



CAPITAL FINANCIAL PLAN – 2023 UPDATE

In 2018, the City of Chatfield established a Capital Financial Plan for the purpose of developing an understanding of the City’s financial condition and to provide a tool to evaluate the feasibility of future capital improvement projects and purchases. Capital financial planning helps balance two competing needs; (1) the need to complete capital projects and (2) the need to preserve or improve the financial condition of the City.

The City uses a customized computer model to show the financial impact of a particular approach to a series of projects. Using this model, the City can quickly see in graphic terms the impact of proposed projects on the City’s financial condition, and weigh the pros and cons. The City strives to update the model annually, typically in the Fall.

The following pages include the data input sheet and graphs associated with the most recent update. The highlights of this most recent iteration are enumerated here:

- At the time of this drafting, tax capacity figures have not yet been finalized at the County. However, due to the recent dissolution of tax increment financing districts the City is expecting quite a bit of new tax base to be available in 2024 possibly resulting in a decrease in the tax rate. This doesn’t necessarily mean taxes won’t go up for a particular property because of potential increases in market values established by the County Assessor.

- The City will continue to adequately fund its internal reserve account for future governmental-purpose capital outlays. Contributions to this account will increase by at least 3% annually.

- Despite moderate water rate increases in the past, the City saw sales revenue stay fairly flat from 2021 to 2022. Further, development fees were down during that same time frame. This has caused projections to trend negatively. Couple this with continued need for expensive maintenance, and a larger increase in water rates becomes necessary. For 2024, water rates are expected to be increased by 15%. This equates to about \$5 per month on a 5,000-gallon per month user.

- The City strives to schedule and size projects in a manner that results in stable, moderate increases in cost to residents and businesses. Please refer to the following charts as an illustration.

City of Chatfield, Minnesota 2023 October Update
 Projects, Debt & Revenue Allocation Worksheet

Baseline		
Surplus Levy for GF / Cap Outlay	-	New 2023+
Sewer Fund	-	New 2023+
Water Fund	-	New 2023+

On top of GF?? >>	37,000	Average Spending Seal Coat / Chip Seal
	-	Average Storm Sewer Spending
	21,000	Average Sidewalk Spending
	125,000	Street Overlay every 3 years
n		Cancel Street Overlay Levy?

