPOSED CAPITAL
IMPROVEMENT PROJECTS IN THE VILLAGE OF EAST TROY

Page 3 of 3

Project No.	Project	Composite Average Rating Score	Rank
SW-3	Sanitary Sewer Service to North Street	9.33	37
SW-6	Sanitary Sewer Service to Bellview Avenue	8.53	38
ST-9	North Street Improvements	8.43	39
SW-4	Sanitary Sewer Lateral Replacement in Main Street	8.07	40
EQ-10	Squad Car	7.73	41
EQ-4	Tractor and Snow Blower	7.70	42
EQ-8	Pumper	6.77	43
EQ-9	4WD Mini-Pumper and Grass Rig	6.57	44
EQ-7	Rescue Squad	6.40	45
SD-6	Storm Sewer in Austin Street	6.03	46
WT-6	Water Tower	5.93	47
SD-7	Storm Sewer in Railroad Yard	5.83	49

Source: SEWRPC

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Chapter III

ANALYSIS OF FINANCIAL RESOURCES

INTRODUCTION

Typically, the operation of municipal governments generates two different types of financial need. First, municipal governments require operating funds for regularly recurring expenditures, such as the operation and maintenance of municipal utilities, the purchase of minor expendable equipment and supplies, and for the labor costs entailed in the routine operation of municipal government. The annual operating budget of a municipality is intended to provide for these regularly recurring expenditures. Secondly, municipal governments require investment capital for the provision of municipal facilities which are relatively costly and capable of lasting for a number of years.

Local units of government acquire operating funds and investment capital primarily through the local tax levy. Property taxes are paid to the local unit of government by the owners of property within its corporate limits. These tax dollars are used by the municipality in the provision of public utilities, facilities, and services. Often, however, the annual property tax levy alone cannot provide the funds needed for capital improvement needs. Therefore, municipalities have the statutory authority to borrow investment capital within prescribed limits. It should be noted that a municipality may only borrow investment capital for specific public utilities and facilities. If rapid urban development and population growth occur within a municipality, important decisions must be made by the elected governing body regarding whether it should incur additional debt to maintain established service levels or maintain the existing debt and provide lower service levels.

Analysis of the financial resources available in the Village of East Troy for capital expenditures primarily involved an examination of the alternative means by which capital improvement projects may be financed in the Village; examination of historic municipal revenues and expenditures, tax rates, and assessed and equalized property value; and an examination of the amount, types, and purposes of existing debt and debt repayment schedules.

METHODS OF FINANCING

There are a number of methods by which capital improvement projects may be financed. Each method has its own particular advantages and disadvantages. It is important that the selected method of financing for a given capital improvement project be consistent with current municipal fiscal policies, as well as with the current financing capability of the municipality.

General Obligation Bonds

General obligation bonds are payable from all general municipal revenues and are considered an obligation on the total assessed valuation of the municipality. The issuance of such bonds must be authorized by the elected governing body of the municipality concerned, and the amount of outstanding bonded indebtedness is limited by Wisconsin state statute to not more than 5 percent

of the total equalized valuation of all taxable property within the municipality. General obligation bonds are generally issued for street improvements, sanitary sewerage, and stormwater drainage system improvements, and public building and related facility improvements. An advantage of the general obligation bond is that the improvements may be constructed and then used during the time they are being paid for. The principal disadvantage of the general obligation bond is the interest cost which is added to the amount to be paid back to the bond purchasers.

Revenue Bonds

Revenue bonds are generally issued for the financing of self-supported public services, such as water supply, sewage treatment and disposal, and off-street parking facilities. Funds for principal and interest payments on revenue bonds are derived from the income produced by the utility or facility concerned. The use of revenue bonds offers at least two advantages. These bonds are not subject to the limitation on general bonded indebtedness imposed upon municipalities by state statute. Also, the monies used to retire the bonds are derived from the fees charged to individuals who use the improvement. There are, however, disadvantages associated with revenue bond financing. A higher rate of interest must usually be paid by the issuing municipality on revenue bonds than on general obligation bonds. Also, it may be difficult to accurately forecast long-term income from a proposed utility or facility.

Tax Incremental Financing

Wisconsin's tax incremental financing law provides a funding arrangement whereby cities and villages share redevelopment costs with overlying tax jurisdictions, including the county and the state. When a tax incremental district is created, a "tax incremental base" is established; this base being the aggregate value of all taxable property in the district as of the date of creation. That value is equalized--that is, adjusted to approximate a fair market value--by the Wisconsin Department of Revenue. Any subsequent growth in the tax incremental district base is then "captured" so that, as property value increases, levies on this growth represent positive dollar increments used for financing redevelopment.

The tax incremental financing law has been formulated to encourage development by allowing the municipality to recover capital project costs before overlaying general and special purpose governments benefit from the additional value created. When the project costs are paid off, the added value is then utilized in the apportionment process so that all units and levels of government share in the increment. The effect of the tax incremental law, then, is to put off reflecting to general government the increase in values due to the tax incremental district until the costs of generating the development are paid for.

Bank Loans

Bank loans may be made directly to a municipality by a local bank. The major advantage of this financing method is that a municipality may be able to receive a more favorable interest rate from a local banker. The only limit to this type of borrowing is the municipality's ability to pay the interest and repay the principal.

Current Revenues

Municipal utility and facility improvements may be paid for with current revenues. Typically, this "pay-as-you-go" method of financing consists of levying sufficient taxes to pay for public utility and facility improvements, as well as to operate and maintain municipal services. The principal difficulty inherent in this method of financing is that it is sometime impractical for a municipality to raise enough money through property taxes, fees, and other revenues, or to establish annual operating revenue surpluses sufficient to pay for the needed capital improvement projects. Also, the use of current revenues as a method of financing capital improvements usually requires a long period of "saving up" before a capital improvement can be constructed. During this time, there is always a possibility that surplus funds may be prematurely diverted to provide for other needs, rather than for previously scheduled projects.

The principal advantage inherent in the use of current revenues to pay for capital improvements is that an improvement that is paid for at the time of construction is less expensive than if financed by a bond issue. Also, when current revenues are used to pay for capital improvements, revenues of future years are not obligated to pay for the debt service on bond issues. Accordingly, revenues which would have been used to pay debt service costs can be used to meet operating fund or other investment capital investment needs.

Reserve Funds

Municipal utilities and facilities may be paid for with reserve funds. Under this variation of the "pay-as-you-go" approach, payments are made into a reserve fund by the municipality on a regular basis until enough money is available in the fund to pay for the improvement. The same advantages and disadvantages associated with the user of current revenues in paying for capital improvements would apply to reserve funds. This method of financing offers, however, an additional advantage, in that the interest earned on monies held in the fund provide additional money for capital improvements.

Special Levies

Special levies are also a form of "pay-as-you-go" method of financing capital improvements. Special levies are typically used to secure monies for seldom made capital improvement expenditures. Special levies tend to be used in financing the purchase of major pieces of public works department equipment and fire fighting equipment.

Special Assessments

Special assessments provide another method by which public improvements may be financed. The special assessments method of financing can be particularly appropriate in instances where public improvements will benefit a limited area of a community. When improvements are financed by the special assessment method, the owner of the benefited property pays the "private benefit" portion attendant to the improvement. The municipality pays the "public benefit" portion attendant to the improvement.

Federal and State Aids

Federal and state governments make substantial expenditures for urban public improvements. In particular, federal and state highway programs help produce a number of major improvements to the street and highway system in the study area. Federal aids for highway construction are derived from federal highway user excise taxes and the federal fuel tax, and are administered by the U. S. Department of Transportation, Federal Highway Administration. Federal aids are provided as reimbursements for previously expended funds on authorized projects on the interstate system; federal aid primary, secondary, and urban aid system, and for bridge replacement, off-street off-system improvements, safety improvements, and road beautification. Federal aid may be used for preliminary engineering studies, design, right-of-way acquisition and construction, but may not be used for maintenance or administration. State highway aids for construction, operation, and maintenance of street and highway facilities are derived from the state motor fuel taxes, motor vehicle registration fees, drivers' licensing fees, and motor carrier fees. These funds are administered by the Wisconsin Department of Transportation.

Community development block grants (CDBG) are also available from the federal government for financing capital improvements. The Village would only be eligible, however, for the Discretionary Small Communities CDBG capital program, which is administered by the Wisconsin Department of Development. Under this program, communities in the State compete annually for available funds based on a formula which measures need in a community in relation to the need of other Wisconsin communities. The communities with the greatest needs are the communities which tend to receive the available funds.

