



CAPITAL FINANCIAL PLAN – 2025 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 Water going into 2026 and beyond. Sewer rates will be held steady for 2026, but future increases are likely due to the potential need of a large wastewater plant project at some point in the future.

- Beginning in 2028, two years earlier than previously anticipated, the Sewer Fund is expected to make sizeable repayments back to the City's General Fund for prior tax support in past years (\$100K annually). These transfers are expected to support certain projects and defray costs to mitigate impacts on the City's tax rate.

- 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 below \$5,000 per capita, and keep long-term impacts on residents at a reasonable level (between 3% and 4%). Please refer to the following sheets for an illustration of this.

City of Chatfield, Minnesota 2025 October Update
 Projects, Debt & Revenue Allocation Worksheet

801

- Street Maintenance Every 3 Years (commencing 2026)
- Average Annual Chip Seal / Sidewalk etc.

Baseline						
GF Cap Outlay	-	New 2026+	2,885,640	<< 2026 Prelim Levy	172,773	Fire Cap 2026
Sewer Fund	-	New 2026+	-	Adjustments	66,869	Amb 2026
Water Fund	-	New 2026+	2,885,640	<< FINAL 2026 Levy	-	CCTV 2026
			5.38%		465,799	801 2026
					3%	Inflator

- 40% Water Capital Goods Transfer Target (balance/expenses)
- 20% Sewer Capital Goods Transfer Target (balance/expenses)

