

CITY MANAGER'S BUDGET MESSAGE



BUDGET INTRODUCTION

Attached for your review is the Fiscal Year 2025 Recommended Budget.

The Budget and Fiscal Policy Guidelines are developed and adopted by City Council early in the budgeting process in order to provide targets or parameters within which the budget recommendation is to be formulated.

The budget recommendation presented by the City Manager may not meet all of these targets due to changing conditions and updated information during budget preparation. To the extent the recommended budget varies from the guidelines, an explanation is provided following the Budget Transmittal Message.

The following Fiscal Year 2025 Budget Transmittal Message is written in February as recommended by the City Manager to the Honorable Mayor and City Council.

A series of Budget Hearings take place following the presentation of the recommended budget, to allow for public input and analysis.

***This budget was presented on March 25, 2024
to the Honorable Mayor and City Council.***



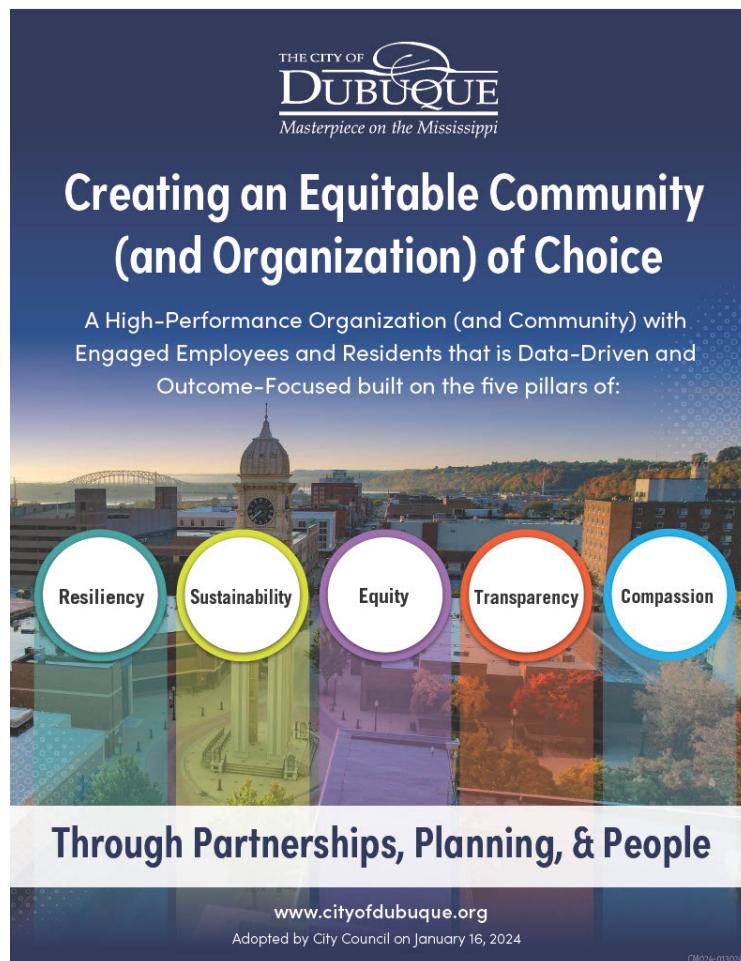
Masterpiece on the Mississippi



2007★2012★2013
2017★2019

TO: The Honorable Mayor and City Council Members
FROM: Michael C. Van Milligen, City Manager
SUBJECT: Fiscal Year 2024 Recommended Budget
DATE: March 22, 2024

It is my goal that the Fiscal Year (FY) 2025 budget recommendation will reflect the City Vision and Mission Statements as established by the Mayor and City Council and be responsive to the goals and priorities established by the Mayor and City Council in their August 2023 annual goal setting session. To enable staff to finalize the recommended budget, the City Council must first set the maximum property tax levy for FY2025 on March 7, 2024.



In August 2024 the Mayor and City Council met for their annual three-day strategic planning session and established the following:

2023 Vision Statement

Dubuque 2038 is a sustainable and resilient city, an inclusive and equitable community where ALL are welcome. Dubuque 2038 has preserved our Masterpiece on the Mississippi, has a strong, diverse economy and expanding connectivity. Our residents experience healthy living and active lifestyles; have choices of quality, affordable, livable neighborhoods; have an abundance of diverse, fun things to do; and are successfully and actively engaged in the community.

Mission Statement

Dubuque city government is progressive and financially sound with residents receiving value for their tax dollars and achieving goals through partnerships. Dubuque city government's mission is to deliver excellent municipal services that support urban living; contribute to an equitable, sustainable city; plan for the community's future; and facilitate access to critical human services.

Five-Year Goals: 2023-2025

- a. **Vibrant Community:** Healthy and Safe
- b. **Financially Responsible, High-Performance City Organization:** Sustainable, Equitable, and Effective Service Delivery
- c. **Robust Local Economy:** Diverse Businesses and Jobs with Economic Prosperity
- d. **Livable Neighborhoods and Housing:** Great Place to Live
- e. **Sustainable Environment:** Preserving and Enhancing Natural Resources
- f. **Connected Community:** Equitable Transportation, Technology Infrastructure, and Mobility
- g. **Diverse Arts, Culture, Parks, and Recreation Experiences and Activities**
- h. **Partnership for a Better Dubuque:** Building Our Community that is Viable, Livable, and Equitable

2023-2025 Top Priorities (in alphabetical order)

- a. Air Service: Future Strategy & Action Plan
- b. City Workforce Retention & Attraction
- c. Comprehensive Study of Fire Station Locations and Staffing
- d. Police Department Full Staffing
- e. Street Maintenance & Rehabilitation Program

2023-2025 High Priorities (in alphabetical order)

- a. Bee Branch Detention Basin Pump Replacement
- b. Catfish Creek Sanitary Sewer Project Pump Station
- c. Central Avenue Corridor Revitalization Plan
- d. Leveraging Federal & State Infrastructure Grant Programs
- e. RAISE Grant & Matching Funds for Construction (14th St. Railroad Overpass and Elm St. and 16th St. Corridor Complete Streets)

In March 2020 when the world shut down, the City of Dubuque's employees rose to the occasion and met the moment. We are so fortunate that the people who have chosen to come to work for the City of Dubuque understand that empathy is the glue that holds together a civil society. Recognizing the value of our current city workforce and the need to continue to recruit talented and committed employees the City Council chose as a top priority, "City Workforce Retention and Attraction." While this has been a consistent challenge since the pandemic across the city organization, the problem has been especially acute in the Police Department with a consistent vacancy rate of about 15 police officers.

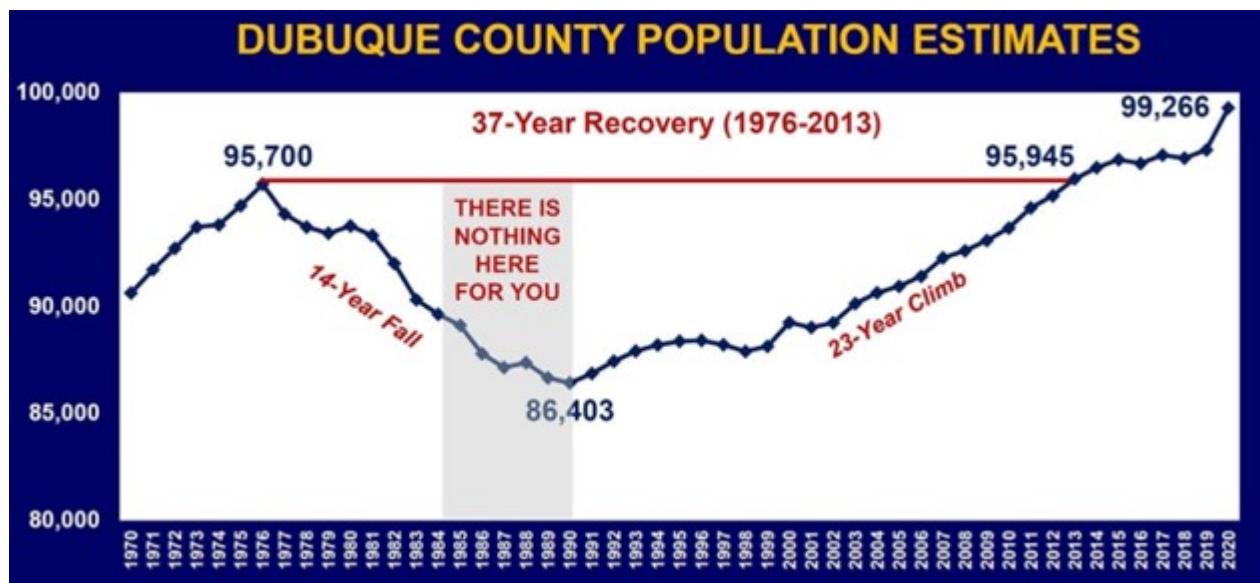
This budget recommendation is built on:

1. City Council Goals & Priorities
2. Major Capital Improvement Projects
3. Leveraging Federal and State Grants
4. Public Safety
5. Streets

The prudent financial management by the Mayor and City Council is being recognized. Moody's Investors Service has upgraded the City of Dubuque, IA's issuer rating and outstanding general obligation bonds to Aa2 from Aa3, as well as its outstanding moral obligation SalesTax Increment Revenue Bonds, Senior Bond Series 2015A to A1 from A2.

