

10 Year Capital Improvement
Plan (2021-2030)

and

Five Year Financial Management
Plan (2022-2026)

March 16, 2021

Goals

- Analyze the economic condition caused by the COVID19 pandemic and determine if the reduced CIP is necessary.
- Analyze the City's financial position to determine if the City can incorporate the following construction projects into the financial forecast:
 - Expansion of the Sun Prairie Public Library
 - Reconstruction of the Family Aquatic Center Bathhouse
 - Build a Public Works Campus on Baily Road
- Review the operational needs of the City to ensure that the City can continue its current services in light of the growth the City has experienced in the last five years.
- Complete a Five Year Financial Management Plan (FMP) to assist in developing a staffing plan, a Capital Improvement Plan, and provide services that are expected of a City that is estimated to grow from a current population of 35,000 to 40,000 by the end of 2026.



FIVE YEAR FINANCIAL MANAGEMENT PLAN (2022-2026)

FMP Assumptions

REVENUE

- State Aids remain the same as the 2021 amounts throughout the plan
- Ambulance Fee revenues
- Permitting revenues
- Property tax increase on the average single family home of:
 - 2022 – 2.5% (\$53 annually)
 - 2023 – 3.0% (\$66 annually)
 - 2024 – 3.0% (\$68 annually)
 - 2025 – 3.0% (\$70 annually)
 - 2026 – 3.0% (\$72 annually)
- All other revenues remain the same as the 2021 budget for the five years.

EXPENSES

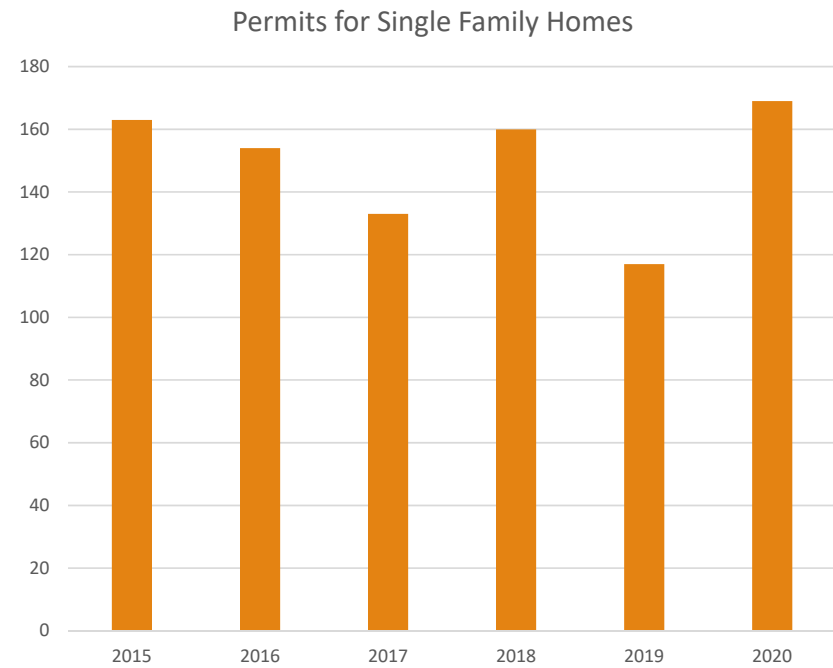
- Salary increases with a modest cost of living (1.5%) and merit increases.
- 2021 partially funded positions are fully funded in 2022 and thereafter.
- WRS rates
- Healthcare increase
- Fleet fund
- Minimal increases in the purchase of goods and services (1% - 3%)
- Reduction of the Safer grant to 35% in 2022 and full cost of firefighters thereafter.
- 24 hour service provided from the third ambulance in 2025.

FMP Assumptions (cont.)

Tax Base

Staff included the average number of single family homes added through the permitting process for the last six years.

This amount was added for new construction. Given there is a nationwide shortage of housing, staff allowed for incremental increases over the five year period.



FMP Assumptions (cont.)

Tax Base

Staff has incorporated a small amount of commercial property new construction in the tax base. This small amount is based on known projects that are beginning the construction process in 2021.

2022 - \$15,000,000

2023 - \$15,000,000

The majority of commercial and industrial new construction remains in the City's TIF Districts and does not produce a tax base that supports the general operations of the City.

The City has not included appreciation to the calculations of the tax base as the City continues to calculate the increase in taxes based on new construction or the increase to an average single family home.

The City is expected to continue to see increased appreciation to real property in the City. This increase in appreciation is used to increase the borrowing capacity of the City but not used to calculate increases in taxes.