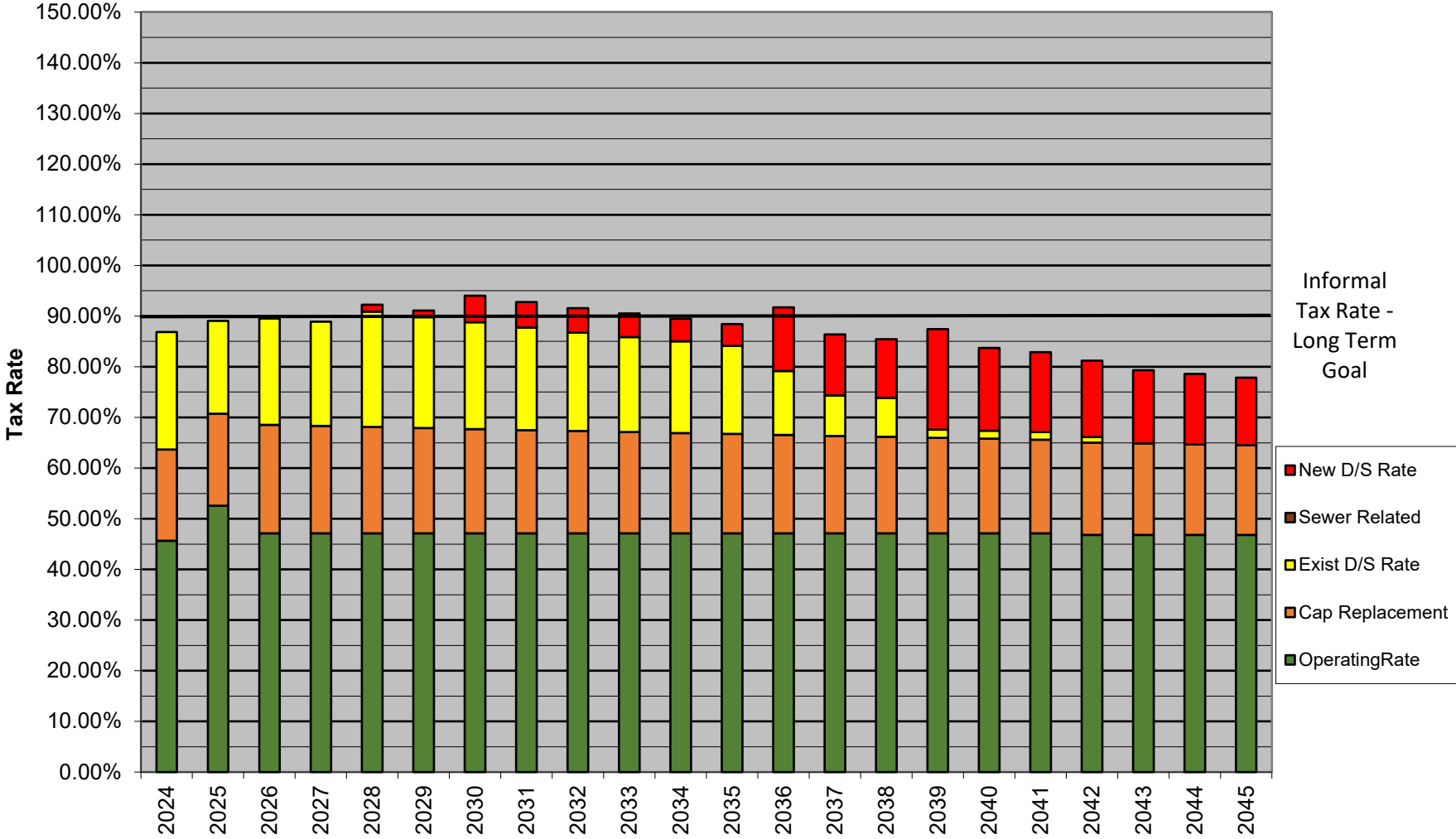
Graph Options

	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
Varies 2020 - 2026	5%	< market value inflation factor	4.5%	Water 2027+
	5%	< construction inflation factor		LGA Cuts (increase) 2027+
	4%	< Spending Increase % (GF, Water, Sewer)		Offsets
	4%	< Tax Base Growth Assumption	0.0%	Sewer 2027+
				Net Increase in Levy

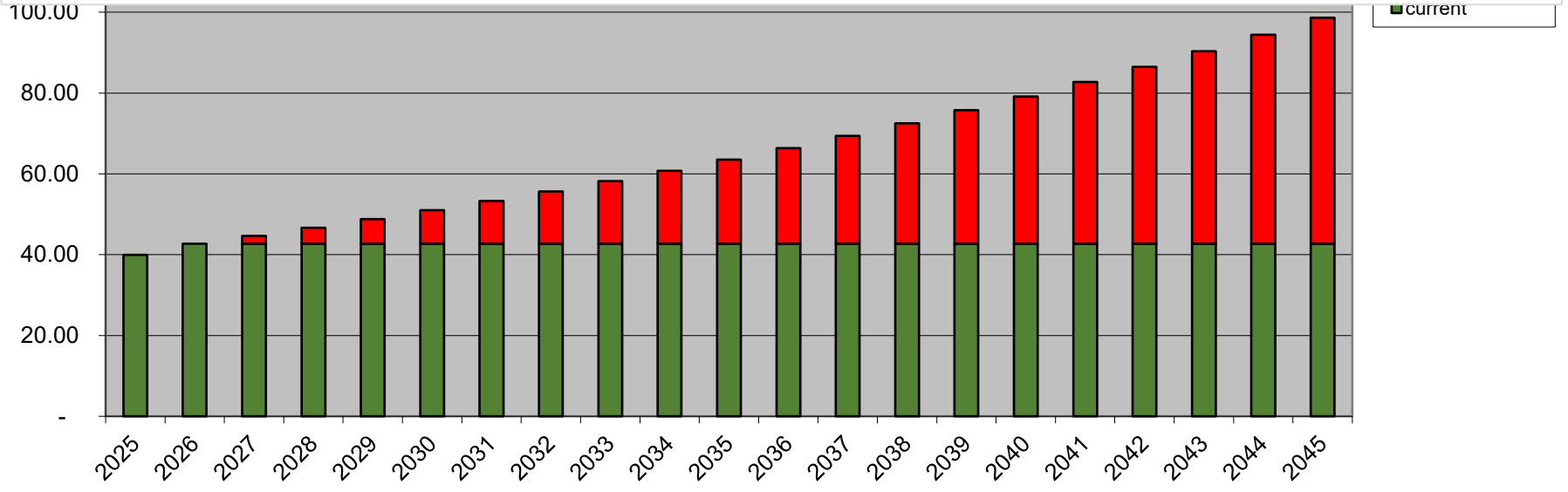
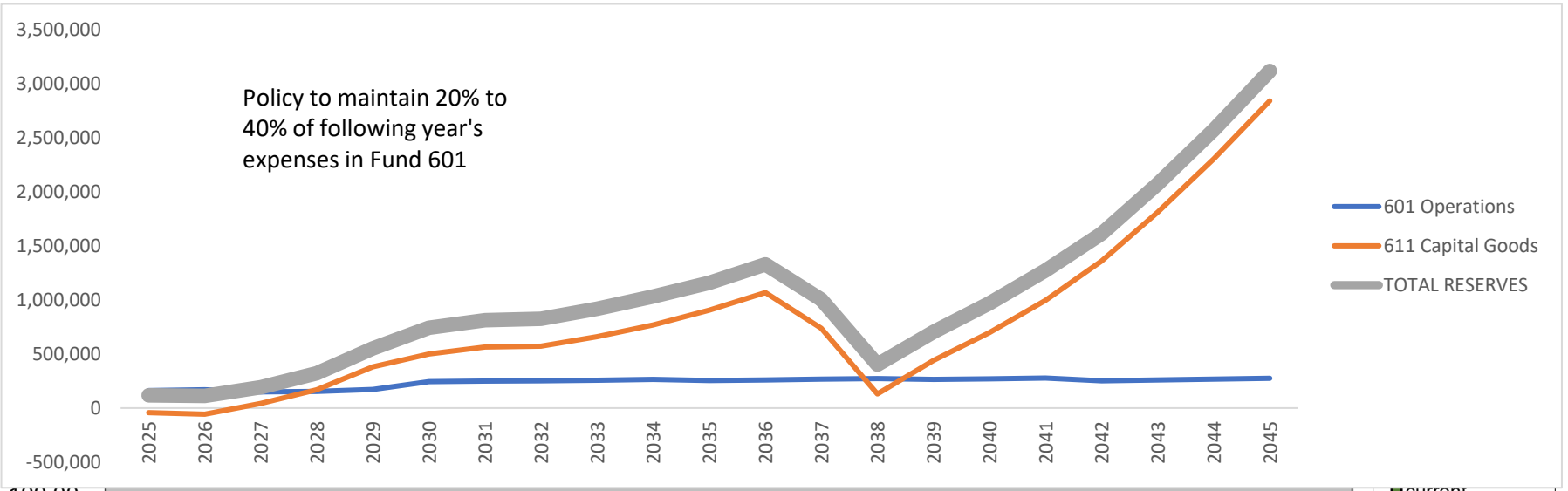
Projects & Debt