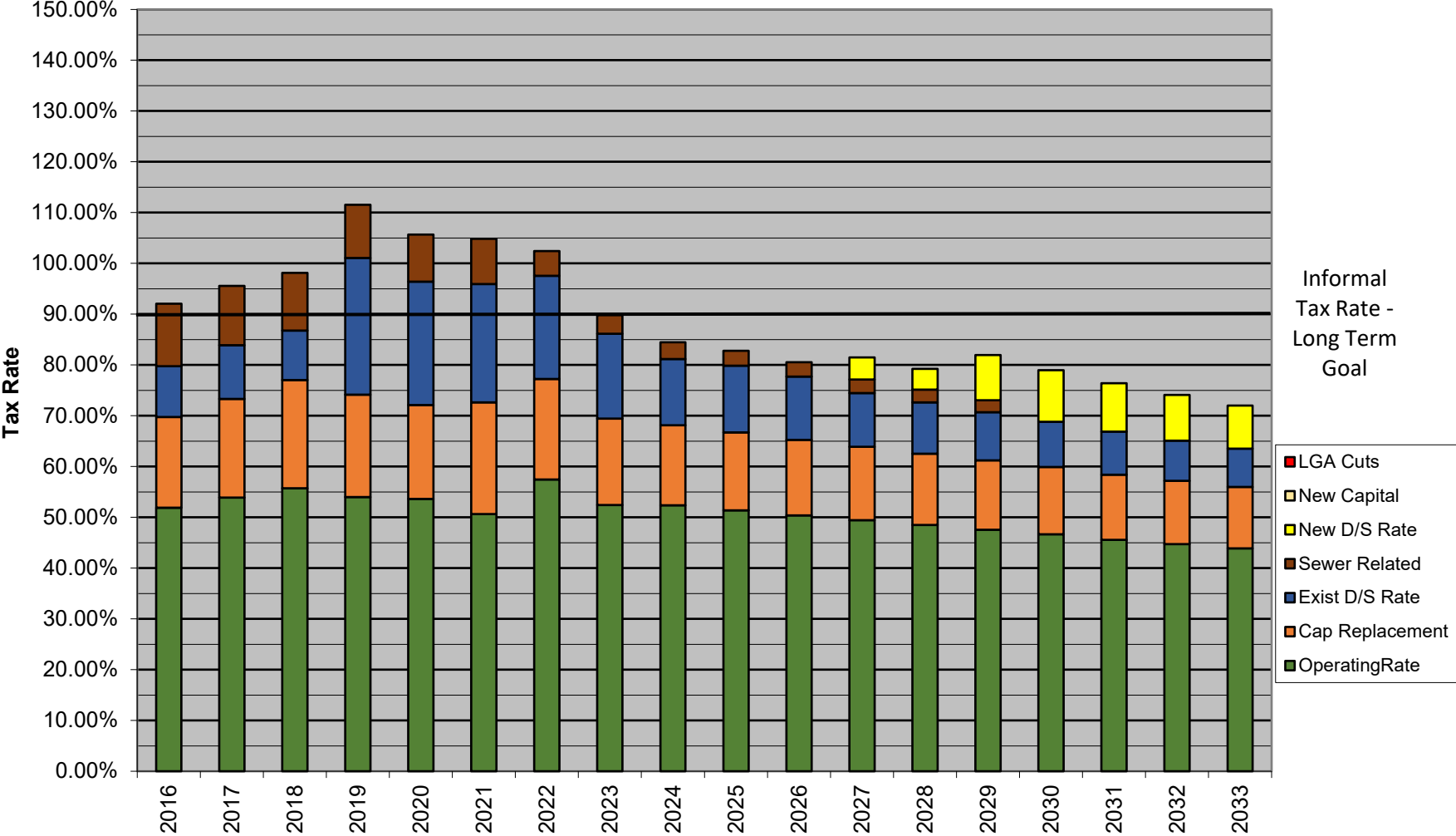
FIRE AMB CCTV	
46,350	Fire Capital
47,380	Amb Capital
6,180	CCTV
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99,910	2024+

FUND 801 (2023)		2024+	
-	Conferences	-	
900	Historical Society	900	
-	Senior Citizens	-	
-	City Car	-	
28,500	Muni Building	29,500	
35,700	Police Squad / Software	36,775	
2,000	Civil Defense	2,000	
25,750	Sidewalk Improvements	25,750	
-	Developer Fees	-	2,588,325 << 2024 Levy
68,500	Street Equip / Signs	80,600	5.86%
42,000	Seal Coat / Chip Seal	45,000	
30,000	Street Overlay	30,000	
36,000	Storm Sewer	36,000	
3,500	Swimming Pool	3,500	
45,000	Park Improvements	46,350	
-	Park Dedication	-	
2,100	Tourism / Float	2,100	
4,700	Heritage	3,000	
40,490	Clerk & Future Tech	41,802	
-	Mill Creek Park	-	
-	Bandshell	-	3.0% Inflation Rate of Transfers
-	Comprehensive Plan	-	
-	Capital Goods / Revenue	-	
-	Enterprise Drive	-	
		365,140	<<2023 2024+>> 383,277