The issuer rating was upgraded to Aa2 because the city has 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 nation over the past five years. The city's local economy is likely to remain strong because of its mix of commercial and industrial industries, stable population and steady tax base growth. Resident wealth and income ratios are a little below rated peers, in part because of a large student population. Leverage is elevated and could grow further because of outstanding capital needs.

Fortunately, Dubuque is outperforming most of our peers across the state of Iowa and the Midwest. As you can see in the chart, the city has climbed out of a decades long hole, achieving growth that few other Midwest communities have experienced. To maintain and accelerate this momentum there must be continued investment. The good news for the city is that the federal government has decided to be a financial partner with local governments to spur growth and investment and the City of Dubuque is competing for those grant opportunities.





Percent Change in Population: 2010-2020

Metropolitan Statistical Area	% Change
Des Moines-West Des Moines Metro Area	16.7%
Iowa City Metro Area	15.2%
Ames Metro Area	7.3%
Cedar Rapids Metro Area	6.2%
Dubuque Metro Area	4.2%
Janesville-Beloit, WI Metro Area	2.1%
Sioux City, IA-NE-SD Metro Area	1.0%
Waterloo-Cedar Falls Metro Area	0.3%
Davenport-Moline-Rock Island Metro Area	-0.5%
Rockford, IL Metro Area	-3.0%
Peoria, IL Metro Area	-3.3%
Decatur, IL Metro Area	-6.1%



Percent Change in Population: 2010-2020

Micropolitan Statistical Area	% Change
Keokuk	-7.00%
Fort Dodge	-5.50%
Clinton	-5.50%
Burlington	-5.10%
Mason City	-4.40%
Spencer	-4.10%
Marshalltown	-2.80%
Storm Lake	-2.40%
Ottumwa	-1.80%
Boone	-1.60%
Muscatine	-0.08%
Oskaloosa	0%
Newton	3.30%
Spirit Lake	5.30%
Fairfield	8.90%



Percent Change in Population: 1970-2020

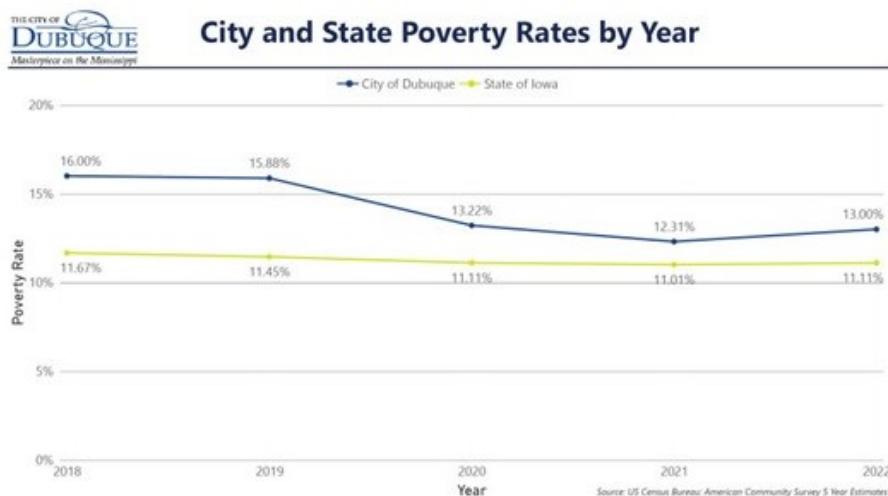
City	1970 Population	2020 Population	% Change
Gary, IN	175,415	69,093	-60.6%
South Bend, IN	125,580	103,453	-17.6%
Flint, MI	193,317	81,252	-58.0%
Detroit, MI	1,511,482	639,111	-57.7%
Akron, OH	275,425	190,469	-30.8%
Cincinnati, OH	452,524	309,317	-31.6%
Cleveland, OH	750,903	372,624	-50.4%
Dayton, OH	243,601	137,644	-43.4%
Toledo, OH	383,818	270,871	-29.4%
Youngstown, OH	139,788	60,068	-57.0%

Reviewing the 5 year goals (2022-2027) for the Greater Dubuque Development Corporation (GDDC) you can see significant progress is being made. This is especially true in the areas of increasing Median Household Income and Construction Investment.

Median Household Income has increased from \$68,198 in 2021 to \$73,495 in 2023 (\$5,297, 7.8%).

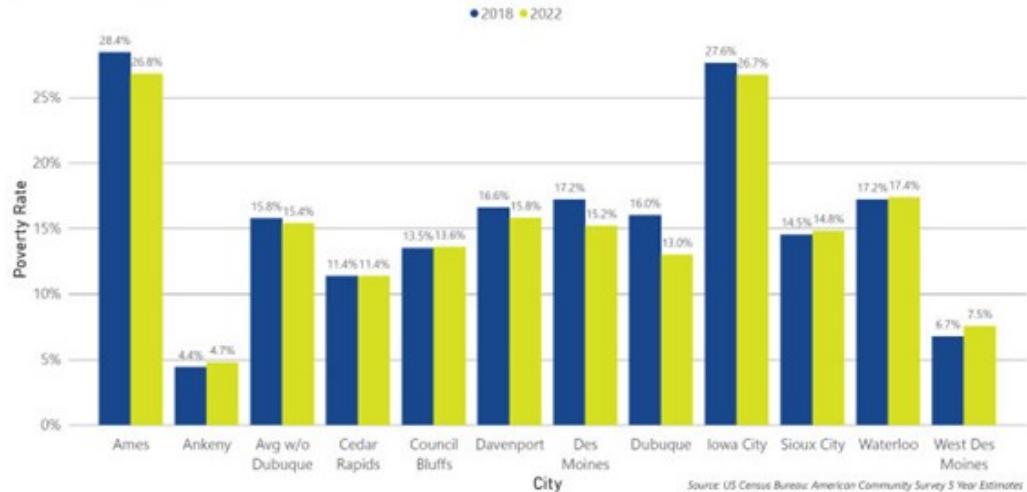
The GDDC target for Construction Investment is \$1 billion by 2027 and only 18 months into the 5 year plan the amount of investment in Dubuque County alone is over \$400 million. At this pace the amount of investment over 5 years could hit \$1.4 billion in Dubuque County, and far exceed that total on a regional basis.

The Office of Shared Prosperity and Neighborhood Services reports that progress is being made on poverty prevention and reduction and Dubuque is again outperforming our peer cities in the State of Iowa, though the reduction of direct federal assistance to families caused a slight poverty uptick in 2022:

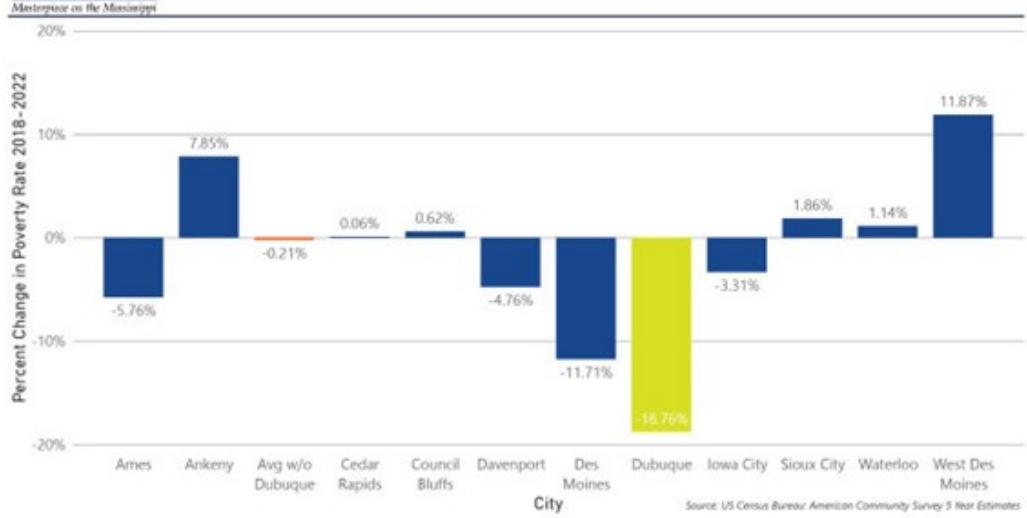




2018 and 2022 Poverty Rates by City



Percent Change in Poverty Rate 2018-2022



Cost Increases

Supply chain issues and rising prices for fuel, vehicles, equipment, construction materials, electronics, and more are impacting the operating expenses of many City departments. Like the private sector, the City is also facing significant challenges in filling staff vacancies and new positions as Iowa's workforce crisis continues to manifest itself through record low unemployment and significant employee turnover.

