



CAPITAL FINANCIAL PLAN – 2024 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:

- The City will continue to adequately fund its internal reserve account (referred to as "Fund 801") for future governmental-purpose capital outlays. Contributions to this account will increase by at least 3% annually.

- Utility rate increases are expected to be modest going into the future. Small increases are planned for both Sewer and Water going into 2025, but only Water rates will continue to see these increases after that. The reason is that the Sewer Fund expects a very large debt payment to go offline in the next few years and the Fund is expected to be able maintain positive reserves until that time (though cash may bleed some in the short-term).

- Beginning in 2030, the Sewer Fund is expected to make sizeable repayments back to the City's General Fund for prior tax support in past years. It is also expected to support certain road reconstructions as well. This will help fund projects while mitigating the tax impacts related thereto.

- The City strives to schedule and size projects in a manner that falls within certain thresholds. Informally, the City strives to keep the tax rate around 90%, to keep debt levels at or below \$3,500 per capita, and keep long-term impacts on residents at a reasonable level (between 3% and 4%). Please refer to the following sheets.

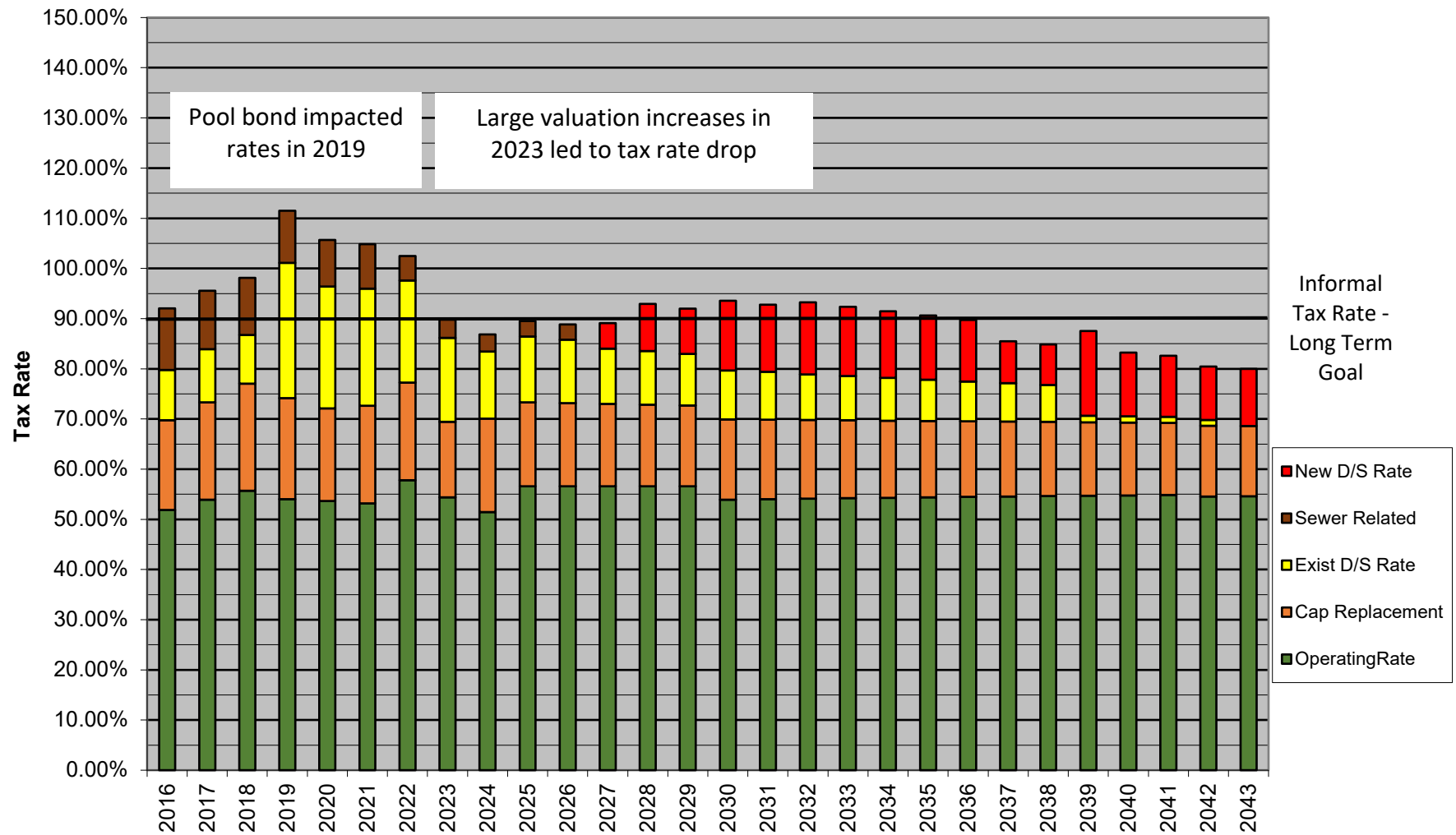
City of Chatfield, Minnesota 2024 October Update
Projects, Debt & Revenue Allocation Worksheet