Gifts and Grants

Although gifts and grants are a relatively rare source of funds for capital improvement projects, an outright gift provided through a bequest, for example, can be used to finance projects.

HISTORIC MUNICIPAL REVENUES AND EXPENDITURES

The formulation of any sound capital improvements program requires an inventory and analysis of the financial status of the municipality involved. Trends in revenues, expenditures, tax rates, property values, purposes and forms of existing debt, and debt repayment schedules provide basic information which can be used to describe the fiscal condition of the municipality and can assist in determining the ability of the municipality to finance future capital improvement projects.

As shown in Table 4, total revenues in the Village of East Troy have shown significant, although uneven, growth since 1975. The annual totals reflect certain one-time major transactions which tend to distort the totals from year to year. For example, in 1979, proceeds from the sale of a bond issue comprised nearly 60 percent of the total revenues for that year.

Table 4 also indicates that general property taxes and state-shared taxes together are perhaps the most stable sources of revenue for the Village. Between 1975 and 1985, general property taxes increased an average of about

TABLE 4
HISTORIC REVENUES AND EXPENDITURES IN THE VILLAGE OF EAST TROY: 1975 - 1985

Revenue or Expenditure Category	Year										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
REVENUES											
General Property Tax	\$289,358.00	\$306,717.00	\$334,044.00	\$368,251.00	\$392,919.00	\$473,581.00	\$514,999.00	\$550,474.00	\$550,860.00	\$516,957.00	\$425,434.00
Intergovernment Revenues (Shared Taxes & Grants)	191,008.00	195,099.00	212,158.00	259,144.00	407,506.00	930,583.00	370,344.00	433,366.00	676,618.00	535,757.00	756,914.00
Regulation & Compliance Revenues	19,722.00	23,228.00	53,699.00	65,010.00	43,845.00	36,074.00	51,265.00	30,078.00	32,262.00	41,840.00	37,219.00
Public Charges for Services	366.00	353.00	9,294.00	14,274.00	18,564.00	19,073.00	4,323.00	11,790.00	9,597.00	8,672.00	8,552.00
Fire Reimbursement Revenues	2,976.00	16,779.00	22,697.00	24,345.00	32,446.00	69,206.00	74,074.00	--	--	--	123,316.00
Public Improvement Revenues	94,016.00	40,275.00	122,851.00	36,226.00	11,018.00	27,126.00	56,546.00	43,261.00	37,593.00	28,561.00	21,448.00
Other General Revenues	24,937.00	3,149.00	20,000.00	25,050.00	86,201.00	56,721.00	25,818.00	40,061.00	30,386.00	25,666.00	84,635.00
Commercial Revenues (Interest & Rent)	19,958.00	28,597.00	21,794.00	16,011.00	30,998.00	67,199.00	104,571.00	55,611.00	47,779.00	48,300.00	70,779.00
Proceeds from Long-Term Notes	570,000.00	--	50,000.00	--	1,295,000.00	341,400.00	83,600.00	--	--	539,000.00	--
Special Funds ..	--	--	--	--	--	--	--	--	--	--	--
... Federal Revenue Sharing	--	--	--	--	--	--	56,573.00	50,870.00	62,699.00	65,819.00	65,121.00
... Railroad Fund	58,218.00	50,695.00	52,257.00	107,735.00	78,837.00	46,803.00	37,527.00	40,572.00	53,311.00	119,448.00	9,253.00
... Airport Fund	4,395.00	6,850.00	6,405.00	6,273.00	9,395.00	21,961.00	8,792.00	12,212.00	10,530.00	12,612.00	12,175.00
... Utility Fund	70,163.00	79,322.00	81,157.00	138,662.00	149,855.00	137,911.00	177,140.00	449,677.00	493,232.00	480,297.00	631,873.00
... Tax Incremental Financing Fund	--	--	--	--	--	--	--	4,912.00	6,613.00	241,362.00	143,131.00
Total Revenues	\$1,345,117.00	\$751,064.00	\$986,356.00	\$1,060,981.00	\$2,556,584.00	\$2,227,638.00	\$1,565,572.00	\$1,722,884.00	\$2,011,480.00	\$2,664,291.00	\$2,389,850.00
Total Revenues (excluding Long Term Notes)	\$775,117.00	\$751,064.00	\$936,356.00	\$1,060,981.00	\$1,261,584.00	\$1,886,238.00	\$1,481,972.00	\$1,722,884.00	\$2,011,480.00	\$2,125,291.00	\$2,389,850.00
EXPENDITURES											
General Government	\$142,561.00	\$100,301.00	\$107,056.00	\$125,535.00	\$116,053.00	\$137,012.00	\$161,265.00	\$156,410.00	\$160,249.00	\$190,757.00	\$209,213.00
Public Safety	141,512.00	156,881.00	177,627.00	227,500.00	267,947.00	338,873.00	355,469.00	364,591.00	377,461.00	390,401.00	538,671.00
Public Works	167,299.00	153,180.00	251,424.00	161,298.00	289,798.00	205,995.00	188,934.00	235,910.00	238,607.00	243,055.00	299,701.00
Leisure Services	19,973.00	25,838.00	33,704.00	24,613.00	38,241.00	47,387.00	43,379.00	33,068.00	52,781.00	60,406.00	81,528.00
Conservation and Development	8,068.00	6,466.00	3,395.00	1,381.00	1,268.00	1,553.00	2,218.00	5,986.00	15,885.00	8,442.00	19,159.00
Railroad Transit Subsidy	15,000.00	15,000.00	15,571.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00	114,464.00	10,000.00	42,903.00
Sanitary Sewer Collection System	--	--	--	--	--	80,000.00	101,000.00	52,820.00	23,500.00	36,760.00	30,061.00
Debt Service	123,531.00	103,678.00	138,675.00	150,067.00	386,421.00	182,746.00	262,413.00	218,622.00	233,704.00	292,266.00	258,328.00
Capital Improvements	--	--	--	36,516.00	1,454,988.00	891,712.00	84,516.00	118,542.00	18,800.00	477.00	258.00
Special Accounts ..	--	--	--	--	--	--	--	--	--	--	--
... Federal Revenue Sharing Account	--	--	--	--	--	--	--	--	158,225.00	15,000.00	123,888.00
... Railroad Account	57,516.00	50,695.00	71,533.00	109,268.00	131,284.00	67,856.00	116,319.00	120,829.00	119,947.00	119,448.00	92,122.00
... Airport Account	4,994.00	2,271.00	3,032.00	4,649.00	5,506.00	4,286.00	10,250.00	10,586.00	15,509.00	12,612.00	15,645.00
... Utility Account	74,143.00	73,657.00	89,893.00	100,707.00	106,772.00	170,441.00	310,843.00	288,291.00	513,707.00	524,865.00	552,370.00
... Tax Incremental Financing Account	--	--	--	--	--	--	27,800.00	81,475.00	4,082.00	624,497.00	83,579.00
Total Expenditures	\$754,597.00	\$687,967.00	\$891,910.00	\$956,534.00	\$2,813,278.00	\$2,142,861.00	\$1,684,406.00	\$1,707,130.00	\$2,046,921.00	\$2,528,986.00	\$2,347,426.00

Source: Village of East Troy, and SEWRPC

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4.4 percent annually. General property taxes have accounted for an average of 27.5 percent of total revenues in the period 1975 to 1985. Two relatively new sources of revenue for the Village have been federal revenue sharing, first received in 1981, and tax incremental financing revenues, first received in 1982.

Expenditures in the Village of East Troy have fluctuated from year to year. No single item seems to have dominated the Village's expenses; however, certain capital improvements have produced inordinantly high expenditures in the years 1979 and 1983. In 1979 the Village incurred expenses of more than \$1.4 million for various capital improvements, including railroad rehabilitation, sanitary sewer construction, storm sewer construction, waterworks construction, and fire house construction. In 1983 the Village purchased a new locomotive for the Municipality of East Troy Wisconsin Railroad.

The revenue and expenditure trends for the Village of East Troy indicate that the majority of the revenue and expenditure categories have continued to show steady increases. Per capita expenses were about \$348 in 1975, \$898 in 1980, and \$918 in 1985. A recent study by the Citizens Governmental Research Bureau in the Milwaukee metropolitan area reported that per capita expenditures in the metropolitan area range from \$271 to \$1,072, with the average per capita cost being about \$484. Revenues and expenditures may be expected to continue to show increases in the future proportionate to the increase in the cost of living.

