



TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Set Public Hearing for Proposed Fiscal Year 2025 Tax Rate and Dollars and Taxpayer Statements

DATE: March 5, 2024

Chief Financial Officer Jennifer Larson is recommending that a March 25, 2024, public hearing be set for the establishment of the Proposed Fiscal Year 2025 Tax Rate and Dollars and Taxpayer Statements.

At the March 25, 2024, public hearing, the only options available to City Council are to approve the amount of the proposed Fiscal Year 2025 tax rate and dollars that is established on March 7, 2024, as is or decrease it.

The FY2025 budget guidelines call for a 0.25% increase in the property tax rate, which increases the property tax rate from \$9.9014 in FY24 to \$9.9264 in FY 25, which would be a 5.00% or \$40.75 tax increase for the average Dubuque homeowner, increase in property tax for commercial (25.55%, \$850.63) and an increase for industrial (3.89%, \$187.33). In FY2024, the City levied \$26,623,300 in property tax revenue to support the general fund and in FY 2025 the budget guidelines would levy \$28,223,481 in property tax revenue to support the general fund.

	% Change	\$ Change
Property Tax Rate	0.25%	\$0.02
Property Tax Asking	6.01%	\$1,600,181
Average Residential Payment	5.00%	\$40.75
Average Commercial Payment	25.55%	\$850.63
Average Industrial Property	3.89%	\$187.33

Since 1989, the average homeowner has averaged an annual increase in costs in the City portion of their property taxes of 1.36%, or about \$8.41 a year. If the

State had been fully funding the Homestead Tax Credit, the increase would have averaged approximately \$5.67 a year.

For the proposed Fiscal year 2025, Dubuque has the LOWEST property tax rate as compared to the Fiscal Year 2024 rate of the eleven largest cities in the state and information available about their proposed Fiscal Year 2025 rate. The highest rate (Waterloo) is 98.77% higher than Dubuque's rate, and the average is 53.48% higher than Dubuque's recommended Fiscal Year 2025 property tax rate.

Fiscal Year 2025 City Property Tax Rate Comparison for Eleven Largest Iowa Cities

Rank	City	Tax Rate
11	Waterloo (FY24)	\$19.73
10	Council Bluffs (FY24)	\$18.26
9	Des Moines (FY24)	\$17.56
8	Davenport (FY24)	\$16.78
7	Cedar Rapids (FY24)	\$16.25
6	Sioux City (FY24)	\$15.76
5	Iowa City (FY24)	\$15.63
4	West Des Moines (FY24)	\$11.76
3	Ankeny (FY24)	\$10.53
2	Ames (FY25)	\$10.09
1	Dubuque (FY25)	\$9.93
	Average w/o Dubuque	15.24

In July 2023, Moody's Investor Service upgraded the City's outstanding general obligation bonds from Aa3 to Aa2, as well as the outstanding Sales Tax Increment Revenue bonds from A2 to A1. Notable credit factors include strong financial operations and ample revenue-raising flexibility, which has resulted in steadily improved available fund balance and cash. The City serves as a regional economic center and its regional economic growth rate has outpaced the national rate over the past five years.

These credit ratings are affirmation of the sound fiscal management of the mayor and city council, put Dubuque in a strong position to capitalize on favorable financial markets, borrow at low interest rate when necessary, and make critical investments in the community.

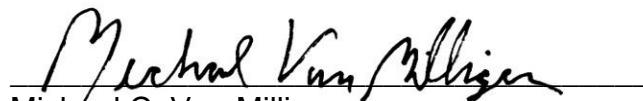
With this recommendation the City will be maintaining healthy financial reserves:

General Fund Reserve Projections:

Fiscal Year	Contribution	City's Spendable General Fund Cash Reserve	% of Projected Revenue	Moody's New Methodology
FY2017	\$600,000	\$14,172,661	20.09 %	
FY2018	\$1,700,000	\$16,460,491	23.81 %	
FY2019	\$1,050,000	\$20,945,090	29.06 %	
FY2020	\$	\$21,744,160	31.24 %	
FY2021	\$	\$31,089,468	40.72 %	
FY2022	\$	\$41,259,518	49.16 %	45.09 %
FY2023	\$	\$35,459,518	50.18 %	45.25 %
FY2024	\$	\$29,659,518	41.97 %	40.21 %
FY2025	\$	\$23,859,518	33.76 %	35.17 %

I believe that this recommendation will continue the forward momentum of our community and our organization by achieving the Mayor and City Council priorities, continuing some major capital improvement programs and leveraging Federal and State funding opportunities.

I concur with the recommendation and respectfully request Mayor and City Council approval.



Michael C. Van Milligen

MCVM/jml/sav

Attachment

cc: Crenna Brumwell, City Attorney
Cori Burbach, Assistant City Manager
Jennifer Larson, Chief Financial Officer