

Presentation To:



Financial Plan for Library
Renovation Project



 Meristem Advisors

January 18, 2023

Overview

- As more information has become known about the project and its costs, we have continued to update and adjust the financial projection, now with a goal of accommodating a \$10.5mm total project cost (inclusive of all professional fees).
 - Projection incorporates updated staffing enhancements, hires and extended hours
 - Essential Infrastructure repairs
- Objective has been to create a workable plan that uses cash and borrowing proceeds to fund the project and repay any debt over 12 years
- Result is a projection* that :
 - Approximately \$9.0 million of borrowing and \$1.5 million of cash
 - Plan allows for keeping up with anticipated building needs not addressed in the construction project
 - Operating Fund balances are maintained at 70% of annual expenditures
 - Special Reserve Balance grows modestly to \$600,000 by 2034

*Projected results are based on numerous assumptions that may or may not occur or be realized. Meristem makes no assurance that projected results will be achieved.

Forecast Assumptions

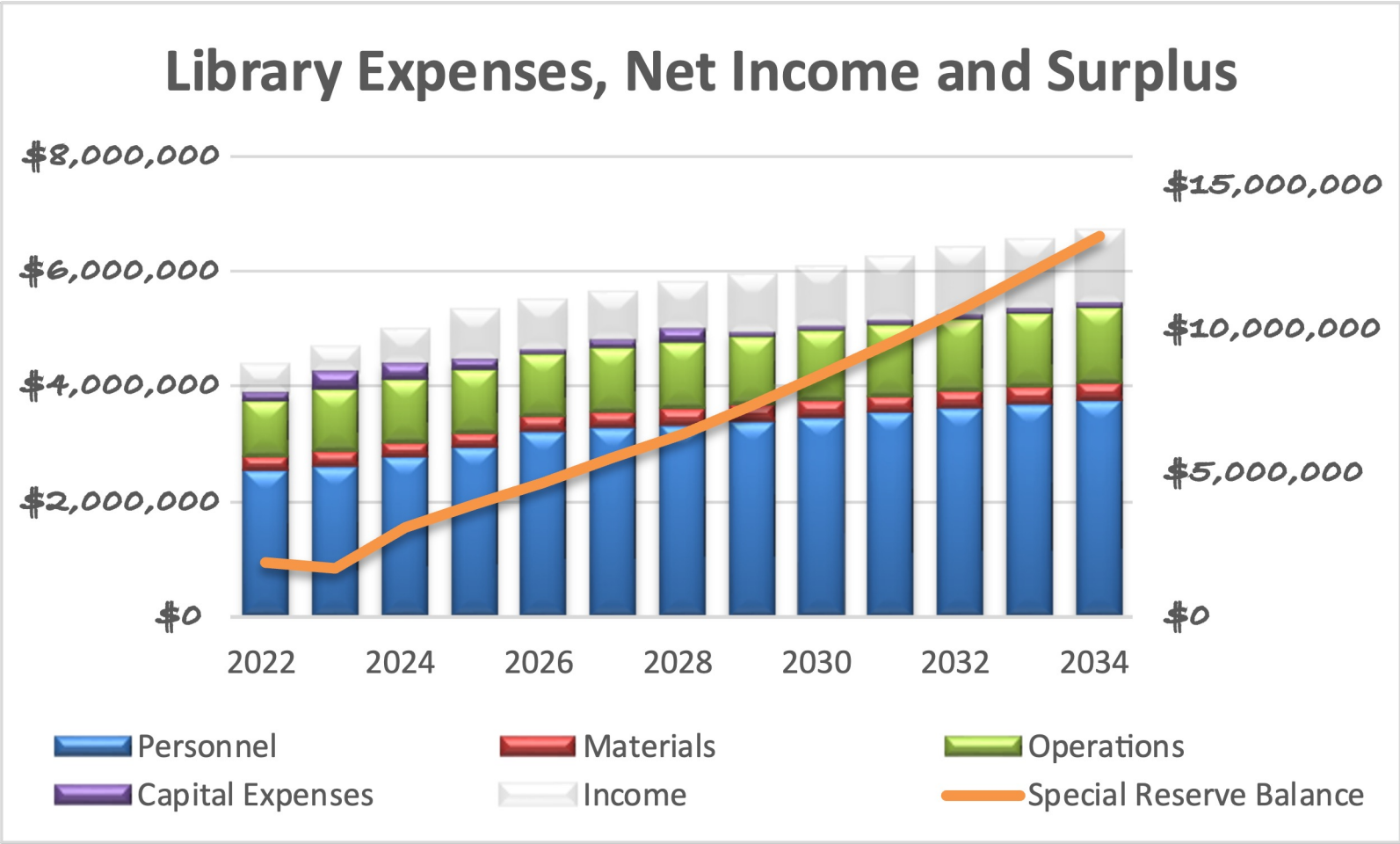
- What's Helping
 - CPI, which determines property tax growth, was 5% for the current year and will be next year as well
 - New Property is aided by 2,000 homes currently being built

- What's Hurting
 - Wage increases due to restructuring of pay scale to remain competitive and minimum wage
 - CPI for Property Taxes assumed at 1.5%, but expenses going up 2% per year