HISTORIC TAX RATES

As shown in Table 5, historic tax rates for the Village of East Troy have fluctuated from year to year. Much of the fluctuation in tax rate is attributable to the relationship of assessed values to equalized value within the community. For purposes of analysis, Table 5 also shows an equalized tax rate--that is, the tax rate as it would be if it were charged against the equalized value of the property in the community. This analysis shows that the tax rate with respect to value of property in the Village has been relatively stable. In fact, the actual taxes per thousand dollars of equalized value has decreased about 15 percent in the past 10 years. The historic tax patterns are illustrated in Figure 1.

HISTORIC PROPERTY VALUATION

Like most communities, the Village of East Troy relies heavily upon the property tax to generate revenue for municipal operating expenditures, as well as some capital expenditures. The amount of property tax revenue generated within a municipality is determined in part by the assessed valuation of the taxable properties within the municipality, as well as by the full or 100 percent equalized value of such property. Increases in assessed valuation within a municipality increases the financial capabilities of that municipality to provide municipal utilities, facilities, and services. Increases in the equalized valuation of a municipality also increases the bonding power of the municipality, since the maximum dollar amount of general obligation bonds that may be issued by a municipality in Wisconsin may not exceed an amount greater than 5 percent of the equalized value of all taxable property within that municipality.

Table 5

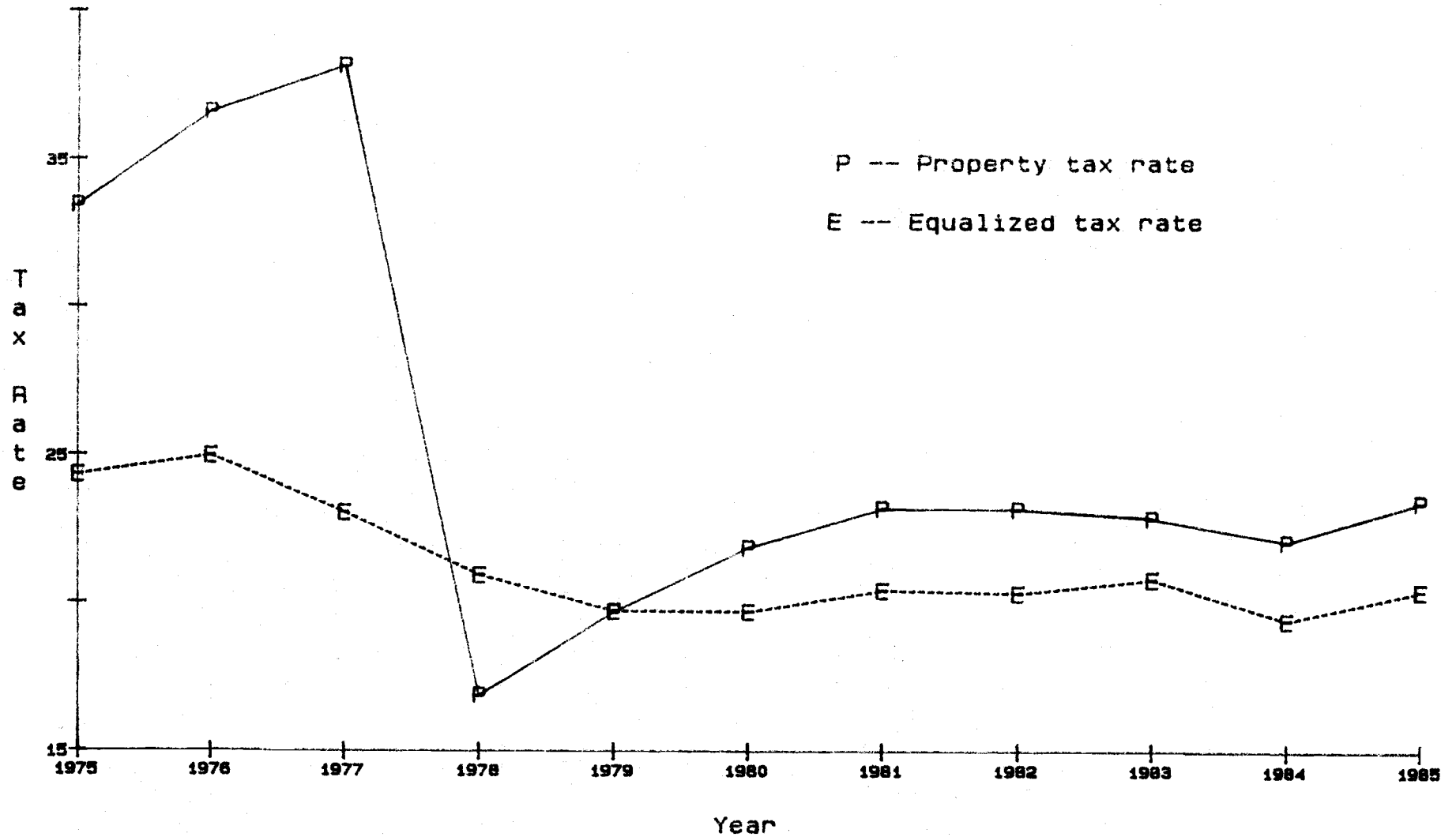
HISTORIC TAX RATES IN THE
VILLAGE OF EAST TROY

Year	Property Tax Rate	Equalized Tax Rate
1975	33.446595	24.312330
1976	36.613899	24.981663
1977	38.148687	23.064696
1978	16.884329	20.938256
1979	19.722790	19.730679
1980	21.883530	19.712684
1981	23.217000	20.456499
1982	23.183530	20.327319
1983	22.889990	20.813868
1984	22.113405	19.444317
1985	23.427034	20.430716

Source: Village of East Troy, and SEWRPC

Figure 1

HISTORIC TAX RATES
VILLAGE OF EAST TROY



Source: Village of East Troy and SEWRPC

As shown in Table 6, the total assessed value of all taxable property in the Village of East Troy increased from a level of \$13,330,515 in 1975 to \$48,137,850 in 1985. These figures suggest an almost quadruple value incremental over an 11-year period. This increase was the result of a reassessment of all taxable property within the Village of East Troy in 1978. The average annual increase in total equalized value in the Village between 1975 and 1985 was about 3,278,000 per year, or about 6 (six) percent per year. More recent (1980 to 1985) increases, however, have been considerably less averaging about \$391,500, or about three-quarters of 1 percent per year. This low rate of increase in equalized value reflects the fact that in recent years new industry in the Village has been highly automated or has employed people who currently live in the Village, thus new household formation has been low. A recent period of high interest rates has also drastically reduced the amount of residential construction.

FORECAST PROPERTY VALUATION

The forecasting of assessed and equalized property valuation in the Village of East Troy was a necessary but difficult task which had to be accomplished under the study, since assessed value determines the property tax generating potential of a municipality, and since equalized value determines the maximum amount of general obligation bonds which may be issued by a municipality. Based on recent history and discussions with Village staff, the equalized value for the years 1986 to 1991 was increased approximately 2 percent annually which represents a slow return to the increases experienced in the late 1970s. The forecast property values for the Village of East Troy are shown in Table 6. It should be noted that assessed values are not forecasted here. In keeping with the intent of state law, the Village should take measures to reduce the margin of difference between assessed value and equalized value.

FINANCING CAPITAL IMPROVEMENTS IN THE VILLAGE OF EAST TROY WITH GENERAL OBLIGATION BONDS

General Obligation Debt Limits and Potential Bonding Power

Of all the methods of financing previously discussed, prudent use of general obligation bonds provides perhaps the most flexible financing method available to a municipality. The amount of debt which a local unit of government may incur is limited to not more than 5 percent of the total equalized valuation of taxable property within the municipality. Substantial caution should be exercised by a municipality in using general obligation bonds as a method of financing capital improvement projects. While a municipality may sell bonds totaling up to 5 percent of its total equalized value, such an action would not usually represent sound financial policy. There are at least several reasons why it is considered inappropriate for a municipality to bond up to its full legal capacity. One reason is that a portion of the bonding capacity of the municipality should be left unused as a contingency in case a financial emergency arises. In addition, large general obligation bonds issued have correspondingly high aggregate interest costs. When a municipality can finance capital improvements without the use of bonds, the monies which are paid on interest charges can be allocated to other projects, or can be deleted from the capital budget, and as such can contribute to a reduction in the tax rate. Also, a municipality's debt burden should always be kept in balance with its

TABLE 6

HISTORIC AND FORECAST ASSESSED AND EQUALIZED VALUES
IN THE VILLAGE OF EAST TROY

Year	Assessed Value	Percent of Assessment	Equalized Value
1975	\$13,330,515.00	72.69	\$18,339,000.00
1976	\$21,199,460.00	68.23	\$31,072,170.00
1977	\$22,125,496.00	60.46	\$36,524,370.00
1978	\$50,565,018.00	124.01	\$40,772,630.00
1979	\$48,962,210.00	100.04	\$48,942,200.00
1980	\$47,460,099.00	90.08	\$52,686,020.00
1981	\$46,208,020.00	88.11	\$52,441,400.00
1982	\$47,118,510.00	87.68	\$53,736,200.00
1983	\$47,577,690.00	90.93	\$52,322,000.00
1984	\$47,162,810.00	87.93	\$54,155,700.00
1985	\$48,137,850.00	87.21	\$54,398,700.00
1986	--	--	\$55,542,687.00
1987	--	--	\$56,598,114.00
1988	--	--	\$57,669,095.00
1989	--	--	\$58,674,095.00
1990	--	--	\$59,260,836.00
1991	--	--	\$60,358,444.00

Source: Village of East Troy, and SEWRPC

debt-paying capacity. The debt-paying capacity of a municipality, as viewed by major bonding houses, has a direct bearing on a municipality's credit rating. If the general obligation debt of a municipality approaches the debt limitation, it is likely that it would receive a lower credit rating, which would reduce the marketability of its bonds and increase interest charges.

