



**It's real.**

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

**FOR FISCAL YEAR 2021 - 2025**

# 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

# 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
- Continue the Street Improvement Plan and Schedule approved by City Council in June of 2020
- Maintain annual capital lease purchase program of police vehicles
- Complete the MPO project for Walnut Springs Trail Phase II by 2023
- Complete the MPO project for Rudeloff Road by 2023

# Highlights of Five- Year Plan – General Fund

- Continue to provide sufficient funding annually towards technology advancements
- Complete new Maintenance and Operations Center by 2023
- Complete a new Master Plan
- Complete a new Downtown Master Plan
- Continue to adjust for growth in homes and retail
- Address development services staffing issues due to growth



## General Fund Assumptions

- Ad Valorem Tax Base Growth – 5% per year
- No ad valorem tax rate increase from current rate of \$.5412
- \$.01 increase of property tax rate generates \$206,413 based upon the latest unfrozen value and a 98% collection rate
- Building Permits are based upon 5% increase per year
- Sales Tax Growth is based upon 2% increase per year
- EMS based upon a 1% increase per year

## General Fund Assumptions *(continued)*

- Sanitation revenues are based upon 2% increase per year
- Salaries and benefits include a 3.5% increase per year before new positions and upgrades are included
- Indigent Health Care contribution is projected to increase 5% each year
  - Does not include any possible refunds

## General Fund Assumptions *(continued)*

- 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

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
Revenues	\$33,332,076	\$34,617,450	\$35,514,228	\$36,575,580	\$37,640,184
Expenditures	\$33,737,677	\$36,193,310	\$37,784,578	\$39,081,829	\$41,244,979
	<u>(\$405,601)</u>	<u>(\$1,575,860)</u>	<u>(\$2,270,350)</u>	<u>(\$2,506,249)</u>	<u>(\$3,604,795)</u>

**General Fund – Recap  
Prior to Capital Outlay Funding**

## EFFECT OF ANNUAL COST OF REQUESTED POSITIONS - GENERAL FUND

	FY2021	FY2022	FY2023	FY2024	FY2025
REVENUES OVER (UNDER) EXPENDITURES BEFORE CAPITAL	\$ (405,601)	\$(1,575,860)	\$(2,270,350)	\$(2,506,249)	\$(3,604,795)
ANNUAL COST OF NEW POSITIONS	<u>                    </u>	<u>\$ 1,003,994</u>	<u>\$ 1,515,868</u>	<u>\$ 1,823,745</u>	<u>\$ 3,110,828</u>
REVENUES OVER (UNDER) WITHOUT NEW POSITIONS	<u>\$ (405,601)</u>	<u>\$ (571,865)</u>	<u>\$ (754,482)</u>	<u>\$ (682,504)</u>	<u>\$ (493,967)</u>

General Fund – Recap  
Prior to Capital Outlay Funding (without  
requested positions)

# Highlights of Five- Year Plan – Utility Fund

- Maintain & improve electric, water and sewer infrastructure
- Continue upgrades to Water Plant
- 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)*

- Extend wastewater collection system to unserved areas to promote and serve new residential and commercial development
- 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
- Complete a new 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
- Wholesale water sale contract increase as follows
  - 1,500 acre feet in FY22
  - 2,000 acre feet in FY23
  - 2,500 acre feet in FY24
- Utility rates include any future debt service issues
- Electric/Water/Sewer Connection Fees are based upon 2% growth per year



## Utility Fund Assumptions *(continued)*

- Wholesale Power Costs is based upon estimates provided during the Electric Cost of Service Study conducted in FY2020
- Water Purchased is based upon estimates provided during the Water/Sewer Cost of Service Study and updated annually
- Salaries and benefits include a 3.5% increase per year before new positions and upgrades are included
- Water Rights is based upon an annual 5% increase from GBRA
- New positions requests included in Utility Fund are funded 50% General Fund and 50% Utility Fund
- Capital outlay funding is based upon actual net revenues over expenditures from the previous fiscal year in addition to any surplus in budget

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
Revenues	\$54,256,415	\$56,907,159	\$59,179,679	\$61,892,307	\$63,282,330
Expenditures	\$52,827,965	\$54,921,743	\$57,261,653	\$60,252,824	\$62,193,470
	\$1,428,451	\$1,985,418	\$1,918,028	\$1,639,485	\$1,088,862

Utility Fund – Recap  
Prior to Capital Outlay Funding

## EFFECT OF ANNUAL COST OF REQUESTED POSITIONS - UTILITY FUND

	FY2021	FY2022	FY2023	FY2024	FY2025
REVENUES OVER (UNDER) EXPENDITURES BEFORE CAPITAL	\$ 1,428,451	\$ 1,985,418	\$ 1,918,028	\$ 1,639,485	\$ 1,088,862
ANNUAL COST OF NEW POSITIONS	<u>                    </u>	<u>\$ 213,795</u>	<u>\$ 327,718</u>	<u>\$ 414,943</u>	<u>\$ 462,914</u>
REVENUES OVER (UNDER) WITHOUT NEW POSITIONS	<u>\$ 1,428,451</u>	<u>\$ 2,199,212</u>	<u>\$ 2,245,747</u>	<u>\$ 2,054,427</u>	<u>\$ 1,551,776</u>

Utility Fund – Recap  
Prior to Capital Outlay Funding (without  
requested positions)