



**It's real.**

# **5 YEAR CAPITAL IMPROVEMENT PLAN AND FINANCIAL FORECAST**

**FOR FISCAL YEAR 2024 - 2028**

# What is a Long-Term Financial Plan?

- Combines financial forecasting with financial strategizing to identify future challenges and opportunities
- Considers future scenarios and the financial consequences of those scenarios
- Helps develop appropriate policies and strategies
- It is a dynamic document-always changing

# Why Undertake Long-Term Financial Planning?

- Rating agencies have indicated that such a plan is a positive indicator for cities with the higher credit ratings
  - Helps demonstrate the City's dedication to sound financial management
  - Helps governments to plan for a consistent level of essential services
  - Stimulates long-term thinking
    - City Council can see how decisions made today might affect the future years
    - City Departments can take a look at their long-term service planning
  - Citizens can see how tax increases or cuts, debt issuance or other revenues or expenditures might affect the long-term outlook
  - In January 2018 during a bond rating review, Standard & Poor upgraded the City's rating, citing the implementation of a long-term financial plan as one of the factors

# The City of Seguin's Plan

- Long-term revenues and expenditure projections for both General and Utility Funds
- Analysis of service-level, staffing, debt position and capital needs

# Key Goals

- Maintain City's financial viability
  - Minimum three-months average operating expenditures in fund balance/retained earnings.
- Maintain levels of service on current facilities as well as new facilities
- Manage costs in order to maximize revenues and minimize tax rate or usage fees
- Keep focus on priorities

## Key Goals *(continued)*

- Provide market based/competitive salaries and benefits and maintain high employee retention rates
- Continue economic development marketing efforts

# Highlights of Five- Year Plan – General Fund

- Maintain & improve streets, sidewalks, drainage & curbs
- Maintain annual capital lease purchase program of police vehicles and administrative vehicles
- Complete the MPO project for Rudeloff Road, Phase I by second quarter 2026
- Complete the North Milam Street project by fourth quarter 2025
- Begin GLO drainage project in 2024 to be completed by end of 2027

# Highlights of Five- Year Plan – General Fund *(continued)*

- Begin Cordova Road and Rudeloff Road Phase II projects by end of 2025
- Continue to provide sufficient funding annually towards technology advancements
- Continue to implement recommendations of the Master Plan and Downtown Master Plan
- Continue to adjust for growth in homes and retail
- Continue to work with consultants for the development of the old Wells Fargo building



## General Fund Assumptions

- Ad Valorem Tax Base Growth – 7.5% per year
- No ad valorem tax rate increase from current rate of \$.5125
- Based upon the latest unfrozen values and a 98% collection rate, \$.01 increase of property tax rate generates
  - FY25 - \$396,245
  - FY26 - \$425,963
  - FY27 - \$457,910
  - FY28 - \$492,254
- Building Permits are based upon 2.5% increase per year

## General Fund Assumptions *(continued)*

- Sales Tax Growth is based upon 7% increase per year
- EMS based upon a 1% increase per year
- Sanitation revenues are based upon 2% increase per year
- Salaries and benefits include a 5% increase per year before new positions and upgrades are included, with the exception of health insurance which includes a 7.5% increase

## General Fund Assumptions *(continued)*

- Indigent Health Care contribution is projected to increase 5% each year
  - Does not include any possible refunds
- All requested positions are included in the forecast
  - These positions are not yet approved
- Capital outlay is based upon actual net revenues over expenditures from the previous fiscal year

	FY2024	FY2025	FY2026	FY2027	FY2028
REVENUES	\$50,046,600	\$54,007,578	\$58,244,309	\$62,705,523	\$67,845,598
EXPENDITURES	\$49,846,600	\$51,804,945	\$55,835,099	\$60,699,144	\$63,954,412
	<u>\$200,000</u>	<u>\$2,202,632</u>	<u>\$2,409,210</u>	<u>\$2,006,379</u>	<u>\$3,891,186</u>

