



Presentation to Moody's Investors Service

June 27, 2024



SUN PRAIRIE
revolves around you

Attendees



City of Sun Prairie:

Aaron Oppenheimer, City Administrator

Caitlin Stene, Director of Administrative Services

Kathleen McDaniel, City Attorney

Taylor Brown, Economic Development Director

Scott Kugler, Community Development Director

Rick Wicklund, Sun Prairie Utilities Manager

Rose Schulze, Sun Prairie Utilities Financial Manager

Ehlers Public Finance Advisors:

Todd Taves

Jon Cameron

Moody's Investors Service:

Ryan McGinnis

The background is a solid yellow color. On the left side, there are several thick, yellow, rounded rectangular bars of varying lengths and orientations, some pointing towards the center. On the right side, there are several thick, yellow, curved lines or arcs, also of varying lengths, suggesting a circular or semi-circular pattern.

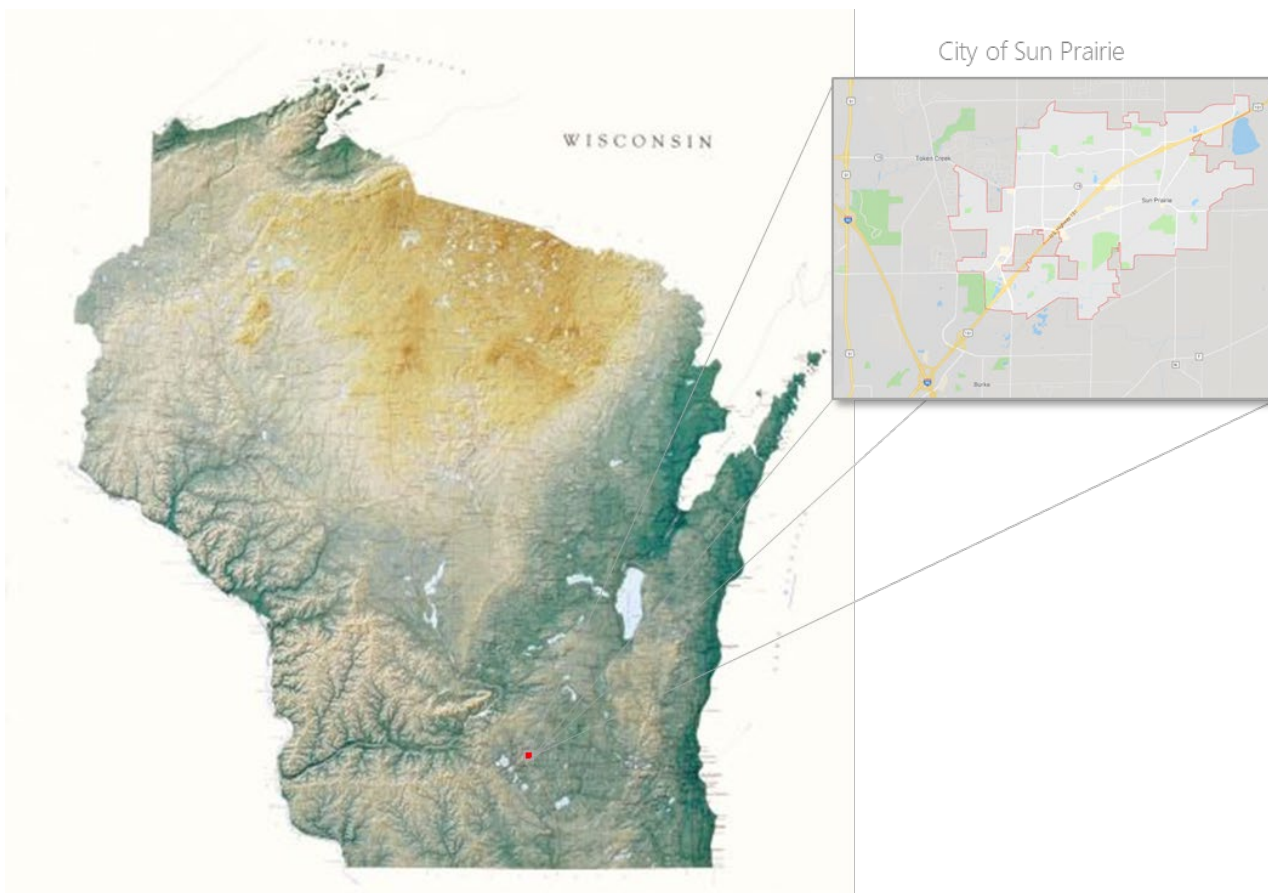
Agenda

- Community Background
- Economic Advantages
- Largest Employers, Taxpayers, and Customers
- Historical Population and Tax Base Growth
- Community Development
- Financing Plan
- Debt Policy
- Future Debt Forecast
- City Financials
- Litigation



Economy/Tax Base

Community Background



- Located in Dane County (AAA), adjacent to the City of Madison (Aaa)
- Approximately 13.1 square miles
- One of the fastest growing cities in Wisconsin
- Population estimate of 38,387
- January 1, 2023 Equalized Value of \$5,481,682,200 (TID in)

Economic Advantages

Highly Desirable Dane County Location

- 10 miles to the Dane County Regional Airport
- 155 miles to Chicago
- 75 miles to Milwaukee