To enhance the City's employee retention and recruitment efforts and to respond to core inflation, I am recommending that non-bargaining unit employees receive a 5% wage increase. The Dubuque Police Protective Association (DPPA) 5 year contract was recently approved with a 5% wage cost in FY25. The City is still negotiating new agreements with the Operating Engineers and the Dubuque Professional Firefighters. The two Teamster unions have one more year on their contracts at a 3 % increase in FY25.

Non-bargaining unit employees (bargaining unit employees are generally similar) have averaged a **2.275%** annual wage increase over the last 10 years (FY2015-FY2024), including no wage increase in FY2021 at the beginning of the pandemic. The change in the Consumer Price Index over that 10 year period (calendar years 2014-2023) was **2.685%**.

Community Safety

In the area of public safety, the City will add two positions to the Fire Department, in addition to the ten positions that have been added over the last few years. There will also be a replacement of 4 major pieces of equipment at a cost of over \$2 million. This further enhances a Fire Department that, as an Insurance Services Office Class II Fire Department, is ranked in the top 3% of the over 48,000 Fire Departments in the United States. The Dubuque Fire Department is one of less than 300 Fire Departments internationally to receive accreditation by the Commission on Fire Accreditation International. It is no wonder that when asked to rate all of Dubuque's public services for 2020-2021, local CEOs, business owners, and top managers rated Dubuque's fire service #1 and its ambulance service #2. Using a scale with 1 being low and 7 high, the fire service scored an average of 6.36 and ambulance 6.19.

The City will also continue the aggressive deployment of security cameras, which is being made easier as ImOn Communications has committed to deploying fiber optic cable across the entire Dubuque community over the next three years with the goals of serving every home and business with fiber optics. The City Council approved in 2023 technology to police force multipliers with Automated Speed Enforcement and Automated License Plate Readers.

The City is committed to aggressively filling the many vacancies in the Police Department triggered, in part, by the hiring freeze during the economic crisis caused by the pandemic. The 6% wage increase in FY24 and the 5% wage increase in FY25 and the midyear pay boost for command staff will help with retention and recruitment.

The City and Dubuque County are partnering on two important projects. The first is a 50/50 split on the \$5 million in costs to move the 911 Emergency Communications Center to a new facility, and a 50/50 cost split on the \$3 million to replace the Police, Fire, 911, and Sheriffs Office operating software.

Road and Infrastructure

Following the opening of the Southwest Arterial in 2020, the opening of the new Highway 20 interchange at Swiss Valley Road in 2021, the reconstruction of Chavenelle Road, the reconstruction of North Cascade Road, the resurfacing and reconstruction of the Northwest Arterial, and the resurfacing of over 5 miles of streets by Public Works crews in 2023, the City will be further pursuing street improvements.

The Iowa Department of Transportation is beginning to study the eventual full reconstruction of the intersection of Highway 20 and the Northwest Arterial, including the closure of the southern leg of the intersection, to greatly improve traffic flow. They have submitted an over \$15 million project to the IDOT commission for consideration which includes an over \$5 million local match.

The City received a grant for an over \$3 million planning effort and has submitted an over \$37 million federal infrastructure grant application in 2024 to build a railroad overpass at 14th Street and improvements to Elm Street and 16th Street, with multiple intersection improvements all in the complete streets format.

In partnership with the US Army Corps of Engineers, the City will be improving the Mississippi River floodwall in the South Port of Dubuque to better protect the sanitary sewer force main from river traffic accidents.

The City will spend approximately \$50 million to improve the Catfish Creek Sanitary Sewer Shed, replacing and upsizing much of the 70-year-old sanitary sewer system and adding a major sanitary sewer lift station. This will allow the City to further eliminate polluting sanitary sewer overflows and be prepared for future growth to the West. The goal is to be eligible for tens of millions of dollars in federal infrastructure dollars to support this project.

The City will also be spending almost \$6 million to replace over 500 private lead service lines with a 49% Iowa Finance Authority forgivable loan program to assist low-income residents, with the 51% balance being absorbed by the City.

Economic Development

The City will be investing in the downtown, the Central Avenue corridor, the West End industrial parks, and improving Schmitt Island access.

The CIP includes over \$23 million to complete Five Flags Building improvements.

One dramatic success story for the Mayor and City Council is addressing the need for additional housing options. In 2022, the Greater Dubuque Development Corporation conducted a study that showed the City of Dubuque was short over 1,000 housing units. At the same time population growth is a top priority with a huge demand for workforce.

The Mayor and City Council adopted financial incentives in the summer of 2022 to encourage housing development. **The City of Dubuque currently has over 2,300 developable single family lots and multi-unit residential rental units that have either been completed, are under construction, or have been approved for development.**

Improved Customer Service

A significant customer service enhancement has been the move to automated collection of refuse carts. This will not only increase customer convenience, but it will improve the appearance of neighborhoods. The City refuse collection employees are currently required to handle people's trash, exposing them to fleas, bedbugs, viruses, and germs. They are also required to exit and enter the vehicle almost 700 times each day, over 3,000 times a week, and over 170,000 times a year. This is even in the winter, risking slipping on the ice and snow and constantly battering their feet, ankles, knees, hips and back.

Identifying and Funding Important Initiatives to Support Employees

In FY24 the Mayor and City Council approved the addition of some new City positions in the organization to advance important initiatives and meet existing needs. In FY2023, the City Council approved through amendment two new positions in the Human Resources Department and a Project Manager position in Leisure Services.

During the FY 2023 budget process the following recurring improvement packages creating new positions was approved:

- a. Full-Assistant FBO Supervisor at the Airport to ensure supervisory coverage for the Fixed Base Operations (FBO).
- b. Full-Time Secretary in AmeriCorps to assist as part of the creation of the new division.
- c. Full-Time Secretary in City Clerk's Office to serve as the main point of contact for all public inquiries.
- d. Full-Time Climate Action Coordinator in the City Manager's Office dedicated to implementing the 50% by 2030 Community Action and Resiliency Plan.

- e. Full-Time Grant Analyst in the City Manager's Office to address the continued need for grant management.
- f. Full-Time Public Safety Dispatcher in the Emergency Communication to cover forty hours of current part-time hours.
- g. Full-Time Utility Locator in Engineering to address the growing demand for locating buried City utilities.
- h. Seasonal Business Administration Intern in Engineering to assist the administrative staff with an ever-growing workload.
- i. Seasonal OSHA Intern in Engineering to update and customize the current department Construction Safety Manual.
- j. Seasonal Broadband Intern in Engineering to assist Traffic Operations Center staff with populating a database of broadband infrastructure.
- k. Seasonal Finance Intern to assist with large projects and ongoing work.
- l. Four Full-Time Firefighters to increase the number of personnel per shift, resulting in the ability to increase minimum staffing to 24 personnel each day, thereby staffing a third full-time ambulance crew.
- m. Three Full-Time Firefighters to increase the available personnel to cover various leave requirements and help reduce the need for overtime.
- n. Full-Time Confidential Account Clerk in Housing to help with administrative duties of the department.
- o. Full-Time Help Desk Technical Support in Information Services to provide assistance for the implementation of e-mail for additional uses, help in implementation of MFA for all, help address the need for backlog of service request tickets, aid in monthly on-boarding for technology additional WebQA user and backend support.
- p. Full-Time User Technology Specialist in Information Services to provide ERP support.
- q. Full-Time Chief Security Officer in Information Services to help improve cybersecurity, manage the on-going complexity of threats, and manage the network infrastructure (fiber, switches, routers).
- r. Full-Time maker Space Assistance at the Library to provide full-time coverage for Maker's Space.
- s. Full-Time Patrol Officer in Police added as part of the 20 officers by 2022.
- t. Seasonal Community Resource Officers in Police to help continue the success the program has had in both the value to the public and as a recruiting tool for the department.
- u. Full-Time Sanitation Driver in Public Works added due to the increase in lane miles to plow and employee turnover rate.
- v. Part-Time Secretary in Public Works added to help with coverage issues during lunch, vacation, and sick leave.
- w. Full-Time Landfill Equipment Operator in Public Works to support operations in the Agency's Regional Collection Center.
- x. Four Full-Time Bus Operators in Transportation Services to minimize employee turnover, associated, cost, and offer more consistency in schedules for residents.