Accordingly, it is particularly important when formulating a capital improvements program that the maximum amount of the total potential bonding power of the municipality available for use at any given time be determined. Such a determination should be based on anticipated capital improvement needs and associated costs, the availability of monies through other financial sources, and the anticipated effect of incurring additional bonded debt on the municipal tax rate.

As shown in Table 7, outstanding general obligation bonded indebtedness for the Village of East Troy at the end of 1985 was about \$1,884,330, representing 3.5 percent of the equalized value of the Village. Of the general obligation bonds outstanding in the Village, the latest date of maturity is January 15, 2001. It should be noted, however, that the Village has made only interest payments on the industrial park bond which matures in 1989. Discussions with the Village Clerk-Treasurer indicate that it will probably be necessary to refinance this debt in the future.

Table 8 shows the annual principal and interest payments necessary to retire the outstanding general obligation bonds in the Village of East Troy. Table 8 shows that total annual principal and interest payments remain relatively high through 1989 with a very large (\$1,424,048) payment due in 1989; however, as noted previously, the Village may be unable to pay the 1989 principal charges and thus will be required to refinance much of this sum.

The estimated general obligation bonding capacity in the Village of East Troy is shown in Table 9. These bonding capacities are based on forecasts of total equalized valuation in the years 1986 through 1991, as shown in Table 6. It should be noted that this table includes an additional \$1,300,000 of debt in 1990 and \$1,170,000 of debt in 1991 to account for the refinancing of industrial park bonds discussed earlier. Using the forecasts of equalized value and the anticipated refinancing of the industrial park bonds, it is estimated that total bonding capacity of the Village of East Troy may still be expected to increase from a present level of about \$893,000 in 1986 to about \$1,700,000 in 1991, or by about 91 percent. Also between 1986 and 1991, the margin of general obligation indebtedness may be expected to decrease from about 67.85 percent to 43.42 percent of the Village's estimated total bonding capacity.

Practical General Obligation Bonding Power

As previously noted, it is important that municipalities stay within safe borrowing limits when utilizing general obligation bond financing. Practical bonding capacity is generally determined on the basis of a percentage of the actual legal bonding limit, which is 5 percent of the total equalized valuation of the municipality. It is generally acceptable to set the practical bonding capacity at 75 percent of the legal limit. As shown in Table 10, the practical bonding limits and corresponding practical additional bonding capacity in the Village of East Troy may be expected to increase modestly between

Table 7

OUTSTANDING GENERAL OBLIGATION BORROWING
IN THE VILLAGE OF EAST TROY

Bond Purpose	Original Bond Amount	Date of Maturity	Principal Balance Outstanding 12/31/85
Railway rehabilitation, Sanitary sewer construction, Storm sewer construction, Waterworks construction, Firehouse construction, and other expenses.	\$1,295,000.00	Oct. 1, 1989	\$1,075,000.00
Street rebuilding and repair.	175,000.00	Jan. 15, 2000	138,150.00
Street rebuilding and repair.	91,400.00	Mar. 15, 1990	50,780.00
Street rebuilding and repair.	83,600.00	Jan. 15, 2001	70,400.00
Industrial Park street, sanitary sewer, storm sewer, and water improvements.	550,000.00	Oct. 1, 1989	550,000.00
	\$2,195,000.00		\$1,884,330.00

Source: Village of East Troy, and SEWRPC

TABLE 8

ANNUAL PRINCIPAL AND INTEREST PAYMENTS ON GENERAL OBLIGATION
BONDS IN THE VILLAGE OF EAST TROY: 1986-1991

Year	Principal	Interest	Total	Principal Balance Outstanding After Dec. 31
1986	\$123,766.00	\$125,310.00	\$249,076.00	\$1,760,564.00
1987	123,766.00	116,883.00	240,649.00	1,636,798.00
1988	148,766.00	109,208.00	257,974.00	1,488,032.00
1989	1,323,766.00	100,282.00	1,424,048.00	164,266.00
1990	23,766.00	9,856.00	33,622.00	140,500.00
1991	13,610.00	8,430.00	22,040.00	126,890.00
Total	\$1,757,440.00	\$469,969.00	\$2,227,409.00	

NOTE: \$1,300,000 in General Obligation Bonds and
Promisory Notes will come due in 1989. These
will probably be refinanced by the Village.

Source: Village of East Troy, and SEWRPC

TABLE 9

ESTIMATED BONDING CAPACITY FOR THE VILLAGE OF EAST TROY

Year	Estimated Equalized Valuation	Estimated Total Bonding Capacity	General Obligation Indebtedness		Available Bonding Capacity
			Amount	Percent of Estimated Total Bonding Capacity	
1986	\$55,542,687.00	\$2,777,134.35	\$1,884,330.00	67.85%	\$892,804.35
1987	56,598,114.00	2,829,905.70	1,760,564.00	62.21%	1,069,341.70
1988	57,669,095.00	2,883,454.75	1,636,798.00	56.77%	1,246,656.75
1989	58,674,095.00	2,933,704.75	1,488,032.00	50.72%	1,445,672.75
1990	59,260,836.00	2,963,041.80	1,464,266.00	49.42%	1,498,775.80
1991	60,358,444.00	3,017,922.20	1,310,500.00	43.42%	1,707,422.20

NOTE: General Obligation indebtedness in 1990 includes \$164,266 from Dec. 31, 1989 plus an anticipated \$1,300,000 of refinancing. 1991 includes \$140,500 from Dec. 31, 1990 plus an anticipated \$1,170,000 from the previous years refinancing.

Source: Village of East Troy, and SEWRPC

Table 10

ESTIMATED PRACTICAL BONDING CAPACITY
BASED ON EXISTING BORROWING POLICIES
IN THE VILLAGE OF EAST TROY

Budget Year	Total Bonding Capacity	Estimated Practical Bonding Limit	Bonds Outstanding on December 31 of the previous year	Practical Additional Bonding Capacity
1986	\$2,777,134.35	\$2,082,850.76	\$1,884,330.00	\$198,520.76
1987	2,829,905.70	\$2,122,429.28	1,760,564.00	361,865.28
1988	2,883,454.75	\$2,162,591.06	1,636,798.00	525,793.06
1989	2,933,704.75	\$2,200,278.56	1,488,032.00	712,246.56
1990	2,963,041.80	\$2,222,281.35	1,464,266.00	758,015.35
1991	3,017,922.20	\$2,263,441.65	1,310,500.00	952,941.65

NOTE: The practical bonding limits shown for each budget year in the Village of East Troy are set at 75 percent of the total estimated bonding capacity.

Source: SEWRPC

1986 and 1991. The practical additional bonding capacity in the Village of East Troy may be expected to increase from about \$199,000 in 1986 to about \$953,000 in 1991.

FINANCING CAPITAL IMPROVEMENTS IN THE VILLAGE OF EAST TROY WITH REVENUE BONDS

Revenue bonds provide an effective means of financing major improvement projects which are financially self-supporting. Revenue bonds are often used to provide the principal means of financing public water supply and sanitary sewerage facility improvements. Determining the revenue bond financing capacity of a municipality involves detailed analysis of the sources of funds available to pay principal and interest payments. Typically, such analysis involves the preparation of cash flow projections of the tax levy, interest earnings, special assessments collected, and other related sources of funds for the municipal utility service entity.