- 255 miles to the Twin Cities
- I-90, I-94, and STH 151 provide convenient access
- University of Wisconsin- Madison
- Local and express bus service
 - BRT implementing in Fall 2024
- Sun Prairie Area School District

Unemployment Rate (12/23 and 5/24)

- City of Sun Prairie 2.3%/2.2% (4/24)
- State of Wisconsin 3.0%/3.0%
- United States 3.7%/3.7%

Per Capita AGI (2023)

- City of Sun Prairie \$42,774
- Dane County \$47,645
- State of Wisconsin \$39,244

Largest Employers

- Many major employers have undergone recent physical expansions or renovations due to growing needs of City.
- 9 out of the 10 largest employers are stable or expanding
- City of Sun Prairie added 25 new employees in 2024 (23.5 for fire department)
- Sun Prairie School District projects increase in student enrollment
- Sun Prairie School District, City of Sun Prairie, and Sun Prairie Chamber of Commerce continue to build a joint relationship to help aid businesses in filling the pipeline from students to employees.

Largest Taxpayers

- Weidner Apartments entered the top 10 (#3)
- Park 151 entered the top 10 (#4)
- Top taxpayer split from under umbrella category previously reported
 - Fedler/Connery = Fedler Connery Apts and Prairie Lakes Retail/Land
- 9 out of the top 10 taxpayers are stable or expanding



Largest Users/Customers



- 9 out of the top 10 electric and water customers are stable.
- Top 10 electric customers in 2023 make up 24.94% of total billings. The top customer is 4.58% total billings.
- Top 10 water customers in 2023 make up 8.25% of total billings. The top customer is 1.91% of total billings.

