

taxable property. As shown in Appendix D, the City's projected debt levels are at 47.0% in 2024, and remains under 50% with an average level of 48.75% over the 5 year CIP.

G.O. Debt Payments

Appendix B is a projection of G.O. debt payments through 2028. Existing debt, new debt and total debt payments are indicated on the chart. Total G.O. debt payments will average \$11.6 million over the next five years.

Increasing Property Tax Levy

A major consideration in developing the Capital Improvement Plan is the impact the projects will have on future property tax levies. The City's property tax levy is subject to strict State-imposed levy limits. Under the levy limit, the City's property tax levy is allowed to increase by no more than the growth in property value due to net new construction, which is 1.23% for 2024. The levy limit is further allowed to increase by the amount of increases in general obligation debt principal and interest payments.

The property tax rate projections indicated in Appendix C show that scheduled increasing debt payments will require increases in the portion of the property tax levy needed for debt service, and the total property tax levy over the next several years. The chart indicates that the portion of the property tax for operating costs increases by only a small amount over the next several years. The increases in the tax rates are due almost entirely to required increases in the debt payment portion of the tax levy.

2024 Utility Projects

The 2024 CIP includes \$9.9 million in Wastewater Utility projects. The \$19.3 million total biosolids dryer project began design and feasibility work in early 2023 while will continue into 2024. Construction of the biosolids dryer is anticipated to begin in 2025 with completion in 2026. Preliminary cost estimates have indicated equipment costs for this project will be higher than originally forecasted when the project was added to the CIP. The addition of a biosolids dryer after dewatering will reduce the final product by 70%. This reduction, along with the improved quality of biosolids from Class B to Class A Exceptional Quality will eliminate hauling costs in the range of \$500,000 per year. The biosolids dryer project will be funded by debt, while the remainder of Wastewater Utility projects will be funded by operating funds.

The Water Utility 2024 CIP totals \$7.2 million, with \$5.2 million in a variety of street reconstruction and distribution system improvement projects funded with debt, and all other Water Utility projects funded by utility operating funds.

No general taxpayer money is used to support utility operations, utility capital projects or utility debt payments.

Utility Debt Balances

Appendix E indicates that the Water Utility debt balances increase slightly from \$25.0 million in 2024 to \$26.5 million by 2028. Appendix F indicates that the net debt balances for the Wastewater Utility increase from \$11.6 million in 2024 to \$38.7 million by 2028.

Future Capital Projects

Appendix G contains a list of the larger known future capital projects that are beyond the five-year time frame of the 2024-2028 capital improvement plan.



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City Manager

