MINUTES
CITY OF DUBUQUE LONG RANGE PLANNING ADVISORY COMMISSION
REGULAR SESSION
5:30 p.m.
Wednesday, July 20, 2016
City Council Chamber, Historic Federal Building

Commissioners Present: Chairperson Chad Darter; Commissioners Alan Vincent, John Pregler, and Charles Winterwood.

Commissioners Excused: Commissioner Mark Dolson.

Commissioners Unexcused: None.

Staff Members Present: Michael C. Van Milligen, Jennifer Larson, Maurice Jones, Laura Carstens and David Johnson.

CALL TO ORDER: The meeting was called to order by Chairperson Darter at 5:30 p.m.

CERTIFICATION OF COMPLIANCE: Staff presented an Affidavit of Compliance verifying that the meeting was being held in compliance with the Iowa Open Meetings Law.

MINUTES: Motion by Winterwood, seconded by Pregler, to approve the minutes of May 18, 2016 meeting as submitted. Motion carried by the following vote: Aye – Vincent, Pregler, Darter and Winterwood; Nay – None.

PUBLIC HEARINGS: None.

ACTION ITEMS: None.

ITEMS FROM PUBLIC: None.

ITEMS FROM STAFF: City Debt Presentation: City Manager Michael Van Milligen gave a presentation on City of Dubuque utility rates, fees, and benchmarks as well as the City’s general fund, revenues and expenditures, and how the City uses debt.

The City Manager reviewed the “Dubuque Dollars and Cents” handout provided to the Commission. He noted the open budget and open expenses section of the handout, which describe how Dubuque’s budget and expenses are easily accessed by residents through
the sites on the City website. He reviewed the general fund, noting revenues and expenses.

The City Manager reviewed City of Dubuque utility customer rates and fees, noting benchmarks compared to other cities. He reviewed how Dubuque ranks against other cities in terms of utilities and fees. He discussed the environmentally-friendly improvements made to the Water and Resource Recovery Center. He explained Dubuque’s topography poses a challenge for storm water management, so the City is implementing the Bee Branch Watershed Flood Mitigation Project to help control storm water and mitigate flooding.

The City Manager reviewed Dubuque’s use of debt as of June 30, 2017. He stated the Water and Resource Recovery Center was the highest issue of debt until the Bee Branch Project. He reviewed how debt works using Hormel as an example. He explained Hormel was offered rebates of property taxes and the City was not required to give anything up, noting without the development, there would have been no additional property tax to capture. He reviewed the Dubuque Community School District and NICC have instructional support levies that cannot be recaptured and rebated so they benefit immediately from the increased tax base.

The City Manager explained that a company gets an approximately 91% rebate and the remaining 9% goes towards other things. He reviewed the indirect benefits of recruitment/retention/expansion, noting new employees contribute to the housing market and local businesses. He explained these entities pay property taxes as well as provide sales tax revenue. He noted the rebates promised to companies show up as debt on the City books. He used TIF rebates and bonds as examples.

The City Manager clarified myths surrounding how the City uses debt and Tax Increment Financing (TIF). He explained the City does not borrow money to pay operating expenses. He stated the City only issues debt for long-term capital projects, not operating expenses. He explained the City occasionally issues some debt for equipment replacement provided the debt does not exceed the life of the equipment.

The City Manager reviewed the debt reduction plan. He noted in August 2014, the City Council requested the plan and in August 2015, they requested the plan be changed to be more aggressive in debt reduction. He reviewed the trend in total debt. Debt is continuing to be issued each year; however, more debt is being retired than issued. He stated the projection is by FY2026 the City will be down to $164,000,000 in total debt. He noted the City cannot issue more than 5% of the City’s assessed evaluation as debt. He reviewed the statutory debt limit used, noting by 2026, the City will be at 32% of our statutory debt limit.

