



**TO:** Michael C. Van Milligen, City Manager

**FROM:** Jennifer Larson, Budget Director

**SUBJECT:** Five Flags Renovation Scenarios – Impact on the Average Homeowner

**DATE:** December 17, 2018

## INTRODUCTION

The purpose of this memorandum is to provide supplemental information in regard to the impact of the Five Flags Renovation scenarios on the average homeowner.

## BACKGROUND

Tionna Pooler of Independent Public Advisors provided analysis on the debt issuances for three scenarios for the Five Flags renovation.

## DISCUSSION

The following charts summarize the impact to the average homeowner for each Five Flags Renovation scenario as compared to the Budget and Fiscal Policy Guidelines for Fiscal Year 2020 using the Fiscal Year 2020 projection as the base:

### Scenario 1: \$5.9 Million – All Cash Funded or Fit in City Debt Schedules

<i>Scenario 1: Impact to Average Homeowner</i>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY24</b>
<i>FY20 Policy Guidelines Projected City Tax Rate</i>	\$10.4856	\$10.5168	\$10.8831	\$11.3251	\$11.9426
<i>Scenario 1 City Tax Rate Impact</i>	\$0	\$0	\$0	\$0	\$0
<i>Scenario 1 Adjusted City Tax Rate</i>	\$10.4856	\$10.5168	\$10.8831	\$11.3251	\$11.9426
<i>FY20 Policy Guidelines Impact to Avg Homeowner \$</i>	\$770.17	\$772.47	\$799.37	\$831.84	\$877.19
<i>Scenario 1 Impact to Avg Homeowner \$</i>	\$0	\$0	\$0	\$0	\$0
<i>Scenario 1 Adjusted Impact to Avg Homeowner</i>	\$770.17	\$772.47	\$799.37	\$831.84	\$877.19

## Scenario 2: \$23,410,000 Debt Issuance

<i>Scenario 2: Impact to Average Homeowner</i>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY24</b>
<i>FY20 Policy Guidelines Projected City Tax Rate</i>	\$10.4856	\$10.5168	\$10.8831	\$11.3251	\$11.9426
<i>Scenario 2 City Tax Rate Impact</i>	\$0	\$0.2864	\$0.5760	\$0.5721	\$0.5660
<i>Scenario 2 Adjusted City Tax Rate</i>	\$10.4856	\$10.8032	\$11.4591	\$11.8972	\$12.5086
<i>FY20 Policy Guidelines Impact to Avg Homeowner \$</i>	\$770.17	\$772.47	\$799.37	\$831.84	\$877.19
<i>Scenario 2 Impact to Avg Homeowner \$</i>	\$0	\$20.83	\$41.90	\$41.61	\$41.17
<i>Scenario 2 Adjusted Impact to Avg Homeowner</i>	\$770.17	\$793.30	\$841.27	\$873.45	\$918.36

## Scenario 3: \$57,890,000 Debt Issuance

<i>Scenario 3: Impact to Average Homeowner</i>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY24</b>
<i>FY20 Policy Guidelines Projected City Tax Rate</i>	\$10.4856	\$10.5168	\$10.8831	\$11.3251	\$11.9426
<i>Scenario 3 City Tax Rate Impact</i>	\$0	\$0.7137	\$1.4403	\$1.4250	\$1.4121
<i>Scenario 3 Adjusted City Tax Rate</i>	\$10.4856	\$11.2305	\$12.3234	\$12.7501	\$13.3547
<i>FY20 Policy Guidelines Impact to Avg Homeowner \$</i>	\$770.17	\$772.47	\$799.37	\$831.84	\$877.19
<i>Scenario 3 Impact to Avg Homeowner \$</i>	\$0	\$51.92	\$104.76	\$103.65	\$102.71
<i>Scenario 3 Adjusted Impact to Avg Homeowner</i>	\$770.17	\$824.39	\$904.13	\$935.49	\$979.90

## Scenario 4: \$85,910,000 Debt Issuance

<i>Scenario 4: Impact to Average Homeowner</i>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY24</b>
<i>FY20 Policy Guidelines Projected City Tax Rate</i>	\$10.4856	\$10.5168	\$10.8831	\$11.3251	\$11.9426
<i>Scenario 4 City Tax Rate Impact</i>	\$0	\$1.0656	\$2.1465	\$2.1270	\$2.1060
<i>Scenario 4 Adjusted City Tax Rate</i>	\$10.4856	\$11.5824	\$13.0296	\$13.4521	\$14.0486
<i>FY20 Policy Guidelines Impact to Avg Homeowner \$</i>	\$770.17	\$772.47	\$799.37	\$831.84	\$877.19
<i>Scenario 4 Impact to Avg Homeowner \$</i>	\$0	\$77.51	\$156.13	\$154.71	\$153.18
<i>Scenario 4 Adjusted Impact to Avg Homeowner</i>	\$770.17	\$849.98	\$955.50	\$986.55	\$1,030.37

The Fiscal Year 2020-2024 Capital Improvement Program is currently being reviewed and balanced, so there are no new revised Fiscal Year 2020 debt projections yet. The following chart shows the impact of the Five Flags Renovation scenarios on the City's statutory debt capacity as compared to the statutory debt capacity in the FY 2019 Five-Year CIP:

<b>Impact to Statutory Debt Capacity</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Statutory Debt Capacity Used: FY19-FY24 CIP	50.95%	45.55%	41.08%	37.00%	34.18%
Scenario 1: \$5.9 Million – All Cash Funded	50.95%	45.55%	41.08%	37.00%	34.18%
Scenario 2: \$23.41 Million Debt Issuance	56.13%	55.52%	50.50%	45.86%	42.50%
Scenario 3: \$57.89 Million Debt Issuance	63.76%	70.22%	64.37%	58.94%	54.78%
Scenario 4: \$85.91 Million Debt Issuance	69.96%	82.16%	75.66%	69.57%	64.77%

The City does not have final property assessments from the Dubuque County Auditor for Fiscal Year 2020. The statutory debt capacity is based on estimated valuations until final valuations are received by December 31, 2018. These statutory debt capacity used projections vary from the debt capacity figures provided by Independent Public Advisors because debt payments for Fiscal Year 2020 and planned debt issuances through the Fiscal Year 2019 budget process are considered.

The Fiscal year 2020-2024 Capital Improvement Program will be balanced prior to January 2019. Additional information will be provided at that time in regard to the Five Flags Renovation scenarios and the impact on other debt issuances planned in the Five-Year Capital Improvement Program.