Baseline									
	GF Cap Outlay	-	New 2026+	2,766,023	<< 2025 Prelim Levy	49,200	Fire Cap 2025	\$ 175,000.00 M&O Every 3 Years commencing 2026	
	Sewer Fund	-	New 2025+	-	Adjustments	49,875	Amb 2025		
	Water Fund	-	New 2025+	2,766,023	<< FINAL 2025 Levy	17,000	CCTV 2025	\$ 58,000 Avg. Chip Seal / Sidewalk, etc.	
						402,185	2025 801		
						3%	Inflator		

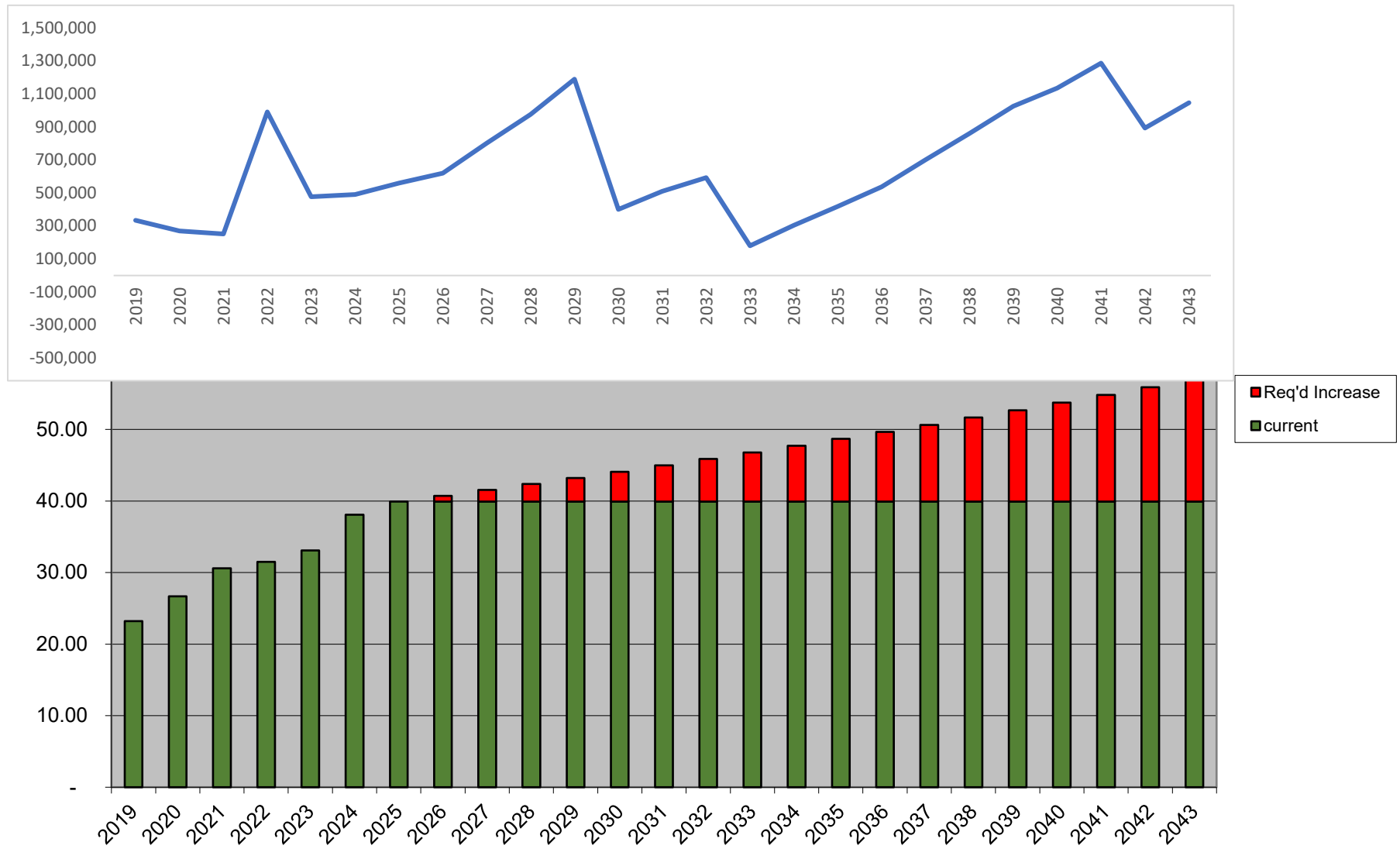
Graph Options									
		230,000	< value of "typical" homestead for impact (in 2019)	>>>	10.00	Population Growth/Year			
		5,000	< typical water usage per month	>>>	4.00	Households/Year			
Ranges 2020 - 2025		5%	< market value inflation factor		2.0%	Water 2026	-	LGA Cuts (increase) 2026+	
		5%	< construction inflation factor		2.0%	Water 2027+	-	Offsets	
		4%	< Spending Increase % (GF, Water, Sewer)		0.0%	Sewer 2026	-	Net Increase in Levy	
		4%	< Tax Base Growth Assumption		0.0%	Sewer 2027+			