FMP - Staffing Plan

City of Sun Prairie
Staffing Funded 2022-2026

Year	Division/Departn	Job Title	Estimated Salary	Fringes	Total	GF %	GF Cost	SPMC Cost	WWTP Cost	STORM Cost	Vehicle	Total
2022												
	Police	Police Officer	61,767	34,447	96,214	100%	96,214				90,000	186,214
	Police	Social Worker	68,000	31,584	99,584	100%	99,584					99,584
	EMS	Paramedic	67,825	36,196	104,021	100%	104,021					104,021
	IT	System Administrator	98,000	36,054	134,054	90%	120,649	6,703	5,362	1,340		134,054
	Bldg Inspection	Municipal Code Official	44,000	29,464	73,464	100%	73,464				45,000	118,464
2023												
	Police	Police Officer	62,161	36,040	98,201	100%	98,201					98,201
	EMS	Paramedic	67,825	37,709	105,534	100%	105,534					105,534
	Fire	Community Risk Reduction Officer	52,000	15,418	67,418	100%	67,418				30,000	97,418
	PW	Maintenance Worker	45,000	31,152	76,152	60%	45,691			30,461		76,152
2024												
	Police	Police Officer	63,404	37,314	100,718	100%	100,718					100,718
	EMS	Paramedic	67,825	38,728	106,553	100%	106,553					106,553
	PW	Utility Marking Technician	45,675	32,287	77,962	20%	15,592		31,185	31,185		77,962
2025												
	Police	Police Officer	64,672	38,450	103,122	100%	103,122				90,000	193,122
	Police	Police Officer	64,672	38,450	103,122	100%	103,122					103,122
	EMS	Paramedic	69,859	40,034	109,893	100%	109,893					109,893
	Library	Facilities Manager	64,581	34,564	99,145	100%	99,145					99,145
	PW	Maintenance Worker	46,360	33,283	79,643	60%	47,786			31,857		79,643
	Planning	Planner (specialize in housing)	70,000	31,979	101,979	100%	101,979					101,979
2026												
	Police	Police Officer	65,966	39,402	105,368	100%	105,368.00				90,000	195,368.00
	Police	Police Officer	65,966	39,402	105,368	100%	105,368.00					105,368.00
	EMS	Paramedic	71,955	41,168	113,123	100%	113,123.00					113,123.00
	EMS	Paramedic	71,955	41,168	113,123	100%	113,123.00					113,123.00



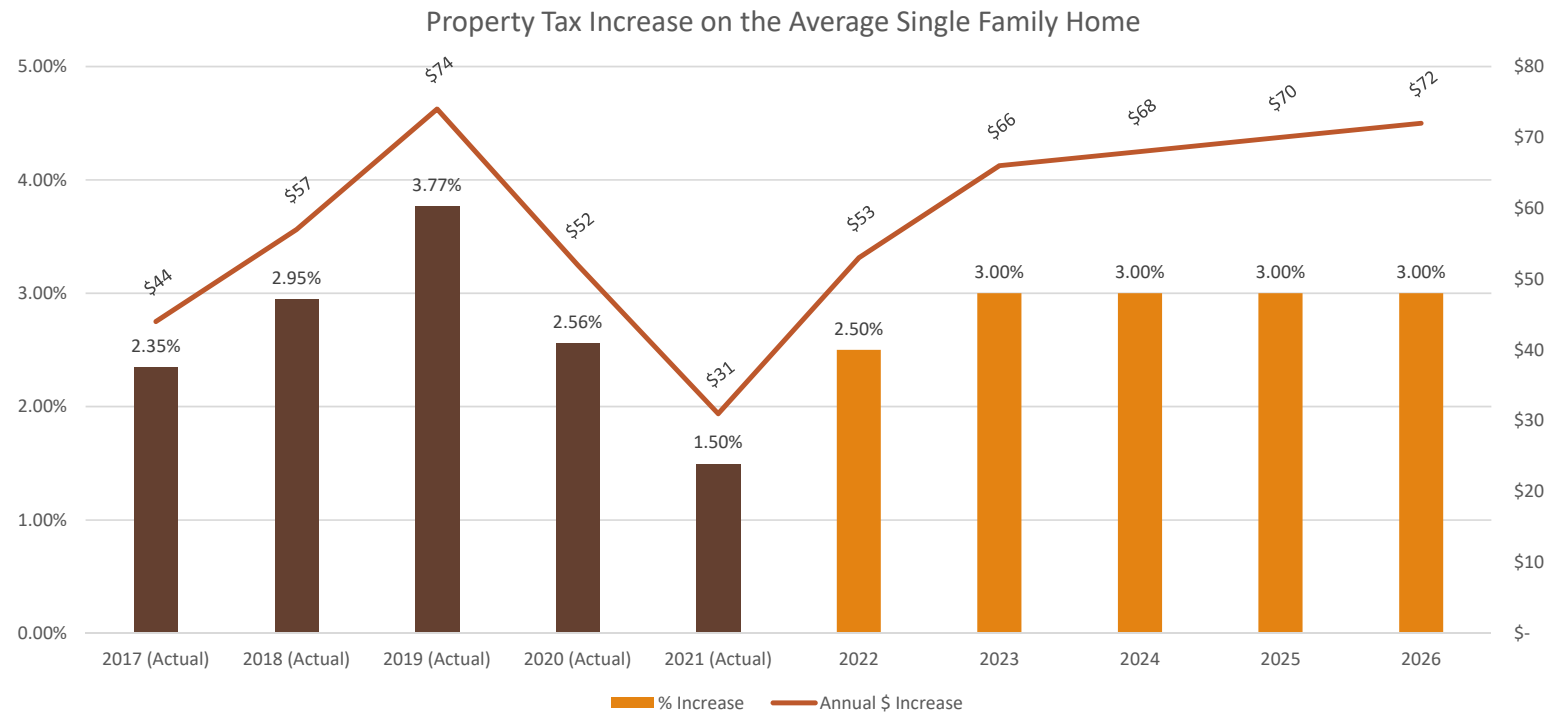
10 YEAR CAPITAL IMPROVEMENT PLAN (2022-2030)