General Fund – Recap  
Prior to Capital Outlay Funding

	FY2024	FY2025	FY2026	FY2027	FY2028
ANNUAL COST OF NEW POSITIONS	\$0	\$1,303,412	\$2,641,785	\$3,981,280	\$4,758,379
ANNUAL DEBT SERVICE PAYMENTS (PROPOSED BONDS)	<u>\$0</u>	<u>\$0</u>	<u>\$1,575,500</u>	<u>\$3,452,425</u>	<u>\$3,889,450</u>
TOTAL ANNUAL COST OF NEW POSITIONS/BOND PAYMENTS	<u><u>\$0</u></u>	<u><u>\$1,303,412</u></u>	<u><u>\$4,217,285</u></u>	<u><u>\$7,433,705</u></u>	<u><u>\$8,647,829</u></u>
TAX INCREASE NEEDED FROM FY24 RATE TO FUND ALL POSITIONS AND BONDS		\$0.0329	\$0.0991	\$0.1624	\$0.1758

## General Fund – Recap Effect of Positions and Potential Bond Issues

# Highlights of Five- Year Plan – Utility Fund

- Maintain & improve electric, water and sewer infrastructure
- Plan, design and construct expansion of Geronimo Creek Wastewater Treatment Plant from 2.13 MGD to 15 MGD to include decommissioning/demolition of the Walnut Branch Wastewater Treatment Plant, the design and construction of a new wastewater pump station to convey flow to the Geronimo Creek Wastewater Treatment Plant

# Highlights of Five- Year Plan – Utility Fund *(continued)*

- Complete Springs Hill CCN transfer projects by first quarter of 2026
- Complete Mays Creek sewer lift station project by mid-2026
- Extend wastewater collection system to unserved areas to promote and serve new residential and commercial development
- Extend water distribution projects to provide services to new developments throughout the City
- Continue the implementation of the transfer of the Springs Hill CCN

# Highlights of Five- Year Plan – Utility Fund *(continued)*

- Complete all projects associated with the issuance of previously issued Utility Revenue Bonds
- Continue to provide sufficient funding annually towards technology advancements
- Continue to meet required covenants related to the Utility System Revenue Bonds
- Continue to implement recommendations of the Master Plan and Downtown Master Plan



## Utility Fund Assumptions

- Electric Revenues are based upon revenue estimates provided during Electric Cost of Service Study and reviewed annually
- Water and Sewer Revenues were based upon revenue estimates during Water/Sewer Cost of Service Study and updated annually
- Utility rates include any future debt service issues
- Electric/Water/Sewer Connection Fees are based upon 2% to 2.5% growth per year

## Utility Fund Assumptions *(continued)*

- Wholesale Power Costs is based upon estimates provided during the Electric Cost of Service Study and updated annually
- Water Purchased is based upon estimates provided during the Water/Sewer Cost of Service Study and updated annually
- Salaries and benefits include a 5% increase per year before new positions and upgrades are included, with the exception of health insurance which includes a 7.5% increase
- Water Rights is based upon an annual 5% increase from GBRA

## Utility Fund Assumptions *(continued)*

- All requested positions are included in the forecast
- A portion of capital outlay funding is based upon actual net revenues over expenditures from the previous fiscal year in addition to any surplus in budget
- Proposed bonds include some capitalized interest
- New impact fees were implemented in FY2024. Those new fees are not considered in this forecast

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
Revenues	\$66,059,874	\$70,127,637	\$73,713,214	\$77,721,336	\$81,136,083
Expenditures	<u>\$64,311,028</u>	<u>\$69,522,876</u>	<u>\$76,611,589</u>	<u>\$81,767,638</u>	<u>\$84,417,344</u>
	<u>\$1,748,848</u>	<u>\$604,761</u>	<u>(\$2,898,375)</u>	<u>(\$4,046,302)</u>	<u>(\$3,281,261)</u>

Utility Fund – Recap  
Prior to Capital Outlay Funding

	FY2024	FY2025	FY2026	FY2027	FY2028
REVENUES OVER (UNDER) EXPENDITURES BEFORE CAPITAL	\$1,748,848	\$604,761	(\$2,898,375)	(\$4,046,302)	(\$3,281,261)
ANNUAL COST OF NEW POSITIONS	\$0	\$64,973	\$68,312	\$71,827	\$75,527
ANNUAL DEBT SERVICE PAYMENTS (PROPOSED BONDS)	<u>\$0</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$525,000</u>	<u>\$2,784,438</u>
REVENUES OVER (UNDER) WITHOUT NEW POSITIONS AND BONDS	<u>\$1,748,848</u>	<u>\$669,733</u>	<u>(\$2,505,063)</u>	<u>(\$3,449,475)</u>	<u>(\$421,296)</u>

## Utility Fund – Recap

### Effect of Positions and Potential Bond Issues