Projects & Debt		necessary to flow fire cap fund								
#		Fire	Fire	Sewer Repay	Water OTR	Water SCADA &	Future PW	Road	Road	Road
Project		Equipment	Equipment	Gen Fund	Storage PFA	Meters	Bldg	Project	Project	Project
Est Year 2022 Cost		355,341	249,313	1,567,052	1,865,539	341,643	2,100,000	1,250,000	2,500,000	2,000,000
NET Financed (Inflation Less Cash)		500,000	600,000	2,000,000	1,500,000	0	2,031,013	1,378,125	3,190,704	3,959,863
Type Bond		GO	GO		GO	Cash	GO	GO	GO	GO
Term		10	10	20	20	10	20	10	10	10
Rate		4.00%	4.00%	0.00%	2.50%	4.00%	4.50%	4.00%	4.00%	4.00%
Bond Pymt		61,646	73,975	100,000	96,221	0	156,136	169,910	393,385	488,215
Yr Built		2031	2042	2029	2030	2033	2027	2026	2029	2038
Repayment Sources				2029 (2030 Actual)						
CASH	Fund 801	-	-	-	-	-	-	-	-	-
	Grants / Other	-	-	-	-	-	400,000	-	-	-
	Water	-	-	-	1,000,000	530,000	-	-	-	-
	Sewer	-	-	-	-	-	-	-	-	-
DEBT	Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Assmts	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Sewer Rates/Fees	0%	0%	100%	0%	0%	0%	0%	50%	0%
	Water Rates/Fees	0%	0%	0%	100%	100%	0%	0%	0%	0%
	Tax Levies	100%	100%	0%	0%	0%	100%	100%	50%	100%
		100%	100%	100%	100%	100%	100%	100%	100%	100%