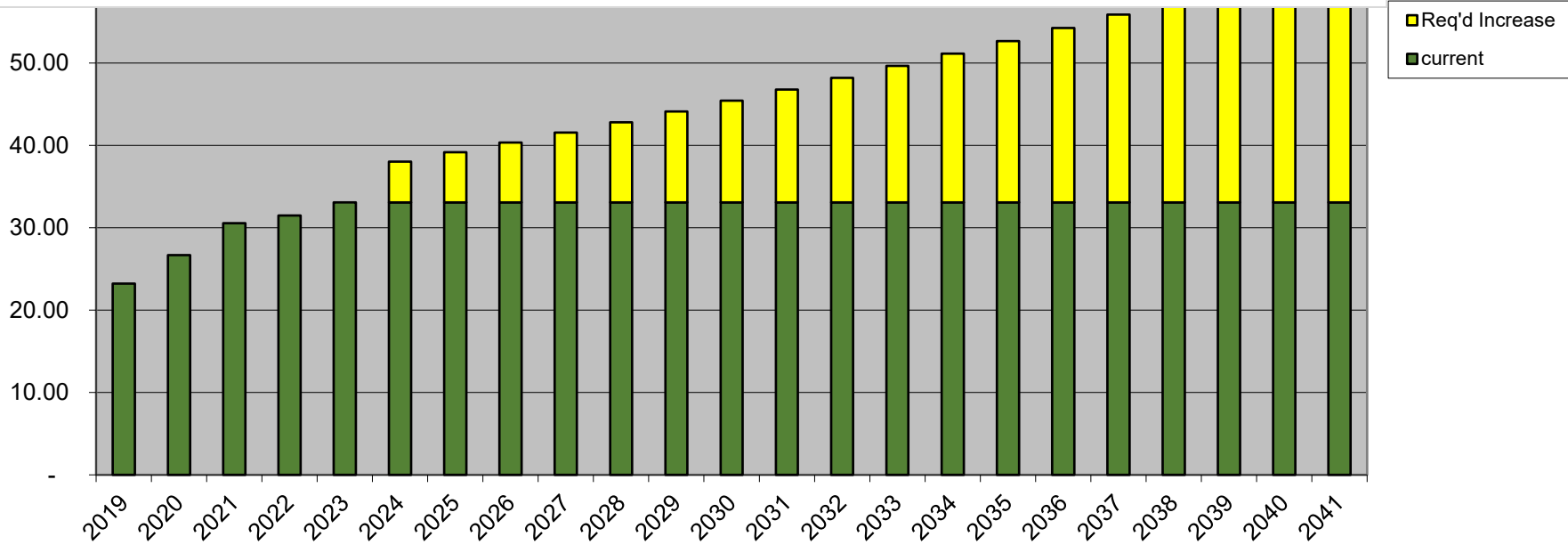
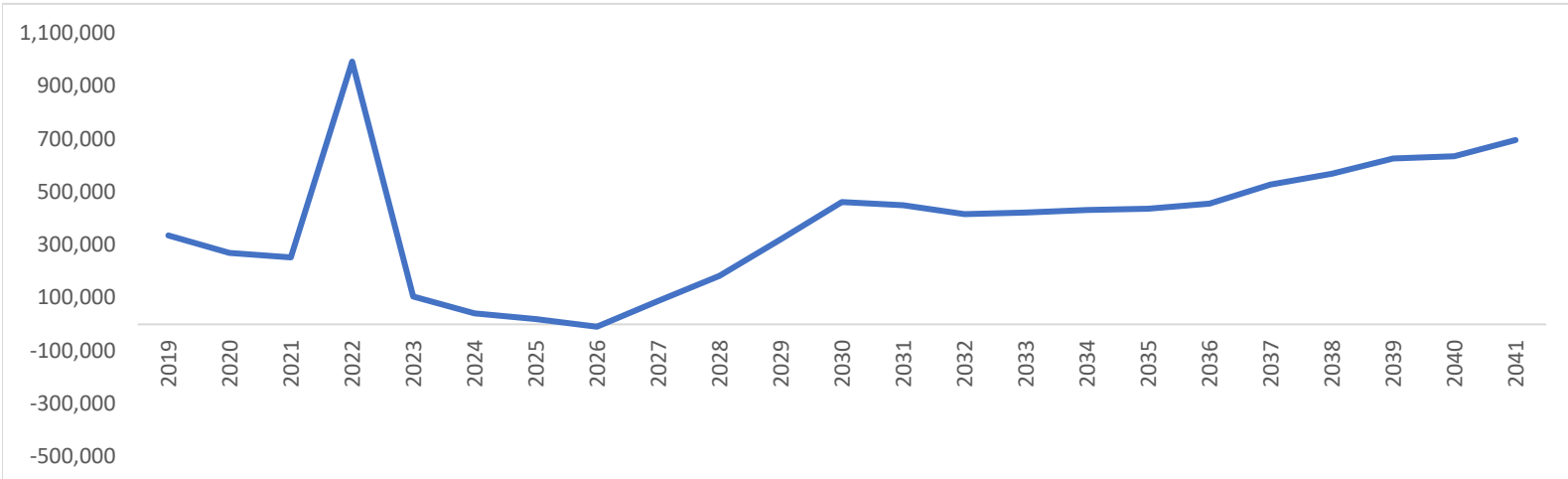
Graph Options							
	230,000	< value of "typical" homestead for impact (in 2019)	>>>	10.00	Population Growth/Year	-	Annual Street Improvement above normal budgeting
	5,000	< typical water usage per month	>>>	4.00	Households/Year	-	2024+
2023	20%			15.0%	Water 2024	-	LGA Cuts (increase) 2024+
	5%	< market value inflation factor		3.0%	Water 2025+	-	45,000
	5%	< construction inflation factor		0.0%	Sewer 2024	-	45,000
	4%	< Spending Increase % (GF, Water, Sewer)		0.0%	Sewer 2025+	-	y
	6%	< Tax Base Growth Assumption				-	Continue Tax Support Thru 2029?