Historical Population Growth

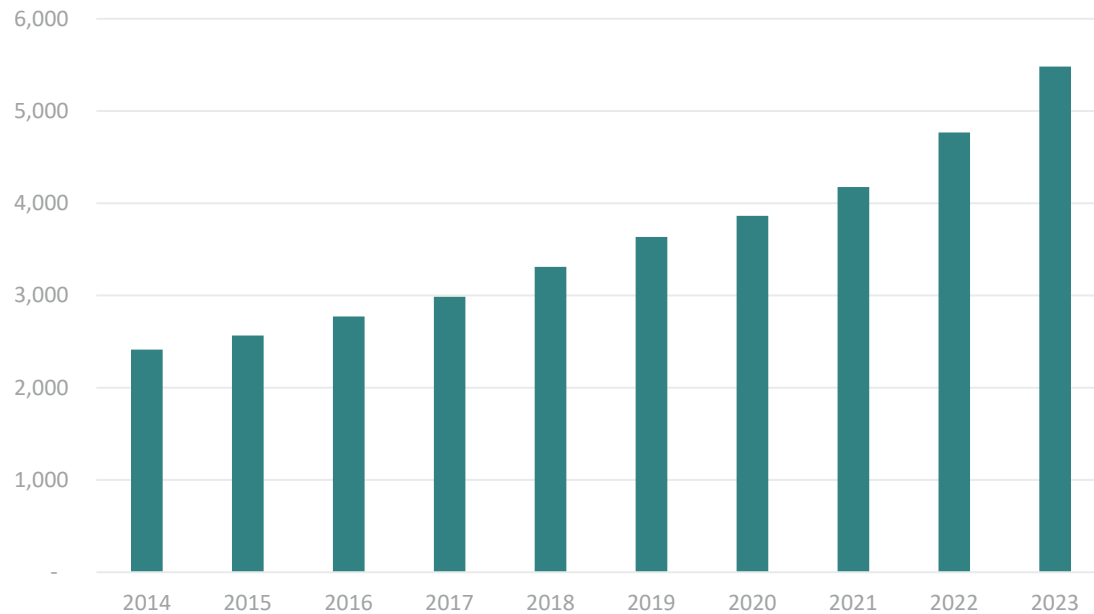
- Population increased 23% between 2014 and 2023
- Average annual population increase since 2014 has been 797
- Annual population growth of 700-1,000 persons per year projected
- State of WI 2030 estimated population of 41,143
 - If current trend continues, we estimate a 2030 population of 42,500 to 44,500

Sun Prairie Population Growth



Historical Tax Base Growth

Sun Prairie Equalized Value Growth
(\$ in millions)