In the FY2024 budget, the following personnel additions were made:

- a. two Police Officer positions were approved as part of the crisis intervention team and enhancements to the Secondary Responder Model.
- b. at the Fire Department, there was addition of a Firefighter position and an additional Administrative Assistant.
- c. In 911 Emergency Communications, there was the addition of a full-time Dispatcher position.
- d. at the Airport, more Fixed Based Operator Line Service hours
- e. in Housing, elimination of a part-time position and creation of a full-time Combination Inspector.
- f. an additional 910 hours of site supervision at the Multicultural Family Center.
- g. a new full-time Confidential Account Clerk in Leisure Services.
- h. upgrade of a part-time Circulation Lead Library Assistant to a full-time position at the Library.
- i. a Data Scientist position in Public Works.
- j. a part-time AmeriCorps Position in the Engineering Department.
- k. two intern positions in the Engineering Department.
- l. a full-time Water Distribution Maintenance Worker in the Water Department,
- m. elimination of a Water Meter Repair Worker.

- n. creation of a Water Meter Foreman position in the Water Department.
- o. the creation of the position of Assistant Water and Resource Recovery Manager position.
- p. creation of the Industrial Pretreatment Coordinator position at the Water and Resource Recovery Center.
- q. creation of a part-time intern position in the Public Works Department.

After approval of the FY24 budget there were other personnel changes as follows:

- a. added a civilian Fire Inspector
- b. Transportation added Laborer +1.0 FTE; eliminated part-time Laborers -0.55 FTE; increased Dispatcher from 0.1 FTE to 0.5 FTE; added 0.34 FTE to the Parking Meter Checker.
- c. Engineering added Engineering Technician +1.0 FTE; eliminated Lease Management Intern -0.25 FTE; added Confidential Account Clerk +1.0 FTE, three limited term Engineering Intern positions ended -0.32 each.
- d. Water & Resource Recovery Center had the addition of Maintenance Supervisor 0.25 FTE.
- e. Public Works eliminated Assistant Public Works Director -1.0 FTE; added Fleet Maintenance Procurement Specialist +1.0 FTE; eliminated Stock Clerk -1.0 FTE; part-time Administrative Assistant was changed to full-time +0.33 FTE; added Field Supervisor +1.0 FTE.
- f. Office of Prosperity and Neighborhood Support part-time Administrative Assistant was moved to full-time +0.34 FTE.
- g. Public Information Office eliminated Communications Assistant -0.50 FTE; added Communications Assistant +1.0 FTE. Airport eliminated Marketing Coordinator -0.70 FTE.
- h. The Finance Department eliminated Finance Director -1.0 FTE; eliminated Budget Director -1.0 FTE; added Finance Manager +1.0 FTE; added Budget Manager +1.0 FTE; eliminated Budget/ Financial Analyst -1.0 FTE; eliminated Accountant -1.0 FTE; added Payroll Systems Analyst +1.0 FTE; added Project Manager 0.50 FTE, added Finance Intern positions 1.50 FTE.

In the FY25 budget, I am recommending the addition of 2 full-time positions in the Fire Department. There is an additional Captain to serve as a Field Training Officer/Safety Officer and a Bureau Chief position in EMS.

This will bring the City FY2025 full-time equivalent employee compliment to 776.22.

Opportunities for Grants and Forgivable Loans

The Biden Administration has successfully passed a large infrastructure bill, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and is also showing success at increasing funding to individual federal departments and grant programs. Additionally, the Biden Administration has sent billions of dollars to the states for Governors to fund programs, some of which will lead to local government grant opportunities. This is creating a short window of time where communities across the country will be able to compete for grants and forgivable loans to fix age-old problems and to create new growth opportunities. The challenge will be to get these projects ready to compete for these grants and to identify a source for matching collars to be eligible for the grants. For instance, the Iowa Finance Authority (IFA) now offers low interest State Revolving Fund (SRF) loans at very low interest rates. With the new programs, up to 50% of those loans will be forgivable and IFA is creating a 90% forgivable loan program to replace lead water services lines.

The City of Dubuque has had tremendous success pursuing federal and state grants and now there are more opportunities than ever before. To be competitive for grants the City must invest in making projects "shovel ready" and must be prepared to budget for the local match required to receive the grants. While this is expensive for the city the benefits to the community by having important projects completed with mostly federal and state dollars is tremendous.

Teri Goodmann is the City of Dubuque Director of Strategic Partnerships. She is assisted by Technical Grant Analyst/Assistant Justin Thiltgen, Administrative Assistant Anne Schreyer and a host of other city employees and not-for-profit partners. Over the last 25 years the City has received or partnered with others to receive close to one billion dollars of Federal and State grants.

The City Manager's staff in the Office of Strategic Partnerships work to assist our city departments, community partners, and non-profits seek competitive grant funding at the state and federal levels. Other work includes advocacy for the city with county, state and federal elected officials and staff.

Specifically, staff in the Office of Strategic Partnerships coordinate the Dubuque community's efforts to secure federal funds available through the American Rescue Plan Act (ARPA), Bipartisan Infrastructure Law (BIL), and the Inflation Reduction Act (IRA) as well as state and private grant opportunities.

Much of the current work focuses on the historic number of grant opportunities available to local governments by the Biden Administration, including direct funding assistance through ARPA. All federal grants require a specific focus on resiliency and equity. The City's efforts are grounded in a series of three (3) community wide engagement sessions held by the City of Dubuque which outlined and explained the opportunities in the American Rescue Plan Act (ARPA), Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA). As a result of these civic discussions, City staff and community partners were prepared and organized to maximize the city's & community's chances to receive the greatest possible share of these recovery and reinvestment dollars.

Staff continue to convene and engage monthly, having included city staff and more than 180 individuals from more than 20 local organizations to identify, apply for, and secure grants to address local needs. As part of this process, staff continues to work with numerous community non-profit leaders to help them identify funding opportunities.

To understand the breadth of these efforts, consider all the Grant Topic Teams that have formed under staff leadership. There are over 30 teams specializing in different areas which include: Arts & Culture, Broadband Growth, Brain Health, Brownfield Revitalization, Child Care, Disaster Mitigation, Domestic Violence Prevention, Economic/Downtown Development & Historic Preservation, Education, Emergency Communications, Energy Infrastructure, Equity, Food & Food Systems, Health & Wellness, Housing, Immigration, Job Training, Law Enforcement & Diversion, Lead Service Line Replacement, Parks, Recreation, and Trails, Partnership on Nutrient Runoff, Surface Transportation, Sustainability, Transit Infrastructure, and Water Infrastructure.

Through tracking and analysis of grant data received by the City of Dubuque, its many partners, and community organizations, we can capture some of the impact of funding on the City of Dubuque and the broader community.

ARPA Funding

To City of Dubuque:

- a. Dubuque Regional Airport was awarded a grant from the Iowa Department of Transportation (IDOT) - Iowa Commercial Aviation Infrastructure Fund (ICAIF) for the construction of box hangar \$2,800,000.
- b. Dubuque Regional Airport received a grant from the Federal Aviation Administration (FAA) for Terminal & Airfield Improvements (+ solar array) \$1,300,000
- c. The Green & Healthy Homes program received funding from the U.S. Department of Housing and Urban Development (HUD) Healthy Homes Production Grant Program to identify and address health and safety hazards in low-income families' homes \$2,000,000.
- d. The Jule received a grant from the United States Department of Transportation (USDOT) to help with the Jule EV Implementation Project (Match/Joint Funds for Add. Project) \$1,073,000
- e. AmeriCorps received an AmeriCorps Partners in Learning Grant from the Iowa Commission on Volunteer Service for AmeriCorps Program Expansion \$282,006
- f. City of Dubuque - Five Flags were awarded a Shuttered Venue Operators Grant (SVOG) for economic recovery due to Covid-19 pandemic \$241,387.
- g. AmeriCorps was granted an AmeriCorps Creating Opportunities Grant from the Iowa Commission on Volunteer Service for AmeriCorps Program Expansion \$204,696
- h. The Dept. of Economic Development received American Rescue Plan Grants for Organizations from the Iowa Arts Council for a Communications and Grants Administration Assistant \$7,500
- i. The Dept. of Economic Development received funds from the Arts & Culture Marketing Grant (CARES Act) from the Iowa Arts Council for Communications Campaign/DBQ Arts & Culture Sector \$15,000