The City Manager reviewed bond ratings and how that influences interest rates. He explained the City has the 4th highest bond rating. He reviewed the City has experienced two recent downgrades, and explained the reasons for the downgrades. He anticipated Dubuque’s bond rating will be returned to its level of two years ago and perhaps exceed
that. He stressed all cities in Iowa were downgraded as a result of Moody’s revised projected rates of returns. He explained it was a national issue and all cities are currently dealing with it.

The Commission questioned the interest rate the City is currently paying on bonds. Staff Member Larson confirmed the City currently pays approximately 3.25%.

The Commission questioned who pays back the Roshek loan guarantee. The City Manager explained while he City guaranteed up to $25 million dollars, that debt is being retired by Dubuque Initiatives through their leases in the Roshek building. He noted the guarantee is now less than $7.5 million dollars. He stated the City will not have to perform on that guarantee and reviewed how the lease is structured.

The Commission asked for clarification on the Greater Downtown Tax Increment Financing District (GDTIF). The City Manager reviewed the different types of tax increment financing districts: slum and blight, economic development, and housing. He explained the GDTIF is a slum and blight TIF District.

He reviewed Dubuque recently formed two housing TIF districts at Timber-Hyrst and English Ridge Subdivisions. He reviewed that growing the City’s population is a priority and the housing TIFs will help accomplish that. He reviewed Timber-Hyrst Subdivision as an example. He explained Dubuque used the housing TIF to fix North Cascade Road, which is a dangerous road, and allowed the subdivision to have a second access. He noted the general public received a benefit as well as the developer. He explained a percentage of the increment also has to be used to create affordable housing which also helps those individuals.

The City Manager reviewed the GDTIF, noting the City use these funds to eliminate slum and blight, fix infrastructure downtown and provide parking. He reviewed the City of Dubuque is Iowa’s oldest city and our downtown was not built with the automobile in mind. Today, businesses need parking as well as parking ramps.

The Commission questioned what the right balance of TIF debt is, and how does Dubuque compare with other cities with regard to their TIF burden. The City Manager stated he is not certain of how the City of Dubuque compares with other cities’ TIF burdens. However, he can confidently predict that those cities that are using TIF are seeing the greatest success in growth. He reviewed Coralville as an example.

Commissioner Pregler stated he believes in TIF but has concerns about the overuse of it. He questioned how TIF might pull human and financial resources from the general budget and what potential long-term negative consequences there may be from TIF. The City Manager reviewed the City generally does not help with any internal infrastructure improvements. He explained our improvements are external and help the entire community, noting road improvements and water lines. He explained if a developer will donate a lot, the City will also build a park using TIF. In addition, the City requires developers to put fiber optic in their development. He stated the City has been doing this
for 10-15 years. He explained the City will reimburse a developer for the cost of installing fiberoptic conduit because it isn’t something they have to do to develop but it significantly benefits the entire community. He reviewed storm water detention, noting TIF will help pay for “over-detention” mitigation measures for issues that existed prior to the development. He explained the developer pays for necessary storm water improvement as a result of the development.

The City Manager noted the City uses TIF judiciously and there are caps placed on housing and economic development districts. He explained all except one district has a 20-year cap. He noted slum and blight districts do not have a cap.

Commissioner Pregler questioned what the City Manager envisions as a comfortable level of debt after 2026, citing the importance of a healthy, statutory debt limit if the City were ever to have to respond to a significant urgency. The City Manager noted it’s a political question and really it depends on what the current City Council is comfortable with.

The Commission asked whether there are any other major capital projects in the city that need to be addressed. The City Manager explained Dubuque will never get away from being the oldest city in Iowa. He stated our infrastructure is old and it will be a constant battle that has to be kept up with. He explained City Council has been very strategic in its use of debt. He stated our debt load increased as interested rates decreased. He explained as we start retiring debt, the City can get into a more routine maintenance program.

The City Manager explained regulations are one of the most significant challenges, noting community leaders never know what the next regulation is going to be. He cited the Water Resource & Recovery Center as an example. He explained the Federal Government spent years debating nutrient reduction regulations, but could not tell the City what standards would be in place subsequent to completion of the Center. He noted the City was not in a position to wait indefinitely on a resolution, and moved forward with the project. He said the federal government has finally issued nutrient reduction regulations and consequently, the City of Dubuque is going to be forced to upgrade its Center.