In the alternative to preparing such detailed analyses, the revenue bond financing capabilities of the Village of East Troy were determined based on discussions with the Village Clerk-Treasurer. The Village has not used revenue bonding in the past. The current revenue bonds issued by the Village were issued in May of 1986. The Village Clerk-Treasurer indicated, however, that the Village has been able to make all required principal and interest payments on the outstanding revenue bonds.

Table 11 lists the outstanding revenue bonds in the Village of East Troy. As shown in the table, the outstanding principal balance on revenue bonds issued by the Village as of December 31, 1986, will total about \$1,620,000. These bonds were issued exclusively for water supply improvements and sanitary sewer extensions. Outstanding revenue bonds will not be retired until the year 2006.

FINANCING CAPITAL IMPROVEMENTS IN THE VILLAGE OF EAST TROY WITH SPECIAL ASSESSMENTS

The Village of East Troy has not used special assessments as a primary means of financing capital improvement projects. The Village last used special assessments in 1982 for the construction of sidewalks and curb and gutter. The special assessment approach is usually used on relatively small improvement projects, where strong support by affected property owners is able to be achieved. The Village currently has no outstanding special assessments.

FINANCING CAPITAL IMPROVEMENTS IN THE VILLAGE OF EAST TROY WITH TAX INCREMENTAL FINANCING

The Village of East Troy created a tax increment district in September 1980. The district is located on the east side of the Village and is shown on Map 2 which is included in the pocket in the back of this report. Tax Incremental District No. 1 had a value of \$2,488,700 upon its creation, or about 4.7 percent of the equalized value of the Village of East Troy at that time. Wisconsin's tax increment law limits the creation of tax incremental districts to 5 percent of a municipality's equalized value. The Village borrowed a total

Table 11

OUTSTANDING REVENUE BONDS
IN THE VILLAGE OF EAST TROY

Bond Type	Bond Purpose	Original Bond Amount	Date of Maturity	Principal Balance Outstanding 12/31/86
Sewer Mortgage Revenue Bond	Sanitary Sewer Extensions	\$1,110,000.00	May, 2006	\$1,067,525.00
Water Mortgage Revenue Bond	Water Main Extensions	\$575,000.00	May, 2006	\$553,006.25
Total		\$1,685,000.00		\$1,620,531.25

Source: Village of East Troy, and SEWRPC

of \$550,000 to implement its tax incremental financing plan. The purpose of the plan was to help the development of a Village industrial park. Land was purchased for the industrial park and needed street system, water system, and sanitary sewer system improvements were made in 1983 and 1984. The project was partially financed by the U.S. Economic Development Administration. The equalized value of Tax Incremental District No. 1 at the beginning of 1986 was \$3,215,350, thus, representing an increment of \$726,650. The Village's financial consultant has estimated that the tax incremental district will be retired in 1992. Thus, it is anticipated that very little capacity for tax incremental financing will exist during the initial capital improvements program period. The Village may, however, wish to create additional tax incremental districts after 1992.

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Chapter IV

PROPOSED CAPITAL IMPROVEMENTS PROGRAM

INTRODUCTION

The capital improvements program for the Village of East Troy consists of a schedule of major capital improvement projects to be implemented over a five-year period. The capital improvements program is to be used as a guide in making determinations regarding specific projects to include in the annual Village budget. The capital improvements program should be reviewed annually and revised as necessary and extended one additional year into the future.

The program sets forth listings of projects to be implemented over the programming period, as well as estimated cost, and recommended financing. The program is intended to guide the Village Board in determining the location and extent of the improvements. The program is based on anticipated levels of urban development and population growth as envisioned in the Village's Master Plan. Also, the program was prepared in a manner consistent with the implementation priority ranking for the proposed projects, as discussed in Chapter II. The improvement costs shown in the program are expressed in constant 1986 dollars. The costs shown are approximate estimates since no preliminary engineering nor detailed design plans have been prepared for the projects.

As the Village of East Troy is adopting its first capital improvements program, it was necessary to determine the level of financing that would be made available for capital improvement projects. After reviewing capital expenditures in several other southeastern Wisconsin communities, the Village Board determined that approximately 20 percent of the Village's expenditures would be for capital improvements. The level of total expenditures in the Village was determined by forecasting historic expenses to increase at a rate of 2 percent per year during the capital improvements programming period. Thus, the desired level of capital improvement costs were set at \$489,000 in 1987, \$498,000 in 1988, \$508,000 in 1989, \$518,000 in 1990, and \$529,000 in 1991.

THE RECOMMENDED CAPITAL IMPROVEMENTS PROGRAM FOR THE VILLAGE OF EAST TROY

The recommended capital improvements program for the Village of East Troy is designed to be carried out during the five-year period between 1987 and 1991. As shown in Table 12, the cost of the entire program would be about \$2.2 million. The recommended program is within the legal limitations set by the Wisconsin State Statutes and represents a sound program for major improvement expenditures over the five-year period. The following sections provide a brief description of the program.

Street System Improvements: The program recommends a total expenditure of \$519,000 for street system improvements. This is the largest single expense in the recommended capital improvements program, representing 23.3 percent of the total expenditures. Street improvements would include: the reconstruction of CTH ES (Main Street); improvements in STH 20 (North Street); improvements in Bellview Avenue, Beulah Avenue, Chaffin Avenue, Meyer Lane, and Union

Table 12

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 1 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
EQ-2 Tank Truck	\$ 10,000	\$ 10,000 - General Revenue				
EQ-3 Truck and Snow Plow	\$ 50,000	\$ 50,000 - General Revenue				
EQ-5 3/4 Ton Truck Conversion	\$ 2,500	\$ 2,500 - General Revenue				
EQ-6 Radio System	\$ 43,500	\$ 8,700 - General Revenue	\$ 8,700 - General Revenue	\$ 8,700 - General Revenue	\$ 8,700 - General Revenue	\$ 8,700 - General Revenue
EQ-7 Rescue Squad	\$ 16,500	\$ 16,500 - General Revenue				
PP-2 Repair East Troy Lake Dam	\$ 39,000	\$ 13,000 - General Revenue	\$ 13,000 - General Revenue	\$ 13,000 - General Revenue		
PP-3 Amusement Park Expansion and Improvements	\$ 2,500	\$ 2,500 - General Revenue				
PP-4 Railroad Park Improvements	\$ 2,500	\$ 2,500 - General Revenue				
PP-5 Airport Park Development	\$ 5,000	\$ 5,000 - General Revenue				
SD-3 Storm Sewer in Meyer Lane	\$ 33,400	\$ 33,400 - General Obliga- tion Bond and Land Sales				
SD-6 Storm Sewer in Austin Street	\$ 46,000	\$ 46,000 - General Obliga- tion Bond				

-continued-

Table 12 (continued)

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 2 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
SD-7 Storm Sewer in Railroad Yard	\$ 15,000	\$ 15,000 - General Obliga- tion Bond				
ST-10 Reconstruct Three Railroad Crossings	\$ 18,000	\$ 18,000 - General Revenue				
SW-1 Personal Computer and Dishwasher for WWTP Laboratory	\$ 4,900	\$ 4,900 - General Revenue				
SW-8 Sanitary Sewer Ser- vice to Meyer Lane	\$ 88,000	\$ 88,000 - General Obliga- tion Bond and Land Sales				
WT-2 Water Main Construction in S. Church Street and Meyer Lane	\$ 113,000	\$ 53,000 - Revenue Bond \$ 60,000 - General Obliga- tion Bond and Land Sales				
AD-1 Upgrade Village Computer System	\$ 35,000		\$ 35,000 - General Revenue			
EQ-1 Pavement Roller	\$ 15,000		\$ 15,000 - General Revenue			
EQ-8 Pumper	\$ 39,200		\$ 39,200 - General Revenue			
EQ-10 Squad Cars	\$ 27,000		\$ 13,000 - General Revenue		\$ 14,000 - General Revenue	

-continued-

Table 12 (continued)

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 3 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
PP-1 T-Hangers	\$ 160,000		\$ 80,000 - General Obliga- tion Bond	\$ 80,000 - General Obliga- tion Bond		
PP-6 Rehabilitate Lavatories on the Village Square	\$ 5,000		\$ 5,000 - General Revenue			
ST-1 West Street Extension	\$ 32,000		\$ 32,000 - General Revenue			
ST-6 Meyer Lane Improvements	\$ 91,000		\$ 91,000 - General Obliga- tion Bond and Land Sales			
WT-4 Water Service to S. Church Street	\$ 64,100		\$ 19,100 - Water Department Revenues \$ 45,000 - Special Assess- ments			
EQ-4 Tractor and Snow Blower	\$ 27,500			\$ 27,500 - General Revenue		
SD-1 Storm Sewer in Beulah Avenue	\$ 130,000			\$ 130,000 - General Obliga- tion Bond		
SD-2 Storm Sewer in Union Street	\$ 42,400			\$ 42,400 - General Obliga- tion Bond		
SD-5 Storm Sewer in Bellview Avenue	\$ 13,000			\$ 13,000 - General Obliga- tion Bond		