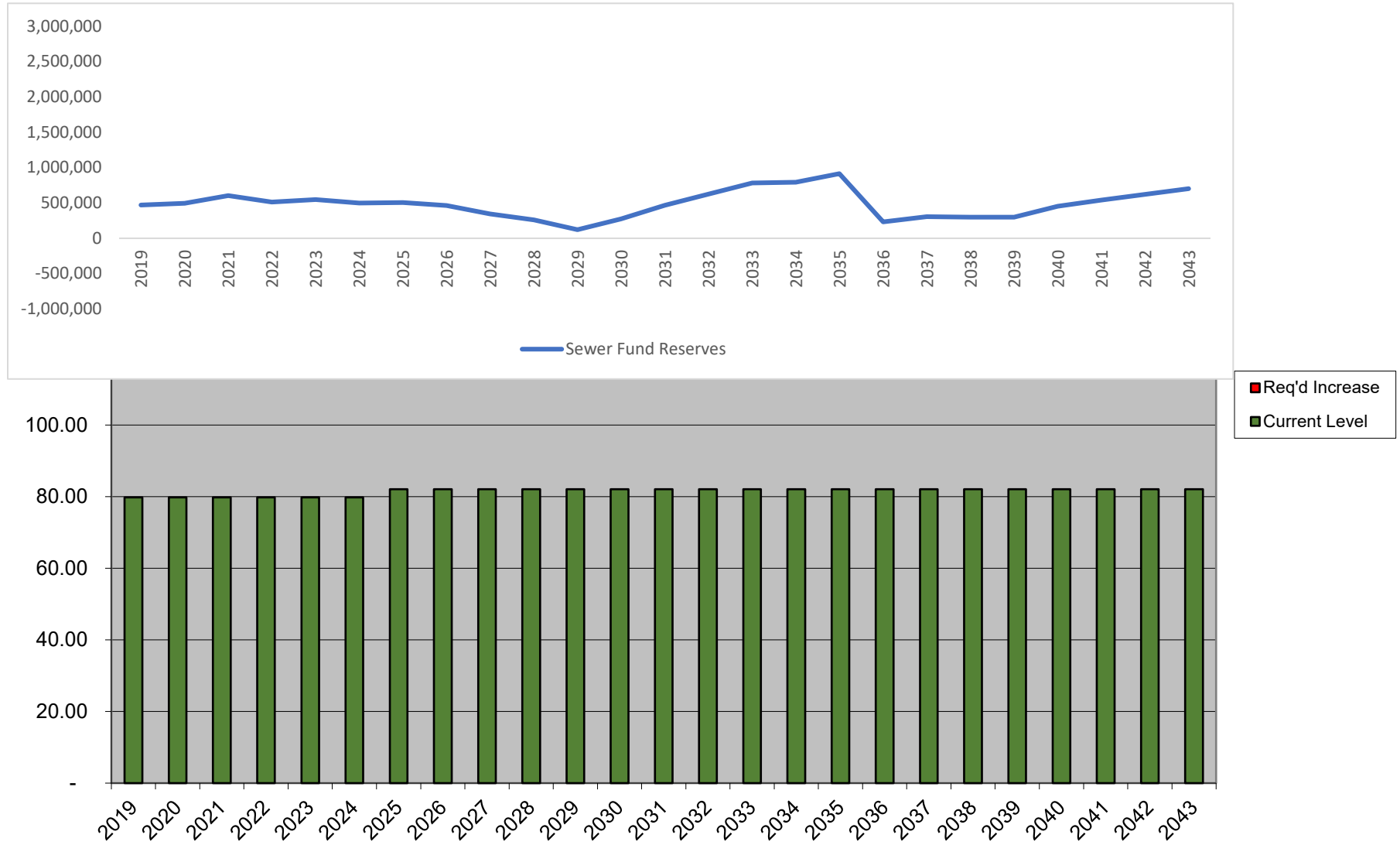
Tax Rate Projections