To Partners:

- a. Riverview Center received a Transitional Housing Assistance Grant from the Office on Violence Against Women, Dept. of Justice \$575,000
- b. 374 local businesses received Economic Injury Disaster Loans & Grants (EIDL) from the US Small Business Administration (SBA) \$19,805,500
- c. 30 local businesses received Restaurant Revitalization Funds (RRF) from the US Small Business Administration (SBA) \$4,240,794
- d. PHOENIX THEATRES DUBUQUE, LLC received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$989,658
- e. Dubuque County Historical Society received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$940,247
- f. Legion-Aires Drum and Bugle Corps received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$696,794
- g. The Grand Opera House received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$180,492
- h. Bell Tower Productions received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$72,335
- i. Dubuque Symphony Orchestra received a Shuttered Venue Operators Grant (SVOG) from the US Small Business Administration (SBA) \$62,087
- j. Dyersville Field of Dreams received a grant from the Iowa Economic Development Authority (IEDA) | Destination Iowa for Tourism & Economic Development (Stadium) \$12,500,000
- k. Dyersville Field of Dreams received a Tourism & Economic Development grant from Iowa's Water Infrastructure Fund (WIF) for Water Infrastructure & Connectivity \$11,000,000
- l. Cottingham & Butler, Inc. received a grant from Future Ready Iowa | 2022 Child Care Business Incentive Infrastructure and Slots Awards for the Cottingham & Butler Project Stork (182 new slots) \$3,000,000
- m. Dubuque Initiatives received a grant from Future Ready Iowa | 2022 Child Care Business Incentive Infrastructure and Slots Awards for the Dubuque Industrial Center West Multi-Employer Childcare Center Project (120 new slots) \$2,154,800
- n. Hills and Dales received a grant from the Iowa Economic Development Authority's (IEDA) Nonprofit Innovation Fund for the Autism Center for Youth \$1,250,000
- o. Dubuque/Jackson Counties Habitat for Humanity received a 2022 State HOME Grant from the Iowa Finance Authority (IFA) \$1,066,895
- p. Holy Family Catholic Schools: Saint Joseph the Worker Early Childhood received a grant from Future Ready Iowa | Child Care Challenge for Child Care Slots (creation/opening) \$850,000
- q. Dubuque Dream Center received a grant from Future Ready Iowa | Child Care Challenge for Child Care Slots (creation/opening) \$750,000
- r. Holy Family Catholic Schools: Holy Ghost Early Childhood Center received a grant from Future Ready Iowa | Child Care Challenge for Child Care Slots (creation/opening) \$750,000
- s. Hirshbach Motor Lines, Inc. received a grant from Future Ready Iowa | Child Care Challenge for Child Care Slots (creation/opening) \$630,000
- t. Romper Room Child Care Center received a Future Ready Iowa | Child Care Challenge grant for Child Care Slots (creation/opening) \$452,591
- u. Holy Family Catholic Schools: Our Lady of Guadalupe Early Childhood received a Future Ready Iowa | Child Care Challenge grant for Child Care Slots (creation/opening) \$345,000
- v. The Dept. Of Economic Development was awarded a grant from the Iowa Dept. of Cultural Affairs for Community Initiatives & Creative Projects \$205,000
- w. Voices received a grant from the Iowa Economic Development Authority (IEDA) for Accessible Restrooms \$100,000
- x. Aspire Home Daycare LLC received a Future Ready Iowa | Child Care Challenge grant for Child Care Slots (creation/opening) \$78,300
- y. Crescent Community Health Center received a grant from the Iowa Cancer Consortium for a Community Health Worker \$75,000
- z. Four Mounds Foundation received a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$50,000
- aa. Friends of St. Mary's were awarded a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$50,000

- ab. Stonehill Franciscan Services received a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$46,000
- ac. Mercy Health Services-Iowa, Corp. received a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$44,760
- ad. Heritage Works received an American Rescue Plan Humanities Grant for Heritage Works Job Support \$18,000
- ae. Dubuque County Historical Society received an American Rescue Plan Humanities Grant for the Mathias Ham Historic Site Programs and Expanded Marketing Campaign \$18,000
- af. Hills and Dales Child Development Center received a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$16,165
- ag. Julien Dubuque International Film Festival was granted an American Rescue Plan Arts Grant – Organizations for JDIFF Contract Position Support \$15,000
- ah. Dubuque Museum of Art received an American Rescue Plan Arts Grant – Organizations to Diversify engagement, build equity, add capacity \$15,000
- ai. Heritage Center received an American Rescue Plan Arts Grant – Organizations for 2021-22 Live at Heritage Guest Artist Fee Subsidy \$10,000
- aj. Grand Opera House received an American Rescue Plan Arts Grant – Organizations for Contracted Artists \$7,500
- ak. Bell Tower Theater was awarded an American Rescue Plan Arts Grant – Organizations for Artist Stipends \$7,500
- al. Creative Adventure Lab, Inc. received an American Rescue Plan Arts Grant - Organizations for Supporting Staff and contract artists \$7,500.
- am. Dubuque Symphony Orchestra received an American Rescue Plan Arts Grant – Organizations for Dubuque Symphony Orchestra Holiday Concert \$7,500
- an. Aspire Home Childcare Network received a grant from the Future Ready Iowa | 2022 Employer Innovation Fund for Job & Skills Training \$5,800
- ao. Ellyn Holzhuter Daycare received a grant from the Future Ready Iowa | Child Care Challenge for Child Care Slots (creation/opening) \$5,621
- ap. Thomasin Ringler received an American Rescue Plan Arts Grant – Artists for Mammalia Series/ Public Metal Pours/Studio Exhibit \$5,000
- aq. Laura Konecne received an American Rescue Plan Arts Grant – Artists for Sculptural Pachypodium Vessels \$3,500
- ar. Northeast Iowa School of Music was awarded an American Rescue Plan Arts Grant – Organizations for Office Manager and Business Manager Support \$3,500
- as. Gail Chavenelle received an American Rescue Plan Arts Grant – Artists for Website for the Future \$2,500
- at. Amy Dunker received an American Rescue Plan Arts Grant – Artists for Rising Strong \$2,500
- au. Samantha Hilby-Beck was awarded an American Rescue Plan Arts Grant – Artists for Reengagement of Emerging Artist & Arts Educator \$2,500
- av. Dubuque Chorale received an American Rescue Plan Arts Grant – Organizations for Artistic Stipends for Two Piano Accompanists \$2,500
- aw. Rising Star Theatre Company received an American Rescue Plan Arts Grant - Organizations for Contracted Artists for 2021 Summer Programming \$2,000

BIL Funding

To City of Dubuque:

- a. 2022 RAISE Infrastructure Planning Grant from the United States Department of Transportation (USDOT) for 16th Street Overpass & Corridor, Elm Street Complete Streets, & Roundabouts \$2,280,000
- b. Dubuque Regional Airport was awarded a grant from the United States Department of Transportation (USDOT – FAA) for Solar Panels & Improvements with the General Aviation Terminal \$413,350
- c. Dubuque Metropolitan Area Transit was awarded a Safe Streets for All grant from the United States Department of Transportation (USDOT) for transportation safety planning \$394,186.
- d. The Transit Department was awarded a Low- or No-Emissions Bus Program (Second Round) grant from the United States Department of Transportation (USDOT) for EV Buses & Charging Station & Solar Panels \$2,359,072

- e. The Transit Department was awarded a US Dept. Of Transportation (USDOT) Areas of Persistent Poverty grant to study and analyze the Jule Services & Route Optimization \$225,000
- f. Dubuque Regional Airport was awarded an Airport Infrastructure Grant from the US Dept. Of Transportation (USDOT – FAA) for Reconstruction of the outdated transient aircraft parking apron \$2,600,000

IRA Funding

To City of Dubuque:

- a. The Dept. of Leisure Services was awarded a U.S. Dept. Of Agriculture (USDA) – Urban & Community Forestry Grant (UCF) IRA Grant to strengthen the city's tree canopy in the most vulnerable and historically disinvested census tracts. \$1,499,978

Misc. Regular Appropriations

To City of Dubuque:

- a. The City Planning Dept. received a grant from the Iowa Dept. of Cultural Affairs - Historical Resource Development Program for Dubuque's Black Heritage Survey \$30,000
- b. The City received a grant from the Iowa Finance Authority (IFA) Destination Iowa for the development of a Chaplain Schmitt Island Amphitheater \$3,000,000
- c. Received a grant from the Iowa Economic Development Authority/Iowa Tourism's Travel Iowa Partnership Program for Communications Campaign/DBQ Arts & Culture Sector \$10,000
- d. Received a grant from the United States Department of Transportation (USDOT) Via Community Project Funding (CPF) for Chaplain Schmitt Island Trail Connection \$615,000
- e. Local Arts Agencies for Subgranting Local Arts Agencies for Subgranting National Endowment for the Arts - Regular Appropriations \$500,000
- f. Dubuque Police received a COPS Hiring grant from the Department of Justice for Community Oriented Policing - Brain Health Trained Officers \$250,000
- g. Received a grant for the Granger Creek Lift Station from the Federal Emergency Management Agency (FEMA) Via Community Project Funding \$1,000,000
- h. Voices & Office of Shared Prosperity and Neighborhood Support (OSPNS) received a National Endowment for the Arts (NEA) Our Town Grant for Arts programming & placemaking \$50,000.
- i. Received an Economic Development Administration (EDA) grant from their Economic Adjustment Assistance (EAA) Program for Bee Branch Gates & Pumps \$7,700,000
- j. Dubuque Regional Airport received a Small Community Air Service Development Program (SCASDP) grant from the US Dept. Of Transportation (USDOT – FAA) to address solutions to renewing commercial air service \$1,500,000.