-continued-

Table 12 (continued)

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 4 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
ST-8 Union Street Improvements	\$ 31,500			\$ 21,500 - General Revenue \$ 10,000 - Special Assess- ments		
SW-3 Sanitary Sewer Ser- vice to North Street	\$ 100,000			\$ 20,000 - General Obliga- tion Bond \$ 80,000 - Special Assess- ments		
SW-4 Sanitary Sewer Lat- eral Replacement in Main Street	\$ 45,000			\$ 45,000 - Special Assess- ments		
SW-6 Sanitary Sewer Ser- vice to Bellview Avenue	\$ 8,900			\$ 6,650 - General Revenue \$ 2,250 - Special Assess- ment		
WT-1 Water Service to Main Street	\$ 80,000			\$ 40,000 - Revenue Bond \$ 40,000 - Special Assess- ments		
EQ-9 4WD Mini-Pumper and Grass Rig	\$ 12,600				\$ 12,600 - General Revenue	
ST-2 Beulah Avenue Reconstruction	\$ 201,000				\$ 128,000 - General Obliga- tion Bond \$ 73,000 - Special Assess- ments	
ST-3 Chaffin Avenue Improvements	\$ 33,500				\$ 13,500 - General Obliga- tion Bond \$ 20,000 - Special Assess- ments	

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Table 12 (continued)

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 5 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
ST-4 Bellview Avenue Improvements	\$ 12,000				\$ 3,000 - General Obliga- tion Bond \$ 9,000 - Special Assess- ments	
ST-5 Main Street Reconstruction	\$ 50,000				\$ 35,000 - General Obliga- tion Bond \$ 15,000 - Special Assess- ments	
ST-9 North Street Improvements	\$ 50,000				\$ 20,000 - General Revenue \$ 30,000 - Special Assess- ments	
SW-2 Sludge Storage Bed Construction	\$ 85,000				\$ 85,000 - Revenue Bond	
SW-5 Sanitary Sewer Ser- vice to Church Street	\$ 167,400					\$ 137,400 - General Obliga- tion Bond \$ 30,000 - Special Assess- ments
WT-5 Enlarge Water Mains in Clark Street, South Street, and Mill Street	\$ 180,000					\$ 180,000 - Revenue Bond

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Table 12 (continued)

RECOMMENDED CAPITAL IMPROVEMENT PROGRAM
FOR THE VILLAGE OF EAST TROY

Page 6 of 6

Project Reference Number and Project Title	Estimated Total Project Cost	1987	1988	1989	1990	1991
		Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing	Project Cost and Recommended Financing
SUBTOTALS BY RECOMMENDED FINANCING TYPE	General Revenue ..	\$ 165,600	\$ 160,900	\$ 77,350	\$ 55,300	\$ 8,700
	General Obliga- tion Bonds and Land Sales	\$ 183,400	\$ 171,000	\$ 285,400	\$ 179,500	\$ 137,400
	Revenue Bonds	\$ 53,000	—	\$ 40,000	\$ 85,000	\$ 180,000
	Special Assess- ments	\$ 60,000	\$ 45,000	\$ 177,250	\$ 147,000	\$ 30,000
	Water Utility Revenues	—	\$ 19,100	—	—	—
TOTALS	\$ 2,227,900	\$ 429,000	\$ 396,000	\$ 580,000	\$ 466,800	\$ 356,100

NOTE: All figures are shown in constant 1986 dollars.

Source: Village of East Troy, and SEWRPC

Street; the extension of West Street; and the reconstruction of three railroad crossings in the Village's existing industrial park. One project, construction of streets in the proposed East Industrial Park, was deleted from the program because of the lack of tax incremental financing capacity. The street improvement projects are recommended to be financed by a combination of special assessments and general obligation bonds. Timing is particularly important in the CTH ES and STH 20 improvements because these projects involve other units and agencies of government. It should be noted that cost estimates on the CTH ES and STH 20 improvements reflect only the Village's portion of the total project costs.

Sanitary Sewer System Improvements: The program recommends a total expenditure of about \$499,200 for sanitary sewer system improvements over the five-year programming period, which represents about 22.4 percent of the total expenditures. Sanitary sewer projects would be constructed in each year of the program except 1988. The recommended projects include sanitary sewer lateral replacement in CTH ES (Main Street); construction of sanitary sewers in STH 20 (North Street); sanitary sewer extension to Bellview Avenue, Church Street, and Meyer Lane; and construction of additional sludge storage beds at the Village wastewater treatment plant, together with the acquisition of a computer and dishwasher at the wastewater treatment plant laboratory. Deleted from the sanitary sewer projects was the construction of sewers in the proposed East Industrial Park because of the lack of tax incremental financing capacity. The sanitary sewerage projects are recommended to be financed primarily by a combination of special assessments and general obligation bonds. Timing on the CTH ES and STH 20 projects is particularly important because these projects need to be coordinated with the proposed street construction projects.

Water Supply System Improvements: The program recommends a total expenditure of about \$437,100 for water supply system improvements over the programming period, which represents about 19.6 percent of the total expenditures. The recommended projects include replacement of water system components in CTH ES (Main Street), water main construction in Church Street and Meyer Lane, and enlargement of water mains in Clark Street, Mill Street, and South Street. Two projects were deleted from the recommended capital improvements program. The first was the construction of a water system in the proposed East Industrial Park because of the lack of tax incremental financing capacity. The second project deleted was the construction of a new water tower which was recommended for construction in 1991. Construction of the water tower was deleted because it did not comply with the expenditure limits selected by the Village Board and because the project was rated very low in the priority rating exercise illustrated in Table 3 of this report. Because the water tower is the single-most costly project in the capital improvements program (\$620,000), the Village may wish to annually put money into an escrowed water tower account so that this project can be more easily accommodated in future capital improvements programs. Water supply projects are recommended to be financed by a combination of special assessments and revenue bonds.

Stormwater Drainage Improvements: Total expenditures in the recommended capital improvements program for stormwater drainage improvements total about \$279,800, which represents about 12.6 percent of the total expenditures. The

recommended projects include stormwater drainage improvements in Austin Street, Bellview Avenue, Beulah Avenue, Meyer Lane, Union Street, and in the railroad yard west of Division Street. Deleted from the stormwater drainage improvements are the construction of storm sewers in the proposed East Industrial Park because of the lack of tax incremental financing capacity. Stormwater drainage projects are recommended to be financed by a combination of special assessments and general obligation bonds.

Public Property: The program recommends a total expenditure of \$214,000 for public property acquisition and improvement, which represents about 9.6 percent of the total capital improvements expenditures. Public property improvements include the construction of two hangers at the East Troy Municipal Airport, repairs to the East Troy Lake dam, improvements to two existing parks and the development of a new park at the East Troy Municipal Airport. The projects also include the rehabilitation of lavatories on the Village square. These projects are recommended to be financed primarily by general revenues. It is recommended however that the hangers at the East Troy Municipal Airport be financed by a general obligation bond.

New Equipment: The program recommends a total expenditure of \$278,800 for the purchase of major pieces of equipment, which represents about 12.5 percent of the total expenditures for the program. These projects include the acquisition of a pavement roller, two trucks, and a tractor for the Street Department; a truck for use by the Water Department; a rescue squad and two pumpers for the Fire Department; two police vehicles; updating of the Police and Fire Department's radio system; and upgrading of the Village's computer system. All equipment expenditures would be made out of general revenues. It should be noted that the East Troy Fire Department operates as a separate corporation and serves more than one community. The Village is currently responsible for about 28 percent of the cost of the fire-fighting equipment and about 22 percent of the cost of rescue equipment. The costs shown in the capital improvements schedule reflect only the Village's proportionate share of total costs.

FINANCING PROJECTS IN THE RECOMMENDED CAPITAL IMPROVEMENTS PROGRAM

The capital improvements program for the Village of East Troy will require the use of general obligation bonds, special assessments, revenue bonds, and general revenues (annual operating levies) to pay for anticipated project costs. The use of revenue bonds, special assessments, and general revenues in particular tends to be controlled by a separate set of factors pertaining to each financing approach. Prudent use of these financing approaches should have little, if any, affect on Village tax rates, whereas, the use of general obligation bonds can have a significant effect on tax rates.