Projects & Debt		INTERFUND LOANS									
#	Project		Generic Mill and Overlay	Generic Road Reconst or Extension	Future PW Bldg	ANNUAL SEWER REIMB GF	Water OTR Storage - PFA	Water SCADA	Water Meters		
	Est Year 2022 Cost	-	1,050,000	2,500,000	2,100,000	2,000,000	1,675,000	65,000	200,000	-	-
	NET Financed (Inflation Less Cash)	-	1,276,282	3,350,239	2,254,911	2,000,000	2,474,738	111,172	415,786	-	-
	Type Bond		GO	GO	GO	GO	GO	GO	GO	GO	GO
	Term	20	10	10	20	20	20	10	20	20	10
	Rate	2.00%	4.00%	4.00%	4.50%	0.00%	2.50%	4.00%	5.00%	4.50%	4.00%
	Bond Pymt	-	157,354	413,054	173,349	100,000	158,747	13,707	33,364	-	-
	Yr Built	0	2026	2028	2029	2029	2030	2033	2037	0	0
Repayment Sources		2029, 2030 actual									
CASH	Other	-	-	-	700,000	-	-	-	-	-	-
	Water	-	-	-	-	-	-	-	-	-	-
	Sewer	-	-	-	-	-	-	-	-	-	-
DEBT	Other	0%	0%	0%	55%	0%	0%	0%	0%	0%	0%
	Assmtns	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Sewer Rates/Fees	0%	0%	0%	50%	0%	100%	0%	0%	0%	0%
	Water Rates/Fees	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%
	Tax Levies	100%	100%	100%	50%	45%	0%	0%	0%	0%	100%
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