Totals to Date

Grants to the City of Dubuque (Applicant):

\$33,384,233.00

Grants/Funds received Community-Wide:

ARPA Directed Allocated Funds: \$26,522,200

County ARPA Funds to Community Organizations: \$15,743,338

Total Federal, State, & Private Funds: **\$123,819,444**

Total Federal, State, County, & Private Funds: **\$141,562,782**

CITY PROPERTY TAX RATE

In the FY2022 City budget that was adopted by the Mayor and City Council in March 2021, there was a property tax rate reduction of 2.5%, which resulted in no increase in city property taxes for residential property, and a city property tax decrease for commercial property, industrial property, and multi-residential property.

In the FY2023 city budget the Mayor and City Council adopted a property tax rate reduction of 1.74% which resulted in a 2.96% increase for the average homeowner.

In the FY2024 (current year) city budget the Mayor and City Council adopted a property tax rate increase of 1.96% which resulted in 3% increase for the average homeowner.

In FY 2024, the City levied for \$26,623,300 in property tax revenue to support the general fund and in FY 2025 the budget guidelines would levy for \$28,223,480 in property tax revenue to support the general fund. The FY 2025 budget guidelines call for a 0.25% increase in the property tax rate, which increases the property tax rate from \$9.90135 in FY 24 to \$9.92638 in FY 25, which would be a 5.00% or \$40.75 tax increase for the average Dubuque residential property owner, an increase in property tax for commercial (25.55%, \$850.63), and an increase for industrial (3.89%, \$187.33).

	% Change	\$ Change
Property Tax Rate	0.25%	\$0.03
Property Tax Asking	6.01%	\$1,600,180
Average Residential Payment	5.00%	\$40.75
Average Commercial Payment	25.55%	\$850.63
Average Industrial Property	3.89%	\$187.33

While the City of Dubuque measures the impact of a change in the property tax rate by creating an average value for properties in different classifications that gets increased each year, the State of Iowa wants cities to look at the impact on a fixed value of a \$100,000 property. One thing the State of Iowa calculation does is show the impact on small businesses and smaller residential properties. The impact is different because the first \$150,000 of a commercial property gets the much greater residential rollback, in other words less of the value of the property is subject to property tax.

In the case of Dubuque, a commercial or a residential property with an assessed value of \$100,000 would have paid \$541 in FY2024 and will pay \$460 in FY2025, a decrease of \$81, or 14.97%.

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.

The City Council is only considering the FY2025 property tax rate. The FY2026 - 2029 tax rates are only projections. The future budget projections will be updated each year so that City Council will have an opportunity in the next year to change FY2026.

The City property tax rate projected in these budget guidelines and impact on the average residential property owner (\$196,508 assessed value) is as follows:

Fiscal Year	City Tax Rate	% Change in Tax Rate
FY 2025	\$9.92638	0.25%
FY 2026	\$10.4225	5.00%
FY 2027	\$10.9427	4.99%
FY 2028	\$11.4906	5.01%
FY 2029	\$12.0140	4.55%

Fiscal Year	"City" Property Tax Askings	% Change in Tax Askings	% Impact on Avg. Residential Property	\$ Impact on Avg. Residential Property
FY 2024	\$26,623,300			
FY 2025	\$28,223,480	+6.01 %	+5.00 %	\$ +40.75
FY 2026	\$30,412,815	+7.76 %	+5.00 %	\$ +42.78
FY 2027	\$32,565,753	+7.08 %	+4.99 %	\$ +44.85
FY 2028	\$34,877,739	+7.10 %	+5.01 %	\$ +47.24
FY 2029	\$37,192,096	+6.64 %	+4.55 %	\$ +45.12

The State's residential rollback factor will decrease from 54.6501% in 2024 to 46.3428% or a 15.20% decrease in FY 2025. The decrease in the residential rollback factor decreases the value that each residence is taxed on. This decreased taxable value for the average homeowner (\$87,169 taxable value in FY 2024 and \$91,067 taxable value in 2025) results in less taxes to be paid per \$1,000 of assessed value.

For the proposed Fiscal Year 2025 Budget, Dubuque has the LOWEST property tax rate as compared to the eleven largest cities in the state. The highest rate (Waterloo (FY25)) is 125.82% higher than Dubuque's rate, and the average is 58.25% higher than Dubuque. Dubuque's adopted FY 2025 property tax is \$9.93 (increase of 0.25% from FY 2024).

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

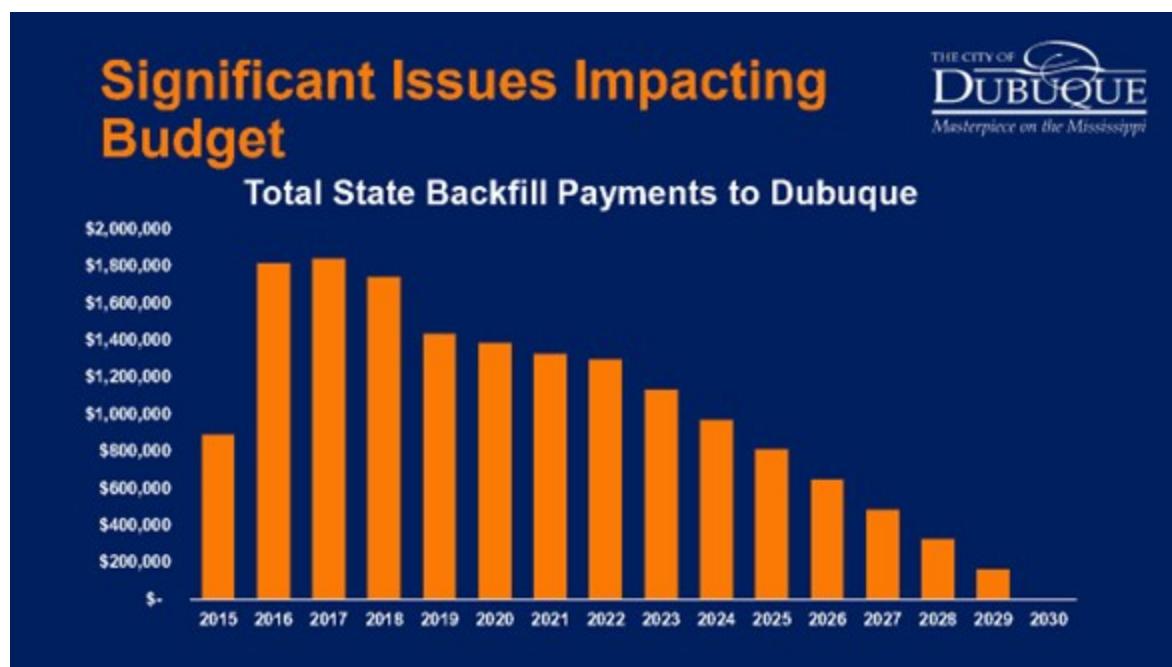
Rank	City	Tax Rate
11	Waterloo (FY25)	\$ 22.42
10	Sioux City (FY25)	\$ 18.16
9	Council Bluffs (FY25)	\$ 17.85
8	Des Moines (FY24)	\$ 17.56
7	Davenport (FY25)	\$ 16.61
6	Cedar Rapids (FY25)	\$ 16.47
5	Iowa City (FY25)	\$ 15.63
4	West Des Moines (FY24)	\$ 11.76
3	Ankeny (FY24)	\$ 10.53
2	Ames (FY25)	\$ 10.09
1	Dubuque (FY25)	\$ 9.93
	AVERAGE w/o Dubuque	\$ 15.71