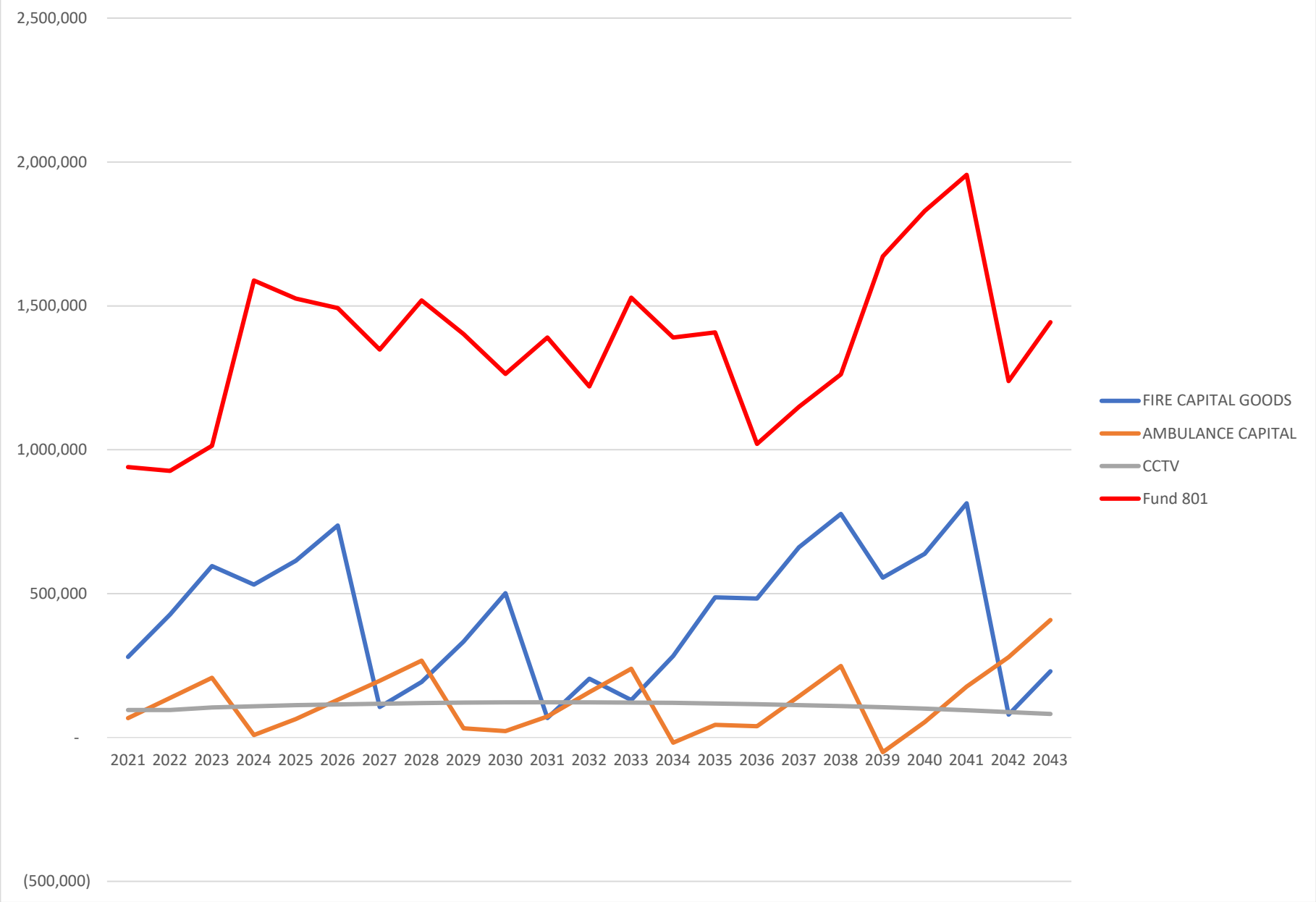
Monthly Water Bill ~ (5,000 gpm)