CIP Timeline

2022	2023	2024	2025	2026	2027	2028	2029	2030
	Upgrades to Park n Ride \$80,000	Library Construction \$8,502,095	FAC Bathhouse Renovation \$5,250,000				Design of Public Works Facility \$800,000	Public Works Facility Construction \$13,950,000
	Park n Ride Trailhead and Restrooms \$75,000	Design of FAC Bathhouse \$400,000						
	Design of Library \$925,135					-		-
	<i>City's portion of 3 electric buses \$720,000 (unfunded)</i>							

Forecast net change to Property Tax Levy

	Tax/Budget 2021/2022	Tax/Budget 2022/2023	Tax/Budget 2023/2024	Tax/Budget 2024/2025	Tax/Budget 2025/2026
Operating Levy	\$ 20,404,165	\$ 21,507,176	\$ 22,718,992	\$ 24,169,350	\$ 25,491,690
Debt Service Levy	\$ 6,714,285	\$ 6,735,729	\$ 7,256,663	\$ 7,270,946	\$ 7,751,319
Total Levy	\$ 27,118,450	\$ 28,242,905	\$ 29,975,655	\$ 31,440,296	\$ 33,243,009
Mill Rate	7.3052	7.5243	7.7501	7.9826	8.2220
Average Home Value	\$ 299,400	\$ 299,400	\$ 299,400	\$ 299,400	\$ 299,400
City Tax on Average Home	\$ 2,187	\$ 2,253	\$ 2,320	\$ 2,390	\$ 2,462
Total Tax Revenue	\$ 27,169,096	\$ 28,496,446	\$ 29,886,516	\$ 31,668,103	\$ 33,811,327
GF Revenue Excess/(Shortfall)	\$ 50,646	\$ 253,541	\$ (89,140)	\$ 227,807	\$ 568,318



