

## CAPITAL IMPROVEMENT ANALYSIS

Financial Analysis

## St. Cloud Area Local Half Percent Option Sales Tax

The City of St. Cloud and the area cities received authorization from legislature to continue the sales tax for a period of 20 years (2019-2038).

The regional projects identified for the extension of the sales tax was approved for the following areas:

- \$500,000 Regional Parks and Trails (all participating Cities)
- \$200,000 St. Cloud Regional Airport
- \$200,000 Community Aquatics Center

After the first \$900,000 is allocated, the balance of the collections are distributed to each participating City by a formula approved by a joint powers agreement. The St. Cloud portion received will be apportioned as follows:

- 60% Regionally-significant Road Projects
- 20% Parks and Trails
- 20% Community Facilities

## Water and Wastewater Projects

In the Water Utility, \$1.35 million is scheduled annually through 2023 to complete the meter improvement project in five phases, the first phase was in 2019. The construction phase of the water treatment facility improvement is scheduled to begin in 2020, the expected cost is \$25 million. The City will finance the improvements with bonds issued by the Public Facilities Authority. The annual debt service to pay off the bonds will be approximately \$3,000,000 beginning in 2021. The bonds issued to construct the water plant in 1992 were paid off in 2013, since then the water utility has been able to fund their projects from the cash balance. However, we needed to increase water rates beginning in 2019 to fund the replacement of the water main on the Veterans bridge river crossing in 2019 at a cost of \$3.8 million and the future debt payments on the on new bonds. The City Council has approved a five-year plan of annual water rate increases. The Wastewater Utility will use \$3.8 million of cash on hand to pay for installing a force main to reroute flow from Lift Station #13 and Sartell force main work, odor control biofilters & monitoring.

## General Property Tax Impact—Non-Public Works

The 2020 CIP has one non-Public Works project that will require general property tax levy for the revenue source, \$400,000 for the General Funds' share of roof and other repairs at the Central Maintenance Facility. The total cost of that project is expected to be \$1.6 million with the remaining amount split between the Enterprise Funds. A replacement for the salt storage dome at the Central Maintenance Facility is scheduled for 2022 at a cost of \$550,000 from property taxes. The City's policy is to only increase the property tax dollars levied to capture the growth in the tax base while keeping the tax rate flat. The availability of property tax dollars for these projects will depend on the rate of growth in the tax base, if property tax is not available we may need to delay the projects.

## Park Projects

There are several Park projects scheduled that will require sales tax, in 2020 Phase VIII of the Beaver Island Trail will require \$220,000 of sales tax dollars to supplement expected Federal Funds. In 2021 we have programed \$2,000,000 from the dedicated sales tax for a portion of the funding of the Riverwalk project. In 2021 improvements at Whitney Regional Park are programed at a cost of \$3 million to be funded by sales tax.

## Public Works Projects

The 2020-2024 CIP anticipates a total of \$109,450,000 million in Public Works and Utility improvement projects, annual amounts range from \$18.2M to 24.5.1M. Funding will come from a variety of sources: we expect issue approximately \$6 million of bonds annually, with the remaining funds coming from sales tax, State Aid, Federal Funds, Stearns County, Special Assessments and Utility contributions.

We expect to increase the property tax levy for Public Works bonds by \$100,000 in 2020 and may need to increase it another \$100,000 annually for 2021- 2022. Beginning in 2023 the debt levy will stabilize due to the availability of the additional sales tax dollars after the Library bonds are paid off.

## State bonding for the MAC

We are proposing a major expansion and improvements to the Municipal Athletic Complex in 2020, estimated total cost of the project is \$24.3 million. Funding is projected to come from several sources: \$16.2M of State Bonding money, \$4M from pledges & donations, with the remaining \$4.1M as the City's share. We would be selling a bond to cover the City's share of the costs, the bond payments will be paid with sales tax. The current revenue stream from the Food and Beverage and Hotel/Motel taxes will not support another bond issue at this time, without State bonding dollars we will not be able to fund this expansion.