Significant issues impacting the FY 2025 budget include the following:



- 1.
2. Homestead Exemption 65+
 - a. HF718 created new exemption
 - b. 3,398 Homeowners filed for exemption
 - c. FY25 \$3,250 in taxable value
 - d. FY26 \$6,500 in taxable value
 - e. FY2025 revenue reduction to City of \$113,017
3. Military Exemption
 - a. FY718 changed Military Credit to Exemption
 - b. Increased from \$1,852 to \$4,000
 - c. 1,937 Homeowners receive Military Exemption
 - d. FY2025 revenue reduction to City of \$76,918
4. Revaluation of Residential and Commercial
 - a. Average residential property value increased 23.2%
 - b. Average commercial property value increased 25%
5. Residential Rollback
 - a. Residential Rollback factor decreases from 54.65% in FY2024 to 46.34% in FY2025
 - b. Impacts taxable value of residential and commercial/industrial impacted due to two-tier assessment limitation on first \$150,000
6. Riverfront Property Lease Revenue
 - a. Riverfront Property Lease revenue increased \$212,448 due to consumer price index increase to a total of \$4,110,287
7. Local Option Sales Tax
 - a. Increased from \$12,528,806 in FY2024 to \$12,927,517 in FY2025. The FY2025 budget is based on FY2024 actual plus 3%.

- b. 50% to property tax relief, 50% to capital improvements (20% for maintenance of City buildings and 30% for street maintenance)
- 8. Hotel Motel Tax
 - a. Increased from \$2,925,996 in FY2024 to \$3,376,383 in FY2025. The FY2025 budget is based on FY2024 actual plus 3%.
- 9. July 2023: Moody's Upgrades City's Bond Rating
 - a. Moody's 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.
 - b. "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 nation over the past five years."
- 10. 5% for Dubuque Police Protective Association and non-represented employees
- 11. 3% for already approved collective bargaining agreements for Teamsters
- 12. Dubuque Professional Fire Fighters Association and International Union of Operating Engineers in contract negotiations
- 13. Estimated cost to General Fund = \$1,942,693
- 14. Fire: additional captain to serve in capacity of field training officer/safety officer (Starting Aug. 1, 2024)
 - a. Recurring cost of \$128,145
- 15. Fire: Bureau chief position for the EMS Division (Starting July 1, 2024)
 - a. Recurring cost of \$164,468. Non-recurring cost of \$4,650
- 16. Public Safety Software: \$3 million
 - a. Police Department, Fire Department, Emergency Communications, Dubuque County Sheriff's Department, volunteer fire departments, and other law enforcement agencies in Dubuque County.
 - b. Dubuque County contributing \$1.5 million.
- 17. State Funded Backfill on Commercial and Industrial Property Tax
 - a. Iowa Senate File 619 was signed into law by Governor Reynolds on June 16, 2021. The Bill provides that, beginning with the FY 2023 payment, the General Fund standing appropriation for commercial and industrial property tax replacement for cities and counties will be phased out in four or seven years, depending on how the tax base of the city or county grew relative to the rest of the state since FY 2014. Cities and counties where the tax base grew at a faster rate than the statewide average from FY 2014 through FY 2021 will have the backfill phased out over a four-year period from FY 2023 to FY 2026, while those that grew at a rate less than the statewide average will have the backfill phased out over an eight-year period from FY 2023 to FY 2030. The City of Dubuque's tax base grew at a rate less than the statewide average and will have a backfill phase out over an eight-year period from FY 2023 to FY 2030. **The FY 2025 State backfill for property tax loss is estimated to be \$808,254 for all funds (General Fund, Tort Liability Fund, Trust and Agency Fund, Debt Service Fund, and Tax Increment Financing Funds).**



b. House File 2552, Division 11, passed in the 2022 legislative session and signed by the Governor on May 2, 2022, repeals the Business Property Tax Credit (BPTC). In lieu of the BPTC, beginning with assessment year 2022, all commercial, industrial, and railroad properties will receive a property assessment limitation on the first \$150,000 of value of the property unit equal to the assessment limitation for residential property. The value of the property unit that exceeds \$150,000 receives the same ninety percent assessment limitation it has in the past.

The \$125 million fund will continue to be appropriated each year for reimbursements to counties. County auditors will file a claim for the first tier of the assessment limitations in September. Assessors will continue to provide the unit configuration for auditors as these definitions remain the same. Taxpayers are not required to file an application to receive the first \$150,000 of assessed value at the residential assessment limitation rate.

If the total for all claims is more than the appropriated amounts, the claims will be prorated, and the Iowa Department of Revenue will notify the county auditors of prorated percentage by September 30th. Lawmakers believe the new standing general fund will exceed the projected level of claims for fiscal years 2024 through 2029. Then in fiscal year 2030, the local government reimbursement claims will begin being prorated.

The projected backfill for Dubuque for the two-tier assessment limitation in Fiscal Year 2025 is estimated to be \$576,898.

18. Gaming Revenue.

- a. Gaming revenues generated from lease payments from the Dubuque Racing Association (DRA) are estimated to increase \$322,542 from \$7,083,037 in FY 2024 to \$7,405,579 in FY 2025 based on revised projections from the DRA. This follows a \$429,640 decrease from budget in FY 2024 and a \$2,283,349 increase from budget in FY 2023.
- b. February 2025 DRA distributions will be used in Fiscal Year 2025 to fund non-recurring improvement packages and stormwater fee grants. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2025 operations.

19. Interest Revenue

- a. Interest revenue increased from \$1,500,016 in FY 2024 to \$1,718,055 in FY 2025. The FY 2025 budget is based on FY 2024 actual annualized.

20. Local Option Sales Tax Revenue

- a. Sales tax receipts are projected to increase 3.18% (\$398,711) over FY 2024 budget and 3.00% over FY 2024 actual of \$12,550,987 based on FY 2024 revised revenue estimate.

21. Hotel/Motel Tax Revenue

- a. Hotel/motel tax receipts are projected to increase 15.39% (\$450,387) over FY 2024 budget and 3.00% over FY 2024 re-estimated receipts of \$3,278,041.

22. Riverfront Property Lease Revenue

- a. Riverfront property lease revenue is projected to increase by \$212,448 in FY 2025 to \$4,110,287 due to the estimated consumer price index increase.

23. Franchise Fee Revenue

- a. Natural Gas franchise fees have been projected to increase three percent over FY 2023 actual of \$1,921,498. Also, Electric franchise fees are based on FY 2023 Actual of \$1,921,498 plus 9.8% based on Alliant Energy's interim rate increase.

24. Moody's Investors Service Change in Methodology

- a. **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 nation over the past five years.**
- b. In November of 2022, Moody's Investors Service ("Moody's") released a new rating methodology for cities and counties. Two significant changes result from the new methodology; cities are now assigned an issuer rating meant to convey the creditworthiness of the issuer as a whole without regard to a specific borrowing, and business-type enterprise funds are now being considered together with general fund revenues and balances in the determination of financial performance.

Under the new methodology, there are two metrics that contribute to financial performance. Available Fund Balance Ratio ("AFBR") = (Available Fund Balance + Net Current Assets/Revenue) and Liquidity Ratio ("LR") = (Unrestricted Cash/Revenue). For Aa credits, AFBR ranges from 25-35, and LR ranges from 30-40%.

The City was evaluated by Moody's under the old methodology in May of 2022 in connection to its annual issuance of bonds. At that time, Moody's calculated the City's AFBR to be 45.2%, and its LR to be 59.8%. The balances used in these calculations were likely elevated due to unspent ARPA funds. The change in methodology will now consider revenues and net assets from business-type activities in these calculations. As such, the City's general obligation rating will now be directly impacted by the financial performance of enterprise funds. Establishing rates and charges adequate to provide both debt service coverage and significant liquidity will be necessary to maintain the City's ratings.

- c. In May 2021, Moody's Investor Service upgraded the City's Water Enterprise's outstanding revenue bonds from A1 to A2 and affirmed the Aa3 credit rating on general obligation bonds. Notable credit factors include a sizable tax base, a wealth and income profile that is slightly below similarly rated peers, and increased financial position that will decline in fiscal years 2021 and 2022 and somewhat elevated debt and pension liabilities.

25. Fiscal Year 2024 Debt

- a. With the pledge of the \$1.1 trillion dollar federal infrastructure package and other opportunities to compete for grants, the City will need to spend money to prepare projects to be grant eligible and to provide matching funds to compete for grants.