# Project	Future PW Bldg	Road Project	OTR & Mains Water Storage	Road Project	Road Project	WWTP upgrade					
Est Year 2025 Cost	2,100,000	2,500,000	2,000,000	2,000,000	2,000,000	20,000,000	-	-	-	-	
NET Financed (Inflation Less Cash)	1,915,250	3,038,766	2,552,563	3,257,789	3,771,298		-	-	-	-	
Type Bond	GO	GO	GO	GO	GO		GO	GO	GO	GO	
Term	20	10	20	10	10		10	10	10	10	
Rate	4.50%	4.00%	2.50%	4.00%	4.00%		4.00%	4.00%	4.00%	4.00%	
Bond Pymt	147,237	374,652	163,740	401,656	464,967		-	-	-	-	
Yr Built	2027	2029	2030	2035	2038		0	0	0	0	
Repayment Sources						PLACEHOLDER (not included in impacts)					
CASH	Fund 801	-	-	-	-		-	-	-	-	-
	Grants / Other	400,000	-	-	-		-	-	-	-	-
	Water	-	-	-	-		-	-	-	-	-
	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	68%	50%	0%	0%		0%	0%	0%	0%	0%
	Water Rates/Fees	0%	10%	100%	0%		0%	0%	0%	0%	0%
	Tax Levies	32%	40%	0%	100%		100%	100%	100%	100%	100%
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