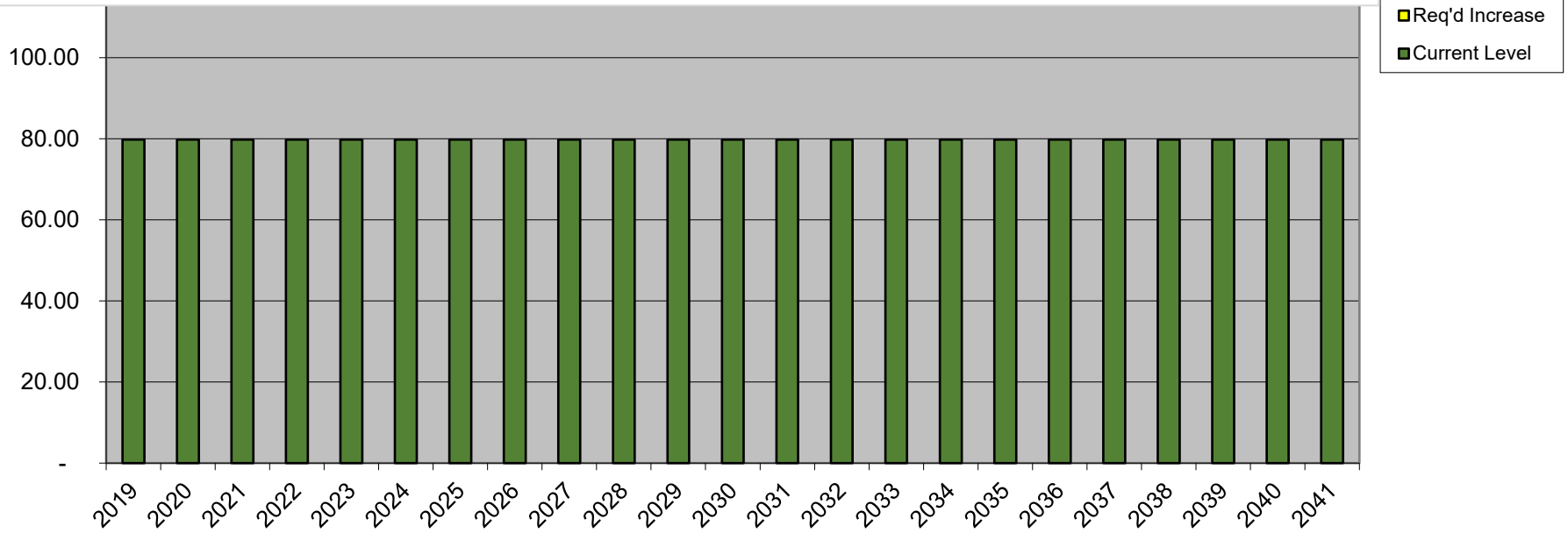
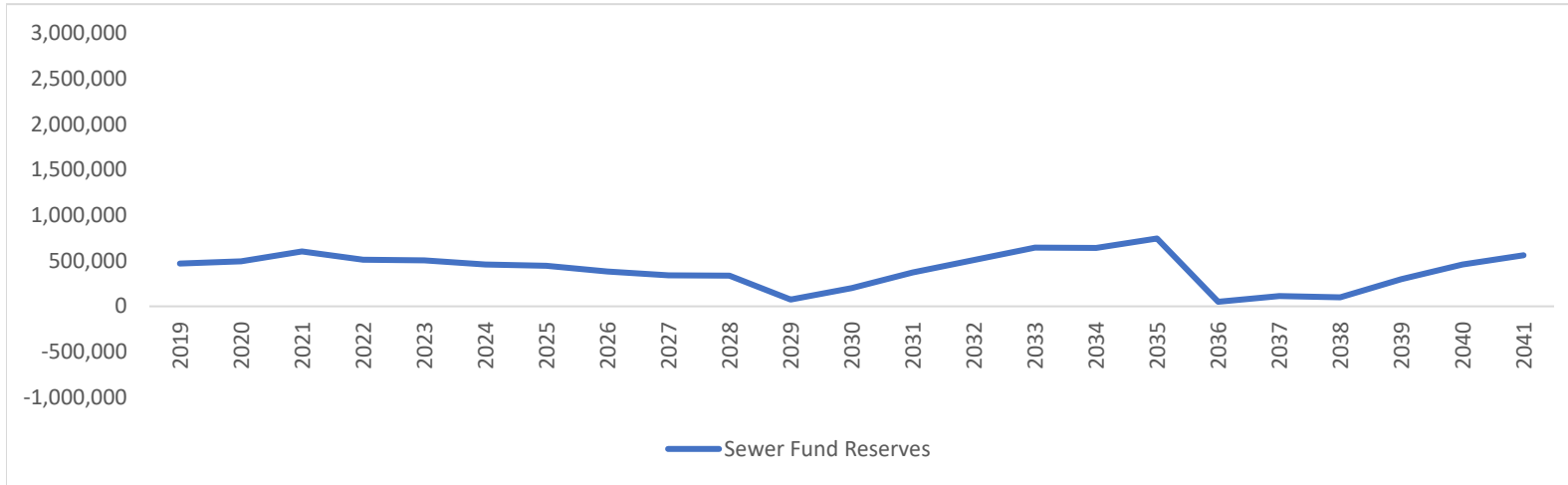
Tax Rate Projections