The City Manager reviewed that in the 1990s, the City’s Public Works Department approached City Council with the idea of maintaining the City’s 350 miles of streets instead of paying contractors to do the work. Initially, the effort saved the City substantial money and Dubuque paved 150 miles of streets with great success. He explained recently the federal government developed regulations for accessibility ramps and curb locations, which has significantly hampered the City’s efficiency at surfacing streets. He noted the City can now only complete five miles of streets a year instead of 15 miles of streets. He reiterated unknown regulations are impossible to plan for and expensive to address.

The City Manager distributed a handout on neighborhood and community investment. He reviewed housing TIFs require 38.1% of the increment must be spent on affordable housing. He reviewed that money as well as additional grants totaling $15.8 million dollars are going to be used to redevelop 549 housing units in Dubuque. He stated the grants also
will pay for hiring a healthy home advocate to work with these families to improve their quality of life and chances for success. He noted this is a large and exciting undertaking that will have positive impacts for the community.

The Commission thanked City Manager Van Milligen for his time and the presentation.

210 Jones Street Urban Revitalization Plan: Staff Member Maurice Jones reviewed the Urban Revitalization Plan, noting it is located in the Greater Downtown Urban Renewal District. He explained a sliding scale is a more appropriate alternative to full tax increment financing.

The Commission asked about the developer of 210 Jones Street. Staff Member Jones explained the developer is 210 Jones LLC and the same owner as 40 Main Street. He explained the incentives will help with the building since it is difficult to drive commercial tenants to that area of the city.

The Commission asked whether the sliding scale property tax abatement is a new approach. Staff Member Carstens reviewed the urban revitalization can be used for commercial projects and the rate structure can be used differently. Staff Member Jones noted it is an effective tool that hasn’t been used recently, but it is in place.

Staff Member Carstens reviewed the staff has determined the plan is consistent with the Comprehensive Plan’s Economic Development Element. She explained that the Commission’s role is advisory to City Council regarding the plan is consistent with the Comprehensive Plan. Commissioners were in support of the concept.

Motion by Pregler, seconded by Winterwood, to recommend approval of the 210 Jones Street Urban Revitalization Plan, as the proposed plan is in general conformance with the 2012 City of Dubuque Comprehensive Plan. Motion carried by the following vote: Aye – Vincent, Pregler, Winterwood, and Darter; Nay – None.

ITEMS FROM COMMISSION:
Comprehensive Plan Update: Commissioner Pregler updated the Commission on the Comprehensive Plan Kick-off Meeting. He noted he was impressed with the consultant’s approach, preparation, and flexibility. He explained the consultant’s will be at the August 17th Commission meeting to present the plan approach and engagement. He stated he was impressed with the degree of technology Teska & Associates was bringing to the process. He noted a website and apps are being developed. He recommended Dubuque should own the technology and design it so it can be used for completion of the Comprehensive Plan.

Commissioner Vacancies: Commissioner Pregler inquired on the status of vacancies on the Commission. Staff Member Carstens explained there are currently two vacancies on the Commission. Commissioners asked about the status of recruitment. Commissioner Darter requested language for Commissioners to forward to people that might be interested
in serving on the Commission. Staff Member Carstens stated she would provide that language to Commissioners.

The Commission discussed other recruitment opportunities, including community access TV, Rotary and other community groups. Staff Member Carstens clarified the City currently uses City Channel 8 as well as the website for recruitment; however, information can be sent directly to service groups. The Commission questioned whether the City Clerk would have past applicants to contact and reach out to about openings. Staff Member Carstens stated staff would look into this option.

**ADJOURNMENT:** Motion by Pregler, seconded by Vincent, to adjourn the meeting. Motion carried by the following vote: Aye – Vincent, Winterwood, Darter and Pregler; Nay – None. The meeting was adjourned at 6:50 p.m.

Respectfully submitted,

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Laura Carstens, Planning Services Manager            Adopted