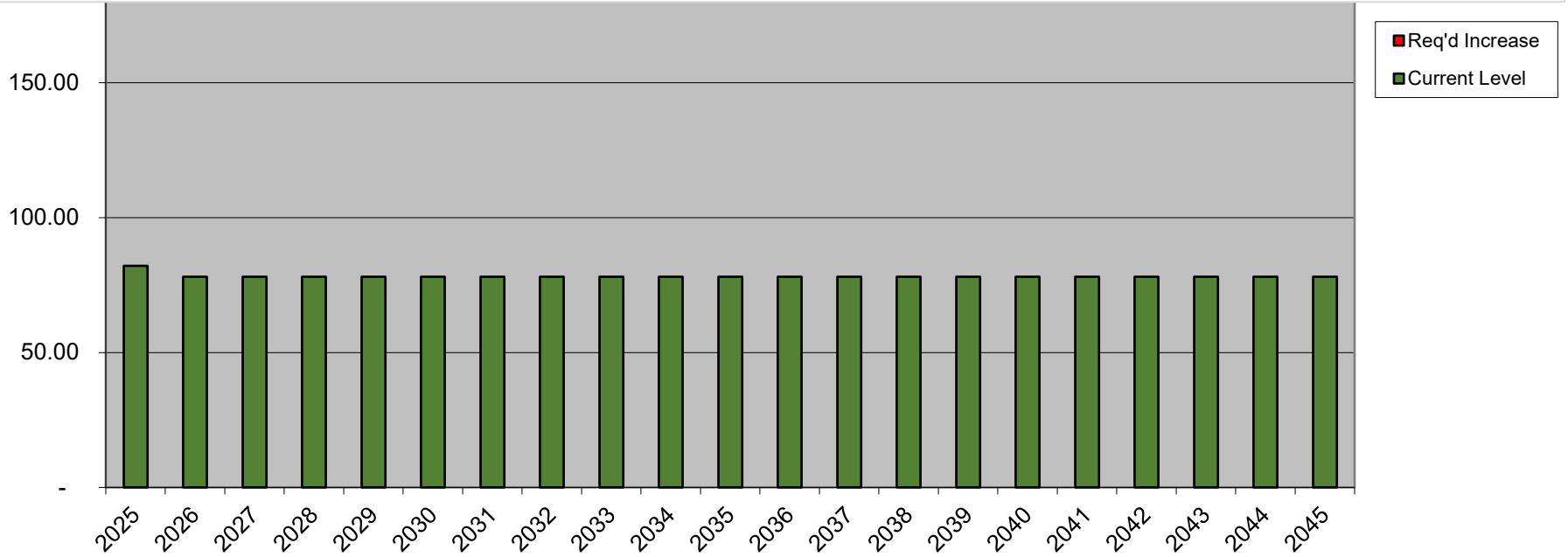
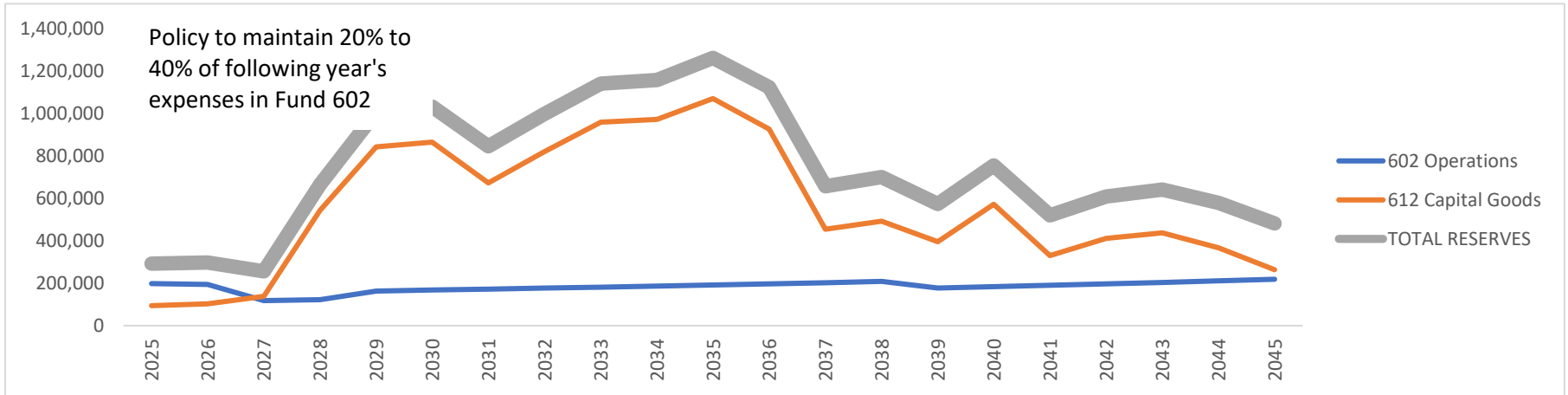
Tax Rate Projections