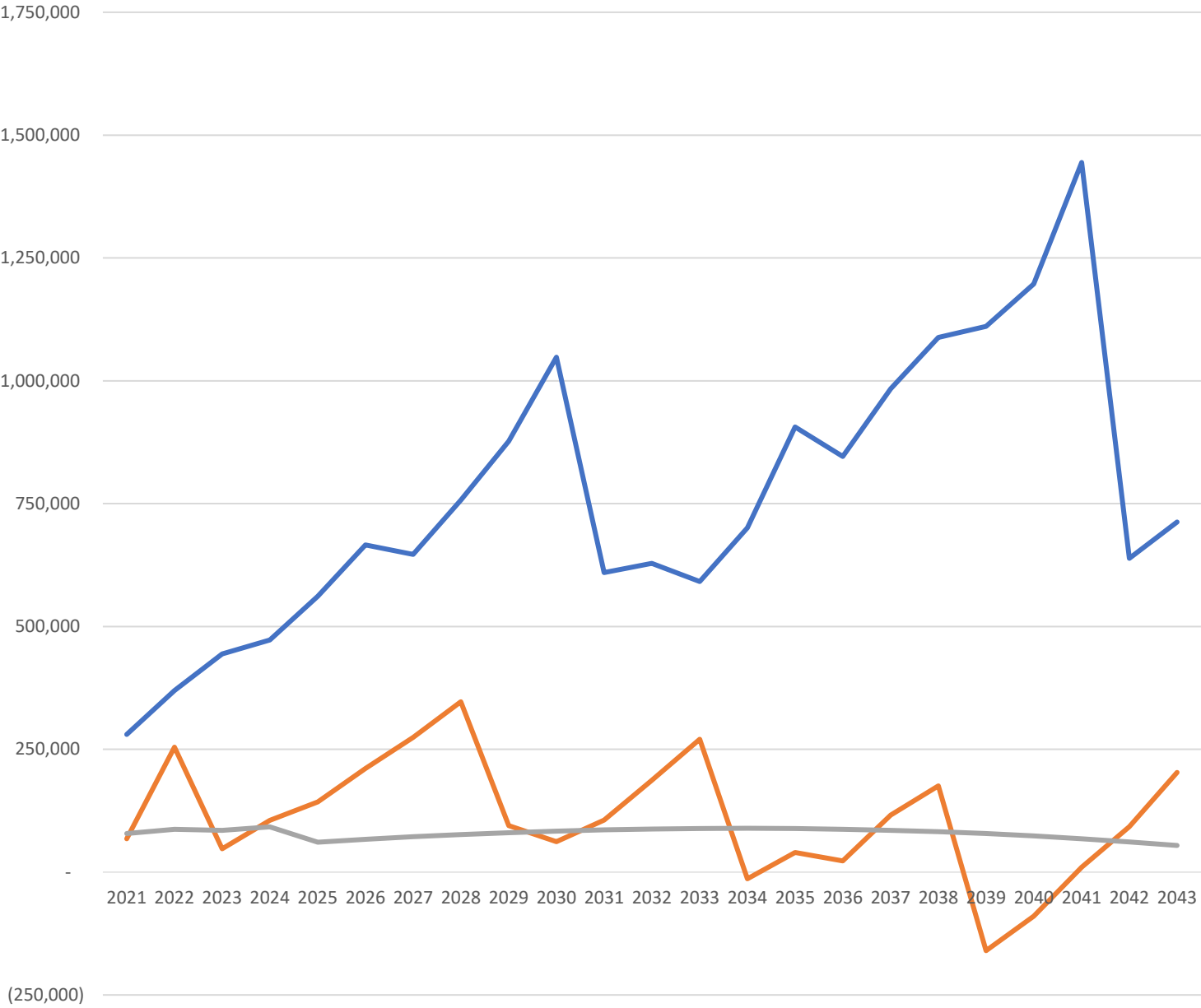
Monthly Water Bill ~ (5,000 gpm)