Revenue Bonds

Typically, the sale of sewer or water revenue bonds do not directly affect utility tax rates, since these rates are set by the State of Wisconsin Public Service Commission (PSC). Since local tax rate increases are sometimes not permitted by the PSC, villages tend to finance major improvements through a revenue bond issue only when it can be demonstrated that anticipated revenues will be adequate to pay additional principal and interest costs. Review of existing revenue bond debt obligations, annual cash-flow totals from recent

years, and anticipated levels of urban development would indicate that the recommended revenue bond issues needed to finance certain of the projects in the alternative capital improvements program would be financially feasible.

Special Assessment

The use of special assessments to pay for projects in the capital improvements program may be expected to result in little, if any, increases in local tax rates. The monies paid by the owners of property which benefit from capital improvement projects should be held in special assessment funds. Since, in most cases, property owners pay special assessments over a period of several years rather than all at one time upon completion of a project, the Village pays for the entire cost of the project when it is completed and is reimbursed from monies paid into these special assessment funds by the property owners served by the improvements.

Ideally, capital improvement projects which are financed by special assessments should be scheduled so that all or at least the majority of annual special assessment project costs can be paid by monies already held in the special assessment fund. When special assessment projects are scheduled in this manner, the use of additional tax levies or other financing methods to pay initial project costs is minimized. Only relatively small improvement projects have been financed in the Village solely through the use of special assessment financing. Accordingly, the special assessments projects in the recommended capital improvements program only involves the use of special assessments in combination with other financing methods.

General Revenues

General revenues from the annual operating tax levy of the Village can be used to pay for some capital improvements. It is recommended herein that most new equipment costs be paid for out of general revenue. However, general revenue expenditures should be carefully monitored so that they do not produce an inordinate increase in tax levy. If the Village conforms to the capital improvement expenditure limits set forth herein, it is not anticipated that tax levies will be increased significantly.

General Obligation Bonds

The largest costs in the recommended capital improvements program for the Village of East Troy are to be financed either totally, or in part, through the sale of general obligation bonds. The recommended program recommends that over 40 percent of all projects be paid by this method of financing. Success in implementing capital improvements projects through the use of general obligation bond financing is determined in part, by maintaining at acceptable levels, the portion of the municipal tax rate required to pay the principal and interest costs on the bonds sold. The bonds proposed by this capital improvements program are within the practical bonding capacity set forth in Chapter III of this report and were determined by the Village's financial consultant to be at reasonable levels.

INITIAL ADOPTION AND ANNUAL REVIEW OF THE CAPITAL IMPROVEMENTS PROGRAM

An important step in the capital improvements programming process for the Village of East Troy is the formal adoption of the recommended capital improvements program. Upon such adoption, the program becomes the official policy of

the Village regarding capital improvement expenditures and, as such, will provide guidance to the Village Board in making decisions regarding capital improvement expenditures. Prior to seeking formal adoption, the proposed capital improvements program should be presented to the Plan Commission for review and comment. Although not required, it may also be desirable to conduct a public hearing on the proposed capital improvements program. Adoption of the capital improvements program by the Village Board should only occur after all review comments are received from the Plan Commission and other interested parties and after any required modifications are made to the program. The recommended projects and the associated expenditures, as shown in the first year of the recommended program, should provide the basis for the capital improvement expenditures item in the Village operating budget for the year 1987.

It should be noted that the capital improvements program must be annually reviewed, updated, and revised, as necessary, if it is to be effective in guiding future capital improvement expenditure decisions. The following steps are suggested in conducting the annual review of the capital improvements program:

1. The Village Clerk-Treasurer would instruct the Village department heads on or about July 1 of any given calendar year to review the adopted capital improvements program and to provide pertinent information on any additional projects which they desire to be included in the program, or any other modifications to the program.
2. Proposed revisions to the program would be submitted for review to the Village Plan Commission after August 1, but not later than September 1. The Plan Commission would review the capital improvements program and any proposed revisions thereto, to assure that the timing and location of each individual project would be compatible with other recommended projects in the program, as well as with recommended land use and development plans for the Village.
3. Review comments from the Village Plan Commission would be transmitted not later than September 15 to the Village Clerk-Treasurer who would prepare revised programs based on the comments received and on an updated analysis of Village financial resources.
4. The revised program would be submitted to the Village Board not later than October 15.
5. The program would be readopted by the Village Board prior to or during the annual budgeting process.

CONCLUSION

The recommended capital improvements program presented herein provides a comprehensive schedule for major public improvement projects proposed to be constructed in the Village of East Troy. The recommended capital improvements program is the result of a programming process which involved the preparation of capital improvement objectives, project inventory, and implementation priorities by the Village Board. This report documents the information gathered and the analysis conducted in the formulation of the recommended program and, as such, provides the basis for the specific projects recommended in the program. The report is also intended to serve as an information tool for continued capital improvements programming efforts in the Village. The adoption and continued annual revision and updating of the capital improvements program will enable the Village to plan and implement capital improvements projects in a coordinated manner and, as such, will assist in a more efficient and more economical provision of municipal utilities, facilities, and services.

APPENDIX A

THE CAPITAL IMPROVEMENTS PROGRAM WORKSHEET VILLAGE OF EAST TROY, WISCONSIN

INTRODUCTION

Capital improvements programming is the multi-year scheduling of public physical improvements. The scheduling is based on studies of fiscal resources available and the choice of specific improvements to be made over a five or six year period. The capital improvements budget refers to those projects that will be undertaken in any given year. The capital improvements program refers to those projects that are scheduled for the succeeding four or five year period. An effective capital improvements program (CIP) can lead to many benefits to the Village. Specifically, the CIP can ensure that plans for community facilities are carried out; can allow improvement proposals to be tested against a set of policies; can better schedule public improvements that require more than one year to construct; can provide an opportunity to purchase land before costs go up; can provide an opportunity for long-range financial planning and management; can help stabilize tax rates through intelligent debt management; can avoid such mismanagement as paving a street one year and tearing it up next year to build a sewer; can offer an opportunity for citizens and public interest groups to participate in decision making; and can contribute to a better overall management of Village affairs.

WHAT IS A CAPITAL IMPROVEMENT ?

The definition of capital improvement may be different in different communities. The common definition is that a capital improvement is a public facility that is relatively large, expensive, and permanent. Common examples include streets, sanitary sewers, storm sewers, water mains, water towers, sewage treatment plants, parks, libraries, and village halls. In smaller communities, major pieces of equipment such as a fire truck or snowplow may be considered a capital improvement.

WHAT IS NOT A CAPITAL IMPROVEMENT ?

Capital improvements should not include expenditures for equipment or services that prudent management defines as operating budget items and should be financed under out of current revenues.

THE CAPITAL IMPROVEMENTS PROJECT WORKSHEET

In launching a new capital improvements program, the Village should try to determine all potential projects which will make a financial demand upon the funds available to the Village over the five-year period 1987 - 1991. The attached worksheet is intended to serve this purpose and should be completed by all department heads. One sheet should be used for each project. The department head should assign a priority to each project based on his/her perspective. The Village Plan Commission and Village Board will also assign priorities in preparing the capital budget.

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INDIVIDUAL PROJECT ESTIMATES
FOR THE VILLAGE OF EAST TROY
FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

1. Department: _____

2. Project Description and Location (Use additional sheets if needed): _____

3. Department Heads Project Priority: _____

4. Justification for Project: _____

5. Estimated Costs:

a. Preliminary Plans _____ Completion Date _____

b. Site Acquisition _____ Completion Date _____

c. Final Plans & Specs. _____ Completion Date _____

d. Equipment _____ Completion Date _____

e. Construction _____ Completion Date _____

f. Proj. Admin. & Inspec. _____ Completion Date _____

Total _____

6. Project Expenditures by Year:

Year	Total Funds Requested	Reimbursement Revenues			Net Village Dollars
		Federal	State	Other	
BUDGET YEAR					
2nd Year					
3rd Year					
4th Year					
5th Year					
Subsequent					
TOTAL					