- Other assumptions
 - New property after development period assumed to be 0.2%
 - Impact fees continue
 - Forecast assumes level debt service after 2034

Updated Base Case Incorporates Some Additional Staffing and Materials Costs, But Is Similar to the Original

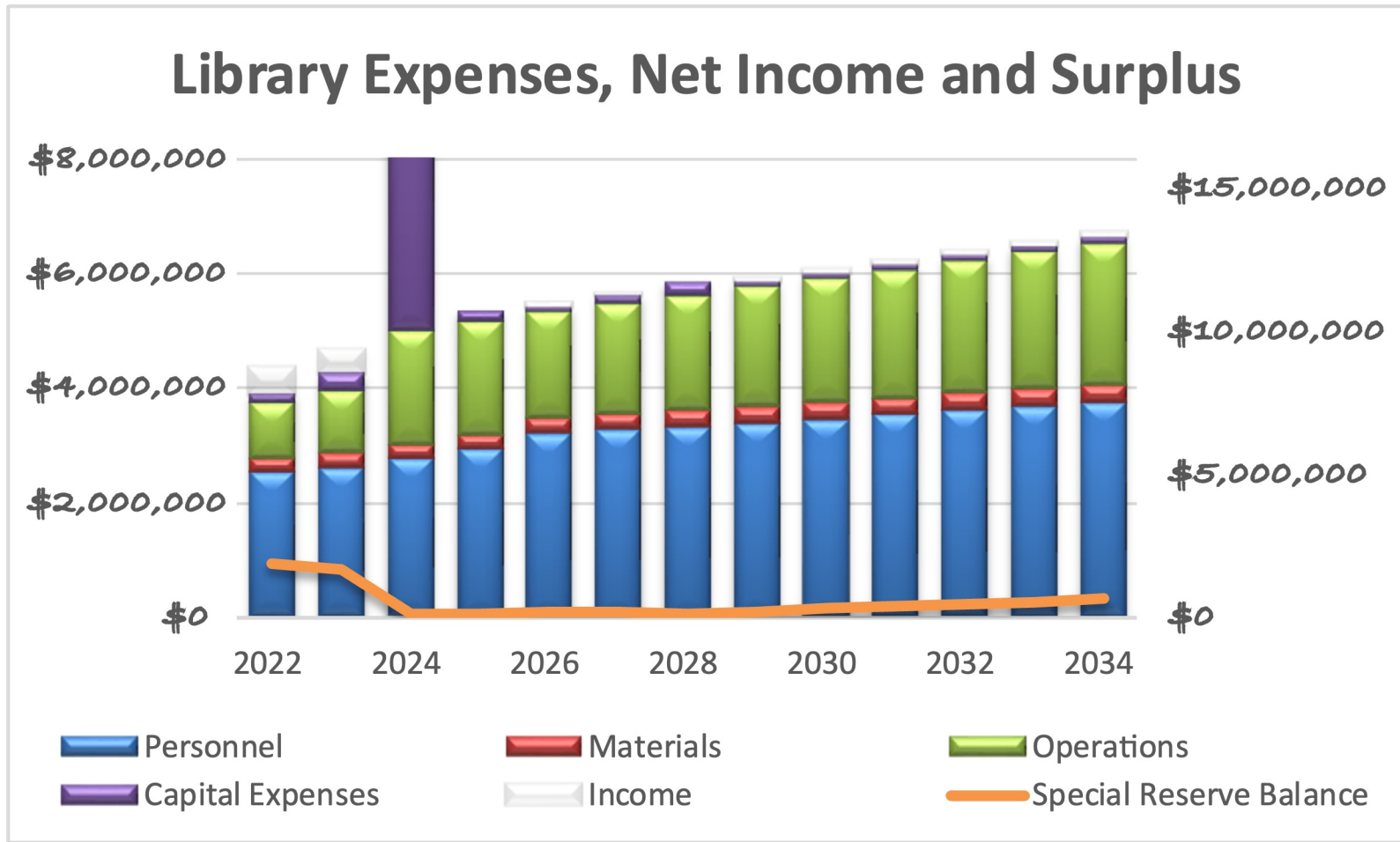
- Excess revenues keep the Library's net income growing, as revenue growth outpaces expenditures, accumulating \$13.2 million by 2034
- Equivalent of \$8.9 million today, so purchasing power is actually greater today



Library Can Accommodate a \$10.5 mm Project Today Under Current Assumptions



- Special Reserve Cash of \$1.5 million Plus Borrowing of \$9.0 mm
- Net Income reduced to \$0.15 million per year, all needed to maintain reserves
- Pushes projection to the limit



Current Plan Allows for a Discussion of Next Steps in 10-12 Years

- Proposed plan maintains healthy operating balances, and provides for scheduled maintenance
 - However, it does not leave room for significant deviations from the plan or for unexpected or additional optional costs, which could create financial pressures
- As bonds approach repayment, building needs for simple maintenance will be growing, and possibly require a substantial portion of freed-up money when bonds are paid off
- At that point the community can decide whether to pursue a new location/building, or keep putting money into the current one
- Plan distances the community from recent referendum attempts, which might increase the likelihood of success in the future
- Staff has worked hard to accommodate this plan
 - Operating costs have already been restricted and additional reductions, if necessary, would require difficult choices

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