Current and Projected Tax Increase to the Average Single Family Home

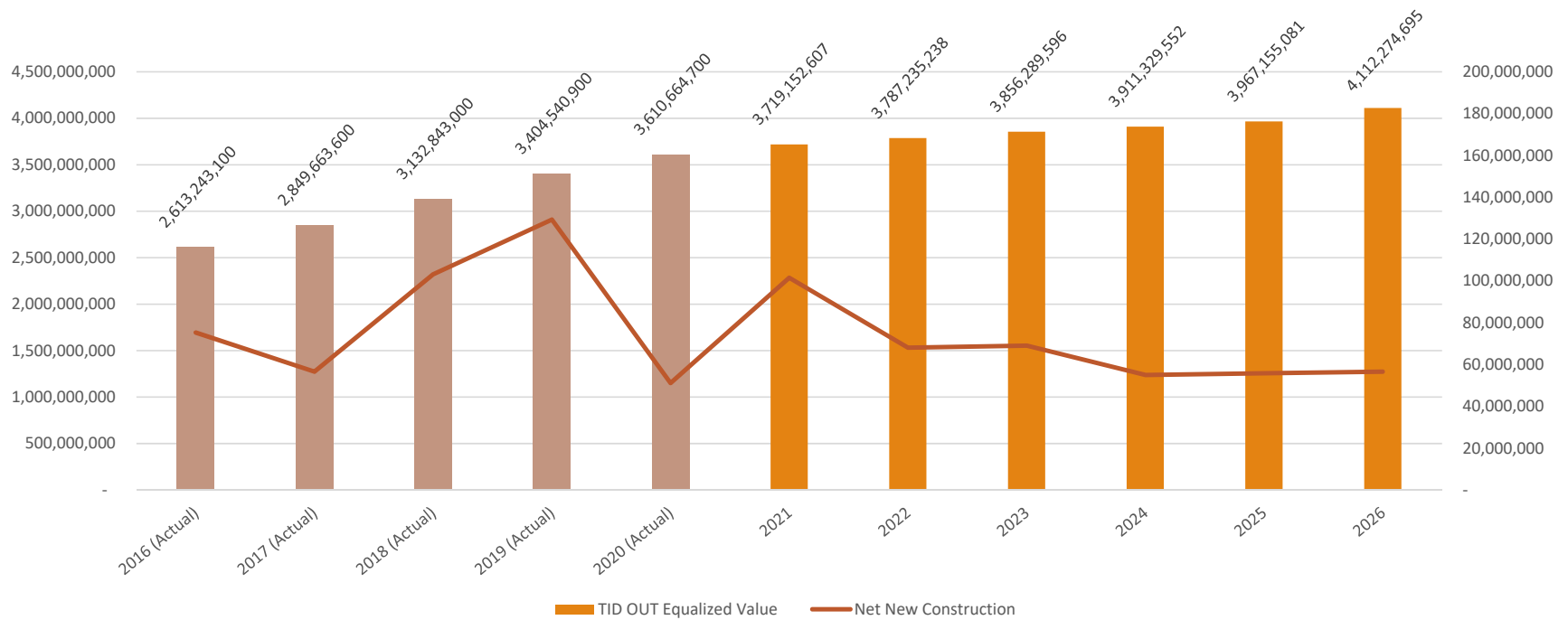
TAX BASE

(2022-2026)



Equalized Value Forecast

TID OUT Equalized Value vs. Net New Construction



LEVY LIMITS

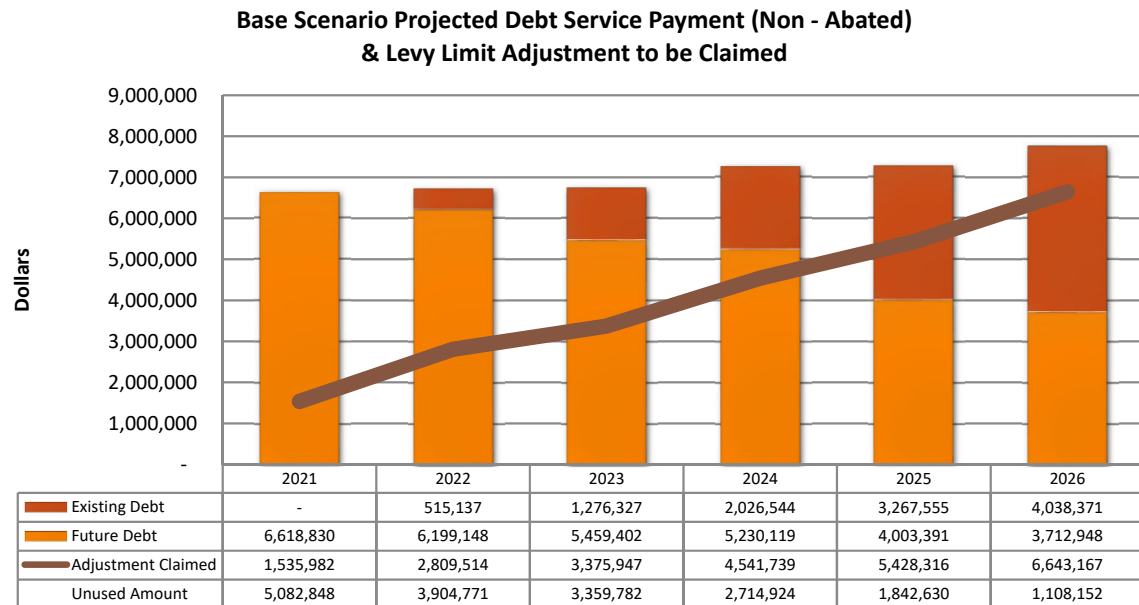
Levy Limits

Base Scenario Projected Debt Service Payment (Non - Abated) & Levy Limit Adjustment to be Claimed

In 2021 the

- debt service levy was \$6.6 million
- the adjustment claimed was \$1.5 million
- The adjustment capacity was \$5.0 million

It is estimated the City will reach levy limits in 2026 or 2027.