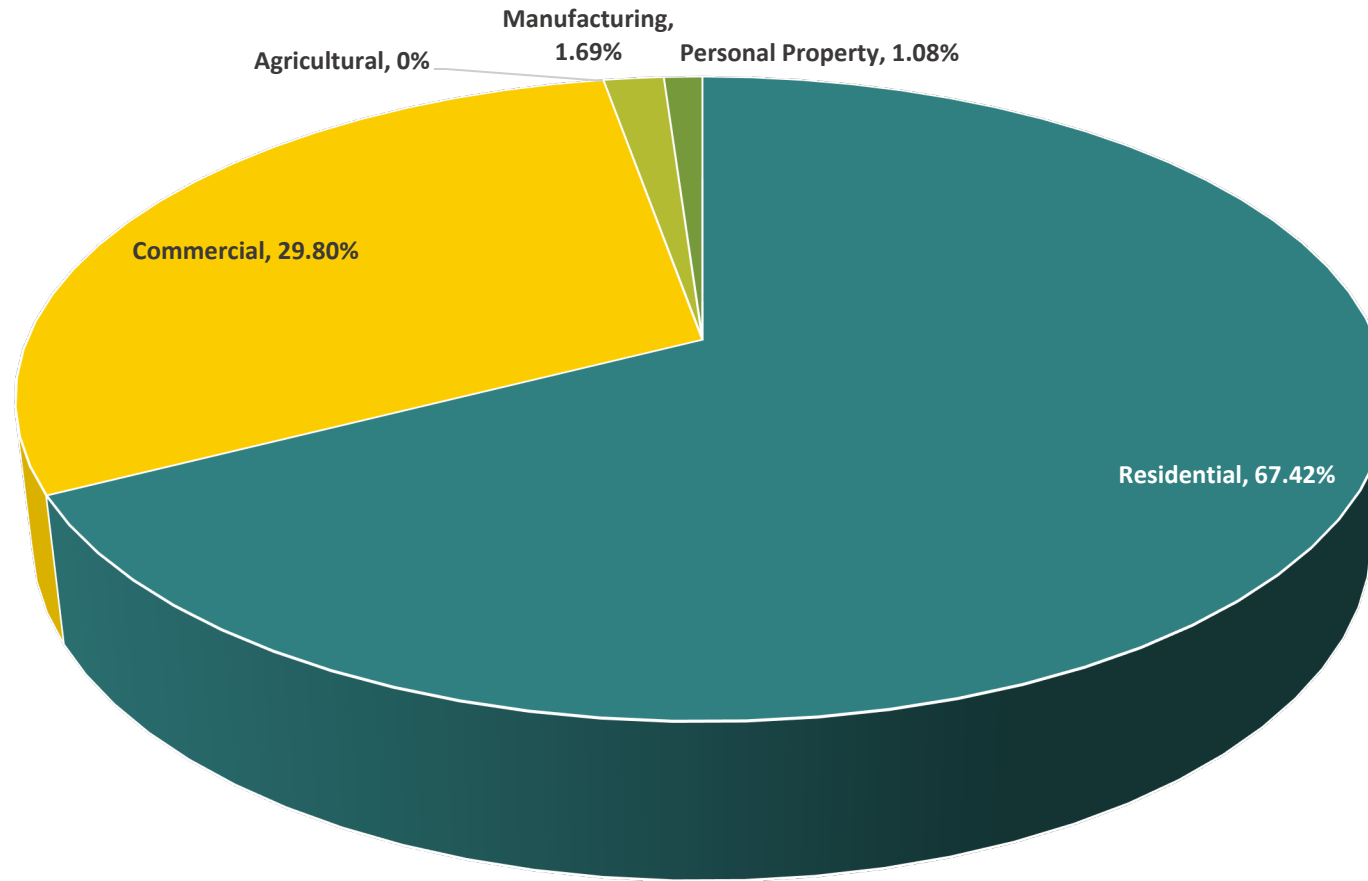


- Equalized value increased 227.12% between 2014 and 2023
- \$2.413 billion to \$5.482 billion.

Tax Base Growth

- Projected growth in Equalized Value of 5.28% annually (3.89% economic change and 1.39% net new construction)
- Residential values increased \$908 million (32.6%) from 2022 to 2023
- Commercial improved new construction increased 47.3% (\$524 million)
- Personal Property increase \$14 million (31.8%)

Equalized Value by Property Class (2023)



Current Market Trends

- Revaluation in 2023 to re-align assessments to market value
 - Increase of \$1.47 billion in assessed value compared to 2022
 - 2024 data shows sales activity has increased over 2023
- Single Family homes over the last 12 months:
 - 409 sales
 - Average sale price \$459,400
 - Average days on the market was 24
- Condos over the last 12 months:
 - 116 sales
 - Average sale price \$301,800
 - Average days on the market was 13



Tax Increment Financing Districts

- TID 8
 - Final project approved late 2023 for revitalization of 146 Cliff St.
 - Expenditure period ended December 2023
 - Projected early closure in 2025
- TID 9
 - Positive cash flow
 - FC Lands completed their multi-family development project (152 units) and started construction on another multi-family development project (106 units)
 - Hilton Garden Inn is expected to receive their final incentive payment of \$850,000
 - Projected early closure in 2025



Tax Increment Financing Districts (cont.)

- TID 11
 - Positive cash flow
 - Patio Pleasures will complete an expansion in 2024
 - Completed construction on a new multi-tenant commercial building
- TID 12
 - Quarra Stone will finish construction on their new headquarters in late summer 2024
 - Purchase agreement approved to sell City owned land for future light industrial and commercial development for \$900,000



Tax Increment Financing Districts (cont.)

- TID 13
 - Completed construction on Commerce V
 - Park is completely built out
 - Expected to repay the General Fund advance in 2024 and close early in 2028
- TID 14
 - Construction continues at the SW corner of Bristol & Main on a 92-unit mixed use multi-family project. Completion expected by end of 2024 with commercial buildout continuing into 2025
 - Under current review and consideration: A 100-unit multi-family development project with a 63-key hotel at the NW corner of Bristol & Main.



Tax Increment Financing Districts (cont.)

- TID 15
 - 1/1/2022 creation date
 - Construction on a 172-unit affordable housing project completed in 2023 with a valuation of \$22 million
 - Several properties lost value due to the revaluation
- TID 16
 - 1/1/2023 creation date
 - Construction of 75 affordable age-restricted and multi-family units ongoing
 - Estimated completion in 2025.