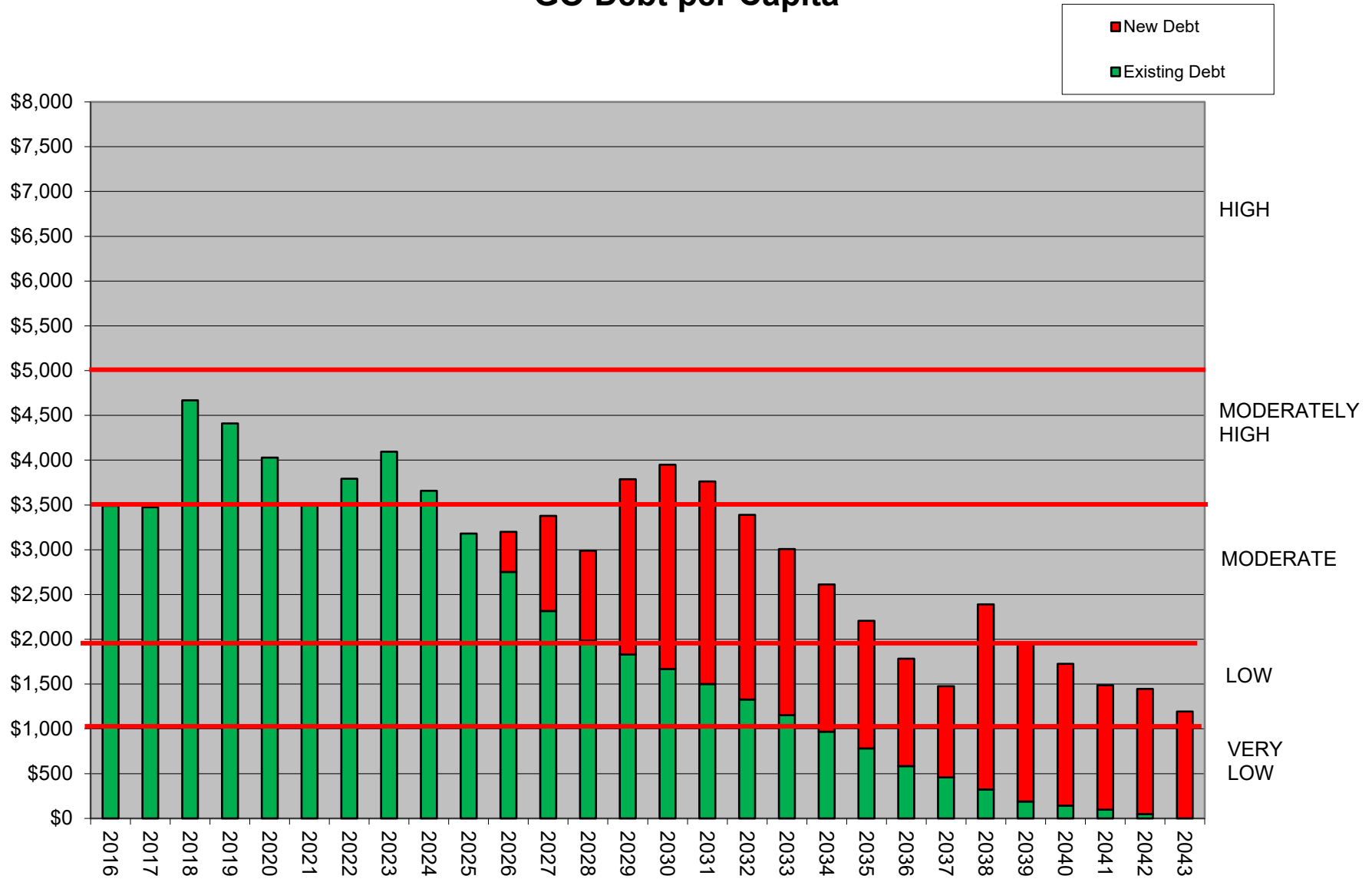
Monthly Sewer Bill ~ (5,000 gpm)



801 / Fire / Ambulance / Cable Access



GO Debt per Capita



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

RESIDENTIAL