7. Impact on Annual Operating Expenditures: _____

8. Annual Project Revenue Estimates: _____

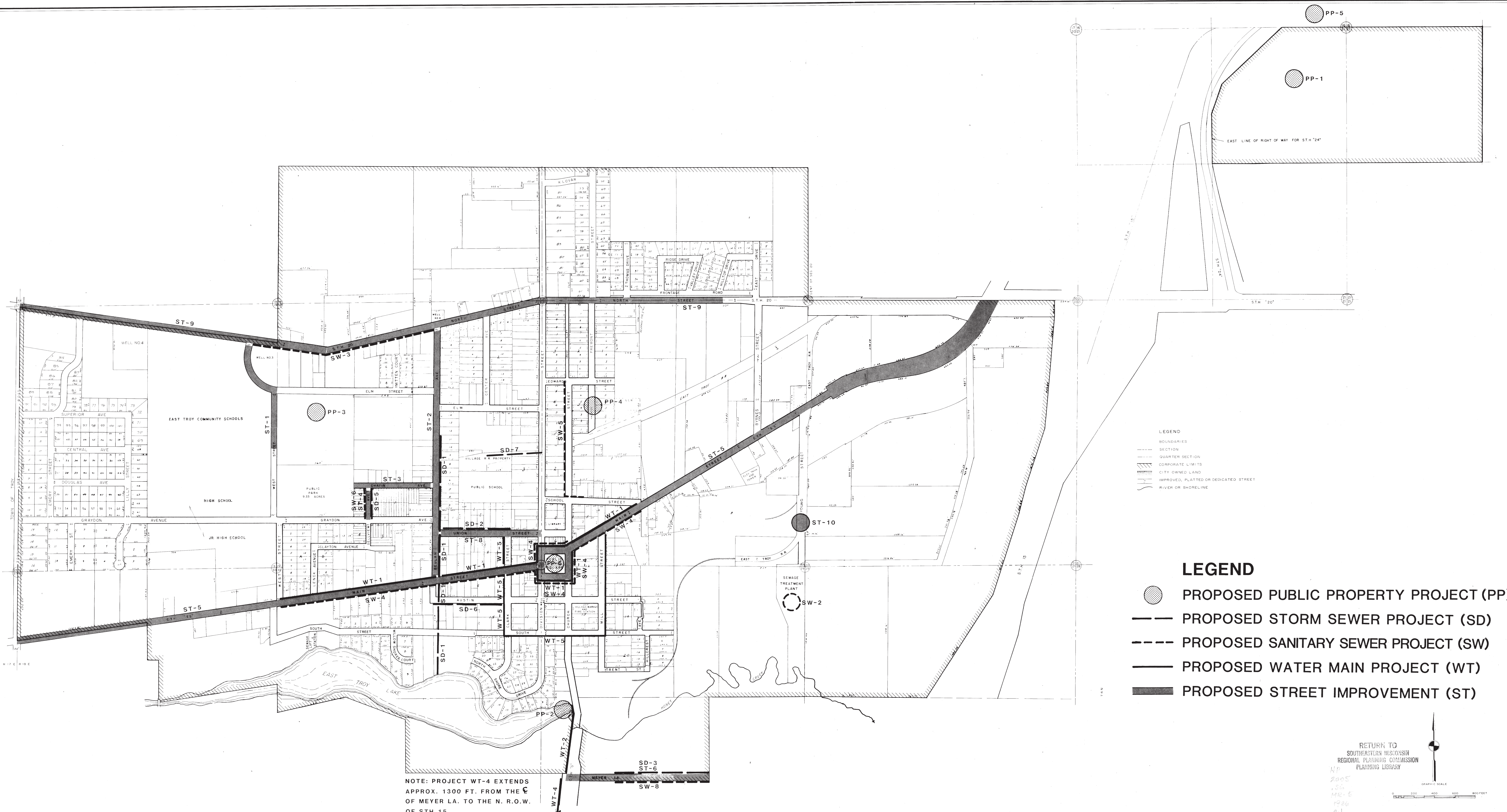
9. Recommended Financing:

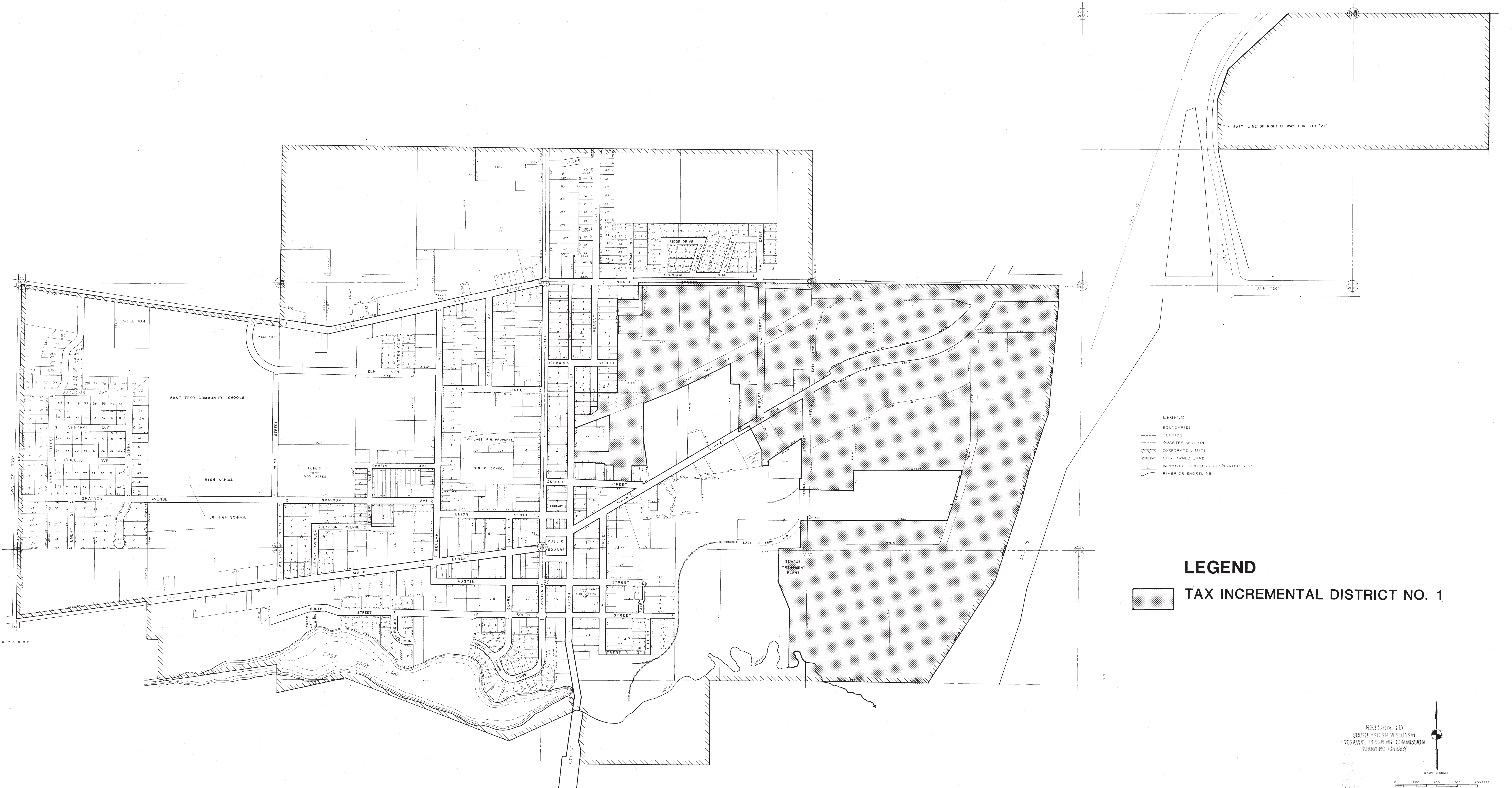
- | | |
|------------------------------------|-------|
| a. General Revenue (GR) | _____ |
| b. Revenue Bonds (RB) | _____ |
| c. General Obligation Bonds (GOB) | _____ |
| d. Tax Incremental Financing (TIF) | _____ |
| e. Special Assessments (SP) | _____ |
| f. Federal Aids (FA) | _____ |
| g. State Aids (SA) | _____ |

Estimate Prepared By:

Date: _____

Source: SEWRPC



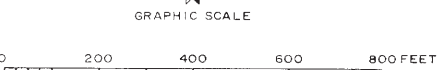


- LEGEND
- BOUNDARIES
 - SECTION
 - QUARTER SECTION
 - CORPORATE LIMITS
 - CITY OWNED LAND
 - IMPROVED, PLATTED OR DEDICATED STREET
 - RIVER OR SHORELINE

LEGEND

 **TAX INCREMENTAL DISTRICT NO. 1**

RETURN TO
SOUTHEASTERN WISCONSIN
REGIONAL PLANNING COMMISSION
PLANNING LIBRARY



LOCATION OF TAX INCREMENTAL DISTRICT NO. 1 IN THE VILLAGE OF EAST TROY

MAP 2

DRAWN: R.H. HEINEN
REVISED: _____
SCALE: 1"=400' (COMPILED SCALE 1"=200')

DATE: APRIL, 1981
DATE: _____