Debt

2024 Series A GO Notes

- 20 Year Notes
- Approximately \$26,410,000 inclusive of debt issuance costs
 - \$3,242,267 in street reconstruction costs
 - \$21,748,789 in city facility project costs
 - \$620,000 in park improvement costs
 - \$494,800 in fleet replacement costs
 - \$304,144 in debt issuance costs less interest earnings

2024 Financing Plan

				General / Cap Projects			Wastewater		Storm Water		Water Main		Total Borrowing	
PROJECT		YEAR	TOTAL PROJ BUDGET	General	Prior Note	Grant	WWTP	Prior	STORM	Prior	WATER	Prior	Gen. Ob.	Gen. Ob.
				Cap Projects	Funds	Funds		Bond Funds		Bond Funds		Bond Funds		
Street Reconstruction														
216071 - Borings for Future Years	Streets	2024	25,000	25,000									25,000	-
176018 - Concrete Road Repair	Streets	2024	75,000	75,000									75,000	-
000001 - Street Tree Replacement	Streets	2024	30,000	30,000								-	30,000	-
246023 - Aspen/Vandenburg Reconstruction	Streets	2024	2,486,912	1,343,766	(348,544)		105,585	(105,585)	164,164	(164,164)	873,397	(873,397)	995,222	-
206023 - O'Keeffe Pavement Rehab	Streets	2024	1,384,781	1,298,145			3,300	(3,300)	64,526	(64,526)	18,810	(18,810)	1,298,145	-
226041 - Main/Ruby Signal Installation	Traffic Signals	2024	488,900	488,900									488,900	-
236055 - SSIP Signal Improvements	Traffic Signals	2024	865,194	865,194		(765,194)							100,000	-
226043 - Pedestrian Safety Projects	Multi Modal	2024	100,000	100,000									100,000	-
236059 - Annual Multimodal Maintenance/Improvements	Multi Modal	2024	100,000	100,000									100,000	-
246027 - Sunny Valley Park Multi-Use Path Replacement	Multi Modal	2024	30,000	30,000									30,000	-
City Facility Projects														
231501 - Library Expansion (Construction)	Buildings & Grounds	2024	24,695,127	24,695,127	(3,400,000)	(100,000)							21,195,127	-
241101 - City Hall Boiler Replacement	Buildings & Grounds	2024	200,000	200,000									200,000	-
241201 - Westside Community Building Chiller System	Buildings & Grounds	2024	10,000	10,000									10,000	-
241401 - Columbus Street Watertower Repairs	Buildings & Grounds	2024	75,000	75,000									75,000	-
241603 - Fire Station #1 Kitchen Remodel	Buildings & Grounds	2024	130,000	130,000									130,000	-
City Hall Council Chamber Audio Upgrades	Buildings & Grounds	2024	64,277	64,277									64,277	-
City Hall Second Floor and Council Chambers Security Upgrades	Buildings & Grounds	2024	50,000	50,000									50,000	-
Administration of Capital Projects		2024	24,385	24,385									24,385	-
Park Improvements														
244011 - Westwynde Park Rehabilitation	Park Improvements	2024	115,000	115,000									115,000	-
244014 - FAC Bathhouse Renovation (Design)	Park Improvements	2024	400,000	400,000									400,000	-
244017 - Basketball Court Rehabilitation	Park Improvements	2024	35,000	35,000									35,000	-
246021 - Wetmore Park Pedestrian Bridge Replacement	Park Improvements	2024	70,000	70,000									70,000	-
244018 - Dog Park Enhancement	Park Improvements	2024	250,000	250,000		(250,000)							-	-
244016 - Townhall Crossing Park Development	Park Improvements	2024	20,000	20,000		(20,000)							-	-
244012 - Creekview Crossing Park (Design)	Park Improvements	2024	40,000	40,000		(40,000)							-	-
234018 - Sunset Park Token Creek Access	Park Improvements	2024	150,000	150,000		(150,000)							-	-
244001 - Youth Baseball Complex Fencing	Park Improvements	2024	400,000	400,000		(400,000)							-	-