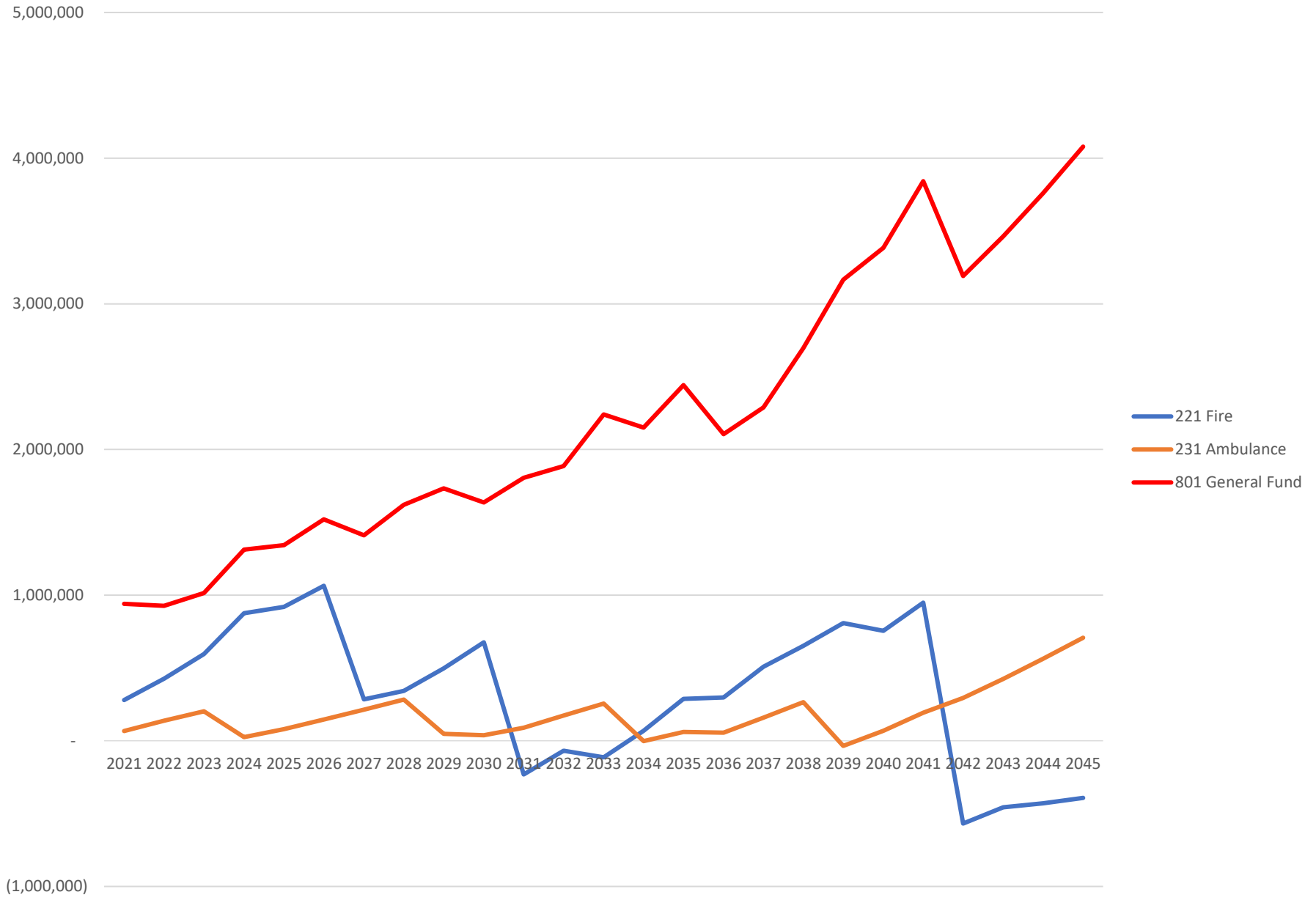
Monthly Water Bill ~ (5,000 gpm)