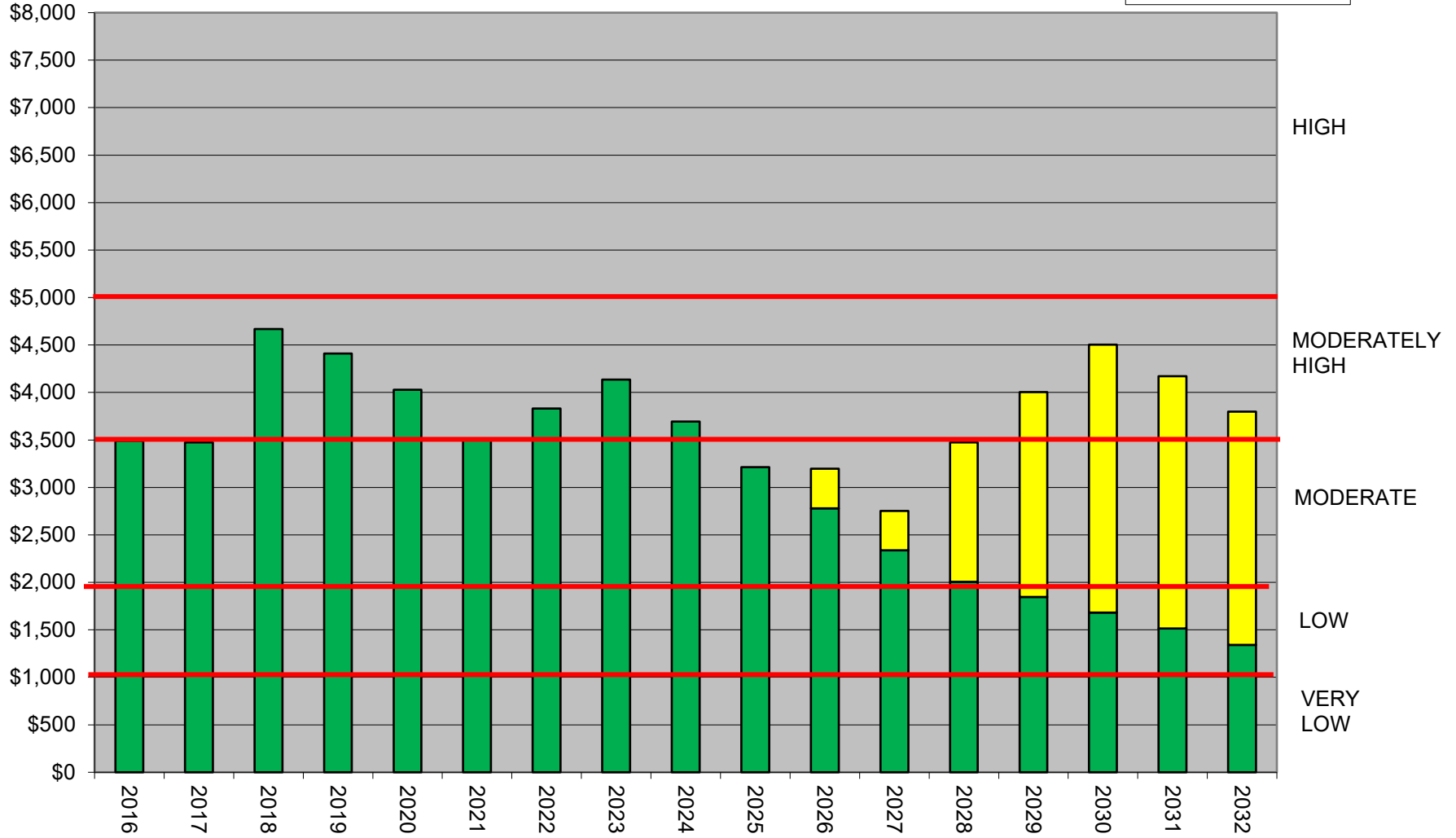
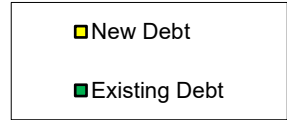
Monthly Sewer Bill ~ (5,000 gpm)



Fire / Ambulance / Cable Access



GO Debt per Capita



ANNUAL COSTS
(Typical Value Home, MV inflation, 5K water user)

RESIDENTIAL