2024 Financing Plan (cont.)

				General / Cap Projects			Wastewater		Storm Water		Water Main		Total Borrowing	
PROJECT		YEAR	TOTAL PROJ BUDGET	General Cap Projects	Prior Note Funds	Grant Funds	WWTP	Prior Bond Funds	STORM	Prior Bond Funds	WATER	Prior Bond Funds	Gen. Ob. Notes	Gen. Ob. Bonds
Fleet Purchases														
247301 - PW Crack Filler Machine	Public Works Equip	2024	63,600	63,600									63,600	-
247308 - PW Pickup Truck	Public Works Equip	2024	55,800	55,800									55,800	-
247403 - Parks Bucket Truck	Parks Equipment	2024	250,000	250,000									250,000	-
247404 - Parks F350 Truck	Parks Equipment	2024	55,800	55,800									55,800	-
247501 - Police SUV	Police Equipment	2024	69,600	69,600									69,600	-
247502 - Police Cargo Van	Police Equipment	2024	42,000	42,000		(42,000)							-	-
247102 - Engineering Pickup	Public Works Equip	2024	45,600	45,600		(45,600)							-	-
247311 - Crash Attenuator	Public Works Equip	2024	42,000	42,000		(42,000)							-	-
247405 - Roadman Deckover Trailer	Public Works Equip	2024	9,000	9,000		(9,000)							-	-
247312 - Pace Pump Trailer	Parks Equipment	2024	7,920	7,920		(7,920)							-	-
247406 - Toolcat	Parks Equipment	2024	87,600	87,600		(87,600)							-	-
247601 - Ambulance	EMS Equipment	2024	335,000	335,000		(335,000)							-	-
247503 - Police Squad	Police Equipment	2024	79,200	79,200		(79,200)							-	-
Total			33,457,696	32,227,914	(3,748,544)	(2,373,514)	108,885	(108,885)	228,690	(228,690)	892,207	(892,207)	26,105,855	-

2024 Series B Water and Light Revenue Bonds



- 20 Year Bonds
- Approximately \$27,820,000 inclusive of debt issuance costs
 - \$2,500,738 for business park substation upgrade
 - \$20,442,371 for the new SPU building (less land sale)
 - \$669,029 for Well #10 drilling
 - \$2,019,693 for watermain replacements
 - \$2,188,169 in debt issuance costs and debt reserve requirements (less interest earnings)

Debt Policy Metrics

- Statutory limit of 5% of the City's equalized value
 - 36.11% of the 5% limit for 2024
 - Combined new and existing principal \$104,184,551
 - Residual capacity \$184,369,052
- Direct debt burden of 1.75%
 - 1.02% for 2024
- No more than 27.5% of the City's total tax levy
 - Estimated at 22.69% for tax year 2024, budget year 2025



Future Debt Forecast

- The City is anticipating to borrow \$3.4 million through a State Trust Fund Loan to provide upfront funding for pledges and donations that the Library Foundation has collected towards the library expansion project. This is expected to be financed over 5 years.
- The City is applying for a Clear Water Fund Loan in the amount of \$66 million to provide funding for an expansion to the wastewater treatment facility related to biosolids and solar array improvements. This will be completed in phases with the first application submitted for \$3.5 million this month and the second application being submitted in fall 2024.
- The City expects to issue GO debt in 2025 for its capital borrowing, but the amount and timing of the borrowing has not yet been determined.

The background is a solid dark green color. It is decorated with several abstract, organic shapes in a lighter green and yellowish-green. On the left side, there are several elongated, slightly curved shapes pointing towards the center. On the right side, there are larger, more complex shapes that resemble stylized leaves or petals, curving outwards.