EXPENDITURE RESTRAINT

Expenditure Restraint

Base Scenario

Budget Year	2022	2023	2024	2025	2026
Payment Year	2023	2024	2025	2026	2027
Forecasted Net New Construction (60%)*	1.82%	1.79%	1.77%	1.75%	1.73%
Forecasted CPI-U Increase	1.00%	1.50%	1.75%	1.75%	1.75%
Maximum Increase to Qualify	2.82%	3.29%	3.52%	3.50%	3.48%
Projected Increase	7.83%	2.93%	2.64%	2.95%	0.97%
Qualify	No	Yes	Yes	Yes	Yes

*Net New Construction Capped @ 2% Under Current Law

The current CPI increase from September through June is 1.04%. The CPI could increase faster than projected.

Discussion Items

Discussion Items

RESIDENTIAL REFUSE AND RECYCLING PROGRAM

The City is currently requesting quotes for residential refuse and recycle collection. This process may affect the refuse and recycle fees that are currently charged for this service.

The current charges are:

- Refuse - \$75.00 (annually)
- Recycle - \$48.00 (annually)

Discussion Items

HEALTHCARE

The City has seen 8% annual increases in the healthcare plans over the recent years.

In 2016 the City modified the plan to a high deductible plan

In 2019 the City went to a single provider model.

The City may need to continue to modify the plan should the utilization continue to require an 8% increase year over year.

Discussion Items

AFFORDABLE HOUSING

Housing affordability has been identified as a priority issue in the 2019 Strategic Plan and the City's 2019 Comprehensive Plan.

Several objectives were identified to address housing needs in the community:

- Housing Needs Assessment
 - Specifically identify and quantify housing needs within the City, and the development of specific strategies to address those needs
- Affordable Housing Fund
 - Created in 2020 with the extension of Tax Increment District #6 for an additional year
 - Generated \$165,000
 - Next TID available for closure is TID #8 in 2025
 - If Council again chooses to consider an extension to build the Affordable Housing Fund, it is estimated TID #8 would generate \$2.1 million

Discussion Items

TRANSIT

The City is currently providing transit services through a share ride taxi program and express bus service. The City is currently working with Madison Metro for providing an expanded bus service in the City. This may have added costs that are not taken into account in this FMP.

Discussion Items

CIP MODIFICATIONS

The current CIP model sets the maximum general obligation debt, abated by financial sources other than the debt levy, to \$5.5 million.

The \$5.5 million is allocated to the City's infrastructure replacement as follows:

- \$4.5 million to street rehabilitation and/or reconstruction
- \$200,000 to various trail maintenance
- \$300,000 to facility maintenance
- \$300,000 to park maintenance
- \$200,000 to miscellaneous projects or annual adjustments based on the project.

Discussion Items

CIP MODIFICATIONS (CONT.)

Staff is recommending that we annually review the net new construction and allocate a portion of this to gradually increase the \$5.5 million to ensure that the replacement plans can:

- Grow with the new infrastructure built in the City
- Continue to increase to cover the cost of the replacement of current infrastructure

Staff will be analyzing this concept and proposing a modification to the \$5.5 million annual abated general obligation borrowing with the next CIP. The proposal will ensure that all of the debt benchmarks are maintained but allow for an appropriate increase to maintain the City's infrastructure.

Discussion Items

EXPENDITURE RESTRAINT

Staff is recommending that the City exceed the expenditure restraint limits in 2022 and forego the state aid in 2023. This will allow the City to reset its base expenditures to support the addition of the proposed staffing in the FMP.

If the City breaks the statutory limit in 2022, it is expected that the City will meet these statutory limits for 2023 through 2026.

Currently, these funds are used to support the capital improvement programs and will not adversely affect the operations of the City nor the tax levy or rate proposed in the FMP.

Discussion Items

COVID RELIEF BILL

The City will be directly awarded an estimated \$6 million. Currently, the only guidance provided:

- It can replace lost revenue (Hotel Tax, Interest Income)
- It cannot reduce taxes
- It can't be used to make a contribution to a pension plan.
- It can be used for water, wastewater and broadband infrastructure.
- Must be spent before 2024.

The state budget that is due to pass in June may affect how the funds are used. Staff will be presenting options to the Council at a future date on how to best use these funds for Sun Prairie stakeholders.





Special thank you to all departments and divisions for their collaboration and assistance!