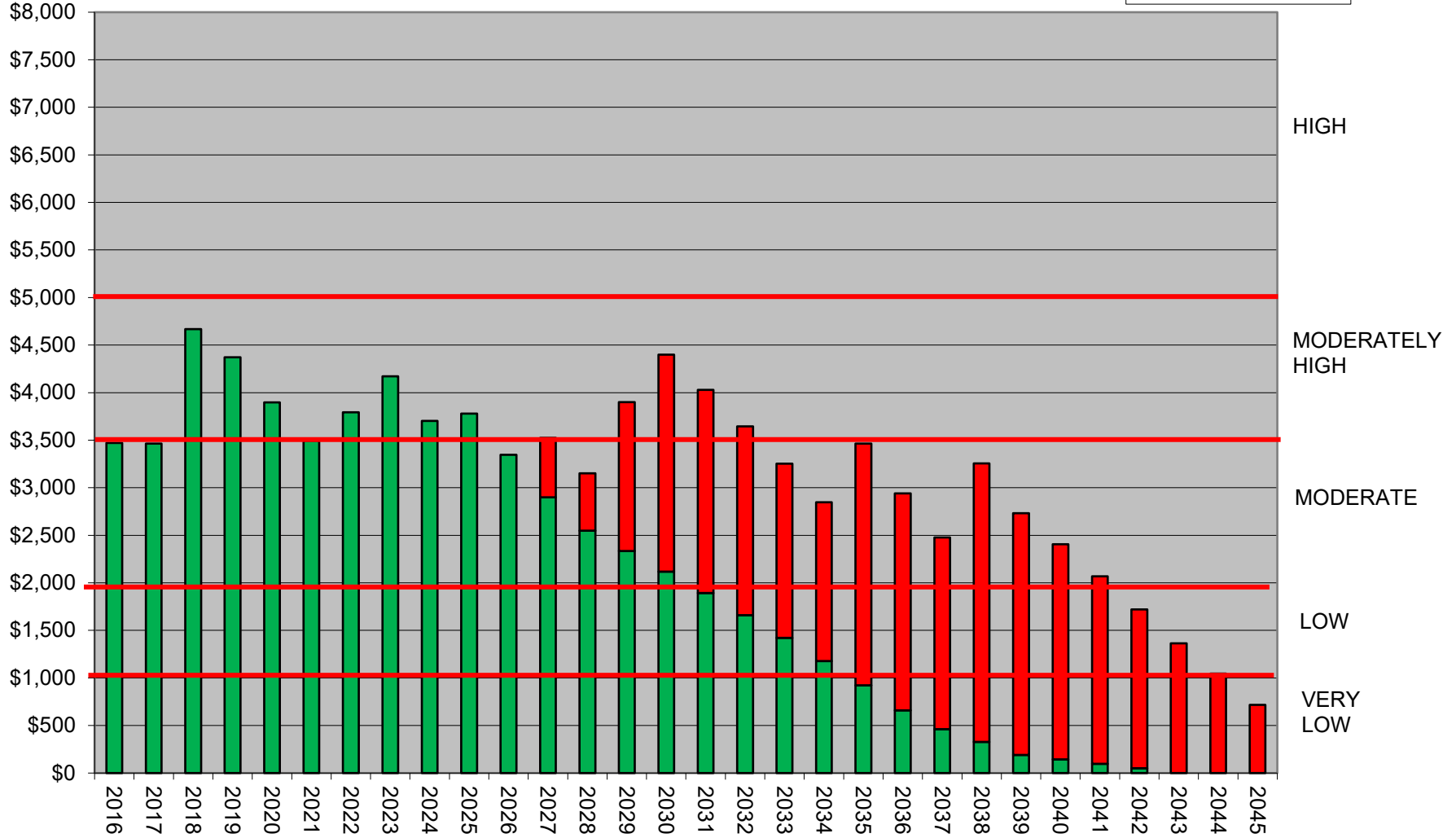
Monthly Sewer Bill ~ (5,000 gpm)



Capital Goods Reserve Balances



GO Debt per Capita



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

RESIDENTIAL