Finances

2023 Audit

- Revenues greater than budget by \$261,002
 - Investment Income has a surplus of \$428,416 due to increasing interest rates
 - Public Charges for Services had a deficit of \$115,156 mainly due to recreation programs.
 - Licenses and Permits had a deficit of \$159,322 due to a decrease in building permit revenue in 2023.



2023 Audit (cont.)

- Expenses less than budget by \$1,865,392
 - Police Department had a surplus of \$373,135 due to retirements and change of career vacancies.
 - General Government Operations had a surplus of \$623,197 primarily due to vacancy savings, unspent contingency, and unspent funds related to ARPA projects.
 - Culture, Recreation, and Education had a surplus of \$502,822 mainly due to lower-than-expected professional services for the Library and replacement of machinery and equipment.
 - Conservation and Development had a surplus of \$307,616 mainly due to delayed zoning code rewrite project.



2023 Audit (cont.)

Electric

- Net operating income \$386,356 greater than budget
- Distribution expenses \$125,643 lower than budget
- Property tax equivalent was \$257,810 lower than budget due to lower tax rates

Water

- Net operating income \$534,326 greater than budget
- Greater water tower space rent to communication carriers
- Lower depreciation expense
- Property tax equivalent was \$294,099 lower than budget due to lower tax rates



Fund Balance

- Total General Fund Balance: \$12.6 million
 - Non-spendable: \$1.8 million (decrease of \$1.4 million)
 - Restricted: \$1.0 million
 - Assigned: \$4.0 million
 - Unassigned: \$5.8 million
- Unassigned fund balance is 19.9% of prior year general fund revenue budget
 - Fund balance policy: 16%-20% of prior year general fund revenue budget

2024 Budget: General Fund



- Employee salary and benefit increases.
 - Police union contract settled (2024-2026)
 - EMS/Fire contracts expire 12/31/24
- Transition of Fire to a City department
- Addition of 7 FT paramedics to implement 3rd ambulance
- No position cuts, hiring freezes, or layoffs
- We continue to be an employer of choice and no position has been difficult to fill.

2024 Budget: Enterprise Funds

- Public charges for services continues to be the leading source of revenue.
- All utilities realized an increase in net position, primarily due to the development within the City.
- Rate Increases:
 - Electric December 2, 2023: 3.98%
 - Water January 1, 2024: 8%
 - Stormwater January 1, 2024: 3%
 - Wastewater January 1, 2024: 3%
- Stormwater and Wastewater rate cases are conducted every 2-3 years
- Sun Prairie Utilities Commission provides approval to apply for rate increases to the PSC

Pending Litigation

- The city has no outstanding litigation that could materially impact city finances.
- Excessive Assessment Cases
 - 150 Communications Drive LLC: tentative settlement pending Council approval
 - Walmart 2020-2023: mediated settlement awaiting Council approval
 - Walgreens 2023: settlement negotiations occurring
 - Sodarock Properties 2023: settlement negotiations occurring
 - Cabela's/Bass Pro Shops 2023: in discovery, City intends to defend and file motion to dismiss frivolous claim

Pending Claims Exceeding \$25,000

- 150 Communications Drive LLC claim for unlawful tax – tentative settlement pending Council approval
- Estates of Legend Sims and Antwon Amos Jr.
 - Stormwater pond drowning deaths
 - Families seeking to exceed municipal liability caps per claim
 - City intends to vigorously defend
- City maintains liability insurance through Cities and Villages Mutual with a \$50,000/\$200,000 deductible which covers significant claims.

Other Topics

- The city has completed a Natural Hazard Mitigation Plan to plan for and address risks related to flooding and other natural disasters.
- SPU does not expect to have to invest in measures to reduce system levels of PFAS.
- SPU completed all known private lead service lateral replacements in 2023.
- We have identified and planned for cybersecurity incidents. We maintain multiple offsite backup tape rotations, and near-line backups that are immutable for 7-days to aid in ransomware/cyber recovery.
 - We have a disaster recovery and business continuity plan that is tested annually with backup integrity tested bi-monthly.



Significant and Sustainable Community
Growth

Investment in Community Planning

Sound Financial Management

