



TO: Michael C. Van Milligen, City Manager

FROM: Jennifer Larson, Director of Finance and Budget

SUBJECT: Five Flags Renovation Hybrid Option 4– Impact on the Average Homeowner

DATE: February 13, 2020

INTRODUCTION

The purpose of this memorandum is to provide information regarding the impact of the Five Flags Renovation, Hybrid Option 4, on the average homeowner.

BACKGROUND

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

DISCUSSION

The following chart summarizes the impact to the average homeowner for the Five Flags Renovation Hybrid Option 4 scenario as compared to the Budget and Fiscal Policy Guidelines for Fiscal Year 2021 using the Fiscal Year 2021 projection as the base:

Hybrid Option 4: \$74,340,000 Debt Issuance Repaid with Debt Service Levy

<i>Hybrid Option 4: Impact to Average Homeowner</i>	FY 21	FY 22	FY 23	FY 24	FY25
<i>FY21 Policy Guidelines Projected City Tax Rate</i>	\$10.4346	\$10.6819	\$11.0507	\$11.5693	\$12.1076
<i>Hybrid Option 4 City Tax Rate Impact</i>	\$0	\$0.9759	\$1.6725	\$1.6546	\$1.6395
<i>Hybrid Option 4 Adjusted City Tax Rate</i>	\$10.4346	\$11.6578	\$12.7232	\$13.224	\$13.7471
<i>FY21 Policy Guidelines Impact to Avg Homeowner \$</i>	\$791.11	\$809.86	\$837.82	\$877.13	\$917.95
<i>Hybrid Option 4 Impact to Avg Homeowner \$</i>	\$0	\$73.99	\$126.81	\$125.45	\$124.30
<i>Hybrid Option 4 Adjusted Impact to Avg Homeowner</i>	\$791.11	\$883.85	\$964.63	\$1,002.58	\$1,042.25

The City has budgeted for a \$6 million debt issuance to be repaid by Greater Downtown TIF in Fiscal Year 2024 for necessary improvements to Five Flags in case the referendum does not pass. In the case that the referendum does pass, the annual debt service of \$400,000 budgeted from Greater Downtown TIF would be used to lower the amount of the debt service levy on Five Flags beginning in Fiscal Year 2025. This would reduce the impact to the average homeowner by approximately \$10 annually beginning in Fiscal Year 2025. This is not being used as the projections because there are discussions in the State legislature to eliminate the county mental health property tax levy that would reduce TIF revenues.

Hybrid Option 4a: \$74,340,000 Debt Issuance Repaid with Debt Levy/GDTIF

<i>Hybrid Option 4a: Impact to Average Homeowner</i>	FY 21	FY 22	FY 23	FY 24	FY25
<i>FY21 Policy Guidelines Projected City Tax Rate</i>	\$10.4346	\$10.6819	\$11.0507	\$11.5693	\$12.1076
<i>Hybrid Option 4a City Tax Rate Impact</i>	\$0	\$0.9759	\$1.6725	\$1.6546	\$1.5108
<i>Hybrid Option 4a Adjusted City Tax Rate</i>	\$10.4346	\$11.6578	\$12.7232	\$13.224	\$13.6184
<i>FY21 Policy Guidelines Impact to Avg Homeowner \$</i>	\$791.11	\$809.86	\$837.82	\$877.13	\$917.95
<i>Hybrid Option 4a Impact to Avg Homeowner \$</i>	\$0	\$73.99	\$126.81	\$125.45	\$114.54
<i>Hybrid Option 4a Adjusted Impact to Avg Homeowner</i>	\$791.11	\$883.85	\$964.63	\$1,002.58	\$1,032.49

The following chart shows the impact of the Five Flags Renovation scenario on the City's statutory debt capacity as compared to the statutory debt capacity in the FY 2021 Five-Year CIP:

Impact to Statutory Debt Capacity	FY21	FY22	FY23	FY24	FY25
Statutory Debt Capacity Used: FY21-FY25 CIP	46.67%	47.57%	48.01%	47.77%	43.14%
Hybrid Option 4: \$74.34 Million Debt Service	62.28%	77.37%	75.96%	71.53%	65.21%