The Fiscal Year 2025 CIP budget recommendation of \$88,753,825 is a 15.94% increase from the Fiscal Year 2024 CIP budget of \$76,554,143.

For several years, the Mayor and City Council had been taking advantage of the historically low interest rates and investing in City infrastructure and economic development and redevelopment. At the 2015 City Council Goal Setting, the Mayor and City Council adopted debt reduction as a High Priority. This recommended budget does not support the debt reduction policy due to the need to fund high priority projects.

The City will issue \$145,955,901 in new debt in the recommended five-year CIP, mostly for fire equipment replacement, fire station improvements, fire station expansion, airport improvements, Chaplain Schmitt Island Iowa Amphitheater, reimagine Comiskey, Federal Building renovations, solid waste collection vehicles, sanitary sewer improvements, water improvements, stormwater improvements, parking improvements, and renovation of Five Flags, for a total of \$145,955,901 of debt in FY 2025-2029. The City will retire \$130,165,376 of existing debt, only increasing the amount of City debt by \$15,790,525.

For Fiscal Year 2025, the use of the statutory debt limit would be 34.85%, and by the end of the recommended 5-Year Capital Improvement Program (CIP) budget in Fiscal Year 2029, the City of Dubuque would be at 35.65% of the statutory debt limit.

In this budget recommendation, the Mayor and City Council are currently reviewing, projections out 10 years to Fiscal Year 2034 show the City of Dubuque at 20.47% of the statutory debt limit. This is an improvement on the debt reduction plan adopted in August 2015, that first began implementation in Fiscal Year 2016.

In the extremely low interest rate environment prior to 2015, the City had been increasing the use of debt to accomplish the projects that need to be done. To have any success, a community must have a sound infrastructure. The Mayor and City Council has recognized the infrastructure issues Dubuque faces and has been responsive. While there was some criticism of City use of debt to deal with those infrastructure challenges, that criticism fails to recognize that not financing the needed infrastructure maintenance and improvements is also a form of debt that is passed down to future generations. This was a strategic decision by the City Council realizing that **infrastructure investment just gets more expensive over time for these reasons: a) the older a piece of infrastructure gets and the more it is allowed to deteriorate increases costs; b) the longer the wait to invest in infrastructure the costs are increased by inflation; and c) If the investment in infrastructure is not made in this interest rate environment this investment will eventually need to be made when interest rates could be potentially higher, thereby increasing costs.** However, beginning in FY 2016 the City Council at their 2015 Goal Setting Session debt reduction was adopted as a High Priority. So the amount of outstanding debt began to decrease. in Fiscal Year 2025 the City will be issuing more debt than is retired to be able to fund critical infrastructure projects. However, **in 2022 a fourth reason was created for considering using debt for infrastructure projects and that is the massive amount of federal grant money that is being made available. As already mentioned, most of these grants require matching dollars and most require that the engineering work already be financed and completed to make the projects shovel ready.**

Budget Message

The debt principal outstanding projected as of June 30, 2024, is currently \$257,000,705. The breakdown of the debt principle outstanding as of June 30, 2024, is as follows:

Debt Obligation	6/30/2024 Principle Outstanding
General Obligation Essential Corporate Purpose	\$95,787,606
Less General Obligation Debt Subject to Annual Appropriation	(\$15,902,592)
Tax Increment Notes and Bonds	\$16,350,000
Economic Development TIF Rebate Agreements	\$6,104,789
Other Revenue-Backed Loans	\$2,940,485
Total Indebtedness Subject to Statutory Debt Limit of \$262,722,395	\$105,280,288
Percent of Statutory Debt Limit Used as of June 30, 2024	40.07 %
Revenue Bonds	\$135,817,825
Less Revenue Bonds Subject to Annual Appropriation	(\$13,956,032)
Add Debt Subject to Annual Appropriation	\$29,858,624
Total City Indebtedness as of June 30, 2024	\$257,000,705

Continued on the following page

The City will issue \$145,955,901 in new debt in the Recommended 5-year CIP, mostly for fire equipment replacement, fire station improvements, fire station expansion, airport improvements, Chaplain Schmitt Island Iowa Amphitheater, reimagine Comiskey, Federal Building renovations, solid waste collection vehicles, sanitary sewer improvements, stormwater improvements, water improvements, parking improvements, and renovation of Five Flags.

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Fire Equipment Replacement (LOST)	\$ 969,342	\$ 1,248,060	\$ 804,000	\$ —	\$ —	\$ 3,021,402
Fire Station Expansion/Relocation (LOST)	\$ —	\$ —	\$ —	\$ 976,700	\$ 3,797,000	\$ 4,773,700
Fire Station Improvements (LOST)	\$ 1,320,900	\$ 225,000	\$ 370,000	\$ 250,000	\$ —	\$ 2,165,900
Fire Training Burn Tower Improvements (LOST)	\$ 466,676	\$ —	\$ —	\$ —	\$ —	\$ 466,676
Airport Improvements (LOST)	\$ 500,386	\$ 1,093,148	\$ 754,835	\$ 739,438	\$ 364,560	\$ 3,452,367
ABC Supply Building Deconstruction (GDTIF)	\$ 457,000	\$ —	\$ —	\$ —	\$ —	\$ 457,000
Reimagine Comiskey (GDTIF)	\$ —	\$ 1,697,000	\$ —	\$ —	\$ 733,000	\$ 2,430,000
Five Flags (GDTIF)	\$ —	\$ 2,800,000	\$ 1,300,000	\$ 6,400,000	\$ 8,972,000	\$ 19,472,000
Smart Parking System (GDTIF)	\$ 1,957,000	\$ 780,000	\$ —	\$ —	\$ —	\$ 2,737,000
Parking Ramp Major Maintenance Repairs (GDTIF)	\$ 6,053,000	\$ 1,240,000	\$ —	\$ —	\$ —	\$ 7,293,000
Federal Building Renovation (GDTIF)	\$ 533,000	\$ 383,000	\$ —	\$ —	\$ 4,695,000	\$ 5,611,000
Iowa Amphitheater on Schmitt Island (GDTIF)	\$ 285,000	\$ 5,499,961	\$ —	\$ —	\$ —	\$ 5,784,961
McFadden Farm - South Heacock Road (DICW)	\$ 2,274,963	\$ —	\$ —	\$ —	\$ —	\$ 2,274,963
Development of Graf Properties (DICW)	\$ —	\$ —	\$ 536,822	\$ —	\$ —	\$ 536,822
Development of McFadden Property -(DICW)	\$ —	\$ 4,214,772	\$ 2,163,178	\$ —	\$ —	\$ 6,377,950
Solid Waste Collection Vehicles - Refuse	\$ 873,700	\$ 585,840	\$ 400,000	\$ —	\$ —	\$ 1,859,540
Sanitary Sewer Projects	\$ 17,683,900	\$ 15,531,900	\$ 8,212,105	\$ 10,448,695	\$ 4,881,286	\$ 56,757,886
Stormwater Projects	\$ —	\$ 3,947,357	\$ 2,600,000			\$ 6,547,357
Water Projects	\$ 4,686,377	\$ 750,000	\$ 3,750,000	\$ 1,750,000	\$ 3,000,000	\$ 13,936,377
Water Forgivable SRF Debt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total New Debt	\$ 38,061,244	\$ 39,996,038	\$ 20,890,940	\$ 20,564,833	\$ 26,442,846	\$ 145,955,901

The City will retire \$124,211,508 of existing debt over the next five-years (FY25-FY29).

The following chart shows the net reduction of debt from Fiscal Year 2025 - Fiscal Year 2029:

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
New Debt	\$ 38,061,244	\$ 39,996,038	\$ 20,890,940	\$ 20,564,833	\$ 26,442,846	\$ 145,955,901
Retired Debt	-\$21,955,845	-\$23,328,969	-\$24,809,782	-\$25,965,305	-\$28,151,607	-\$124,211,508
Net Debt Increase (Reduction)	\$16,105,399	\$16,667,069	(\$3,918,842)	(\$5,400,472)	(\$1,708,761)	\$21,744,393

There was a 22.53% increase in assessed value effective January 1, 2023, which is the assessment the Fiscal Year 2025 statutory debt limit is based on. The statutory debt limit effective June 30, 2025 is \$321,926,120. **The City will be at 34.85% of statutory debt limit by June 30, 2025.** In FY 16 the City was at 86.13% of statutory debt limit, so **34.85% in Fiscal Year 2025 is a (51.69)% decrease in use of the statutory debt limit.**

The ten year history of the City's use of the statutory debt limit is as follows:

FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
83.87%	86.54%	66.06%	59.79%	52.90%	46.91%	43.51%	43.33%	39.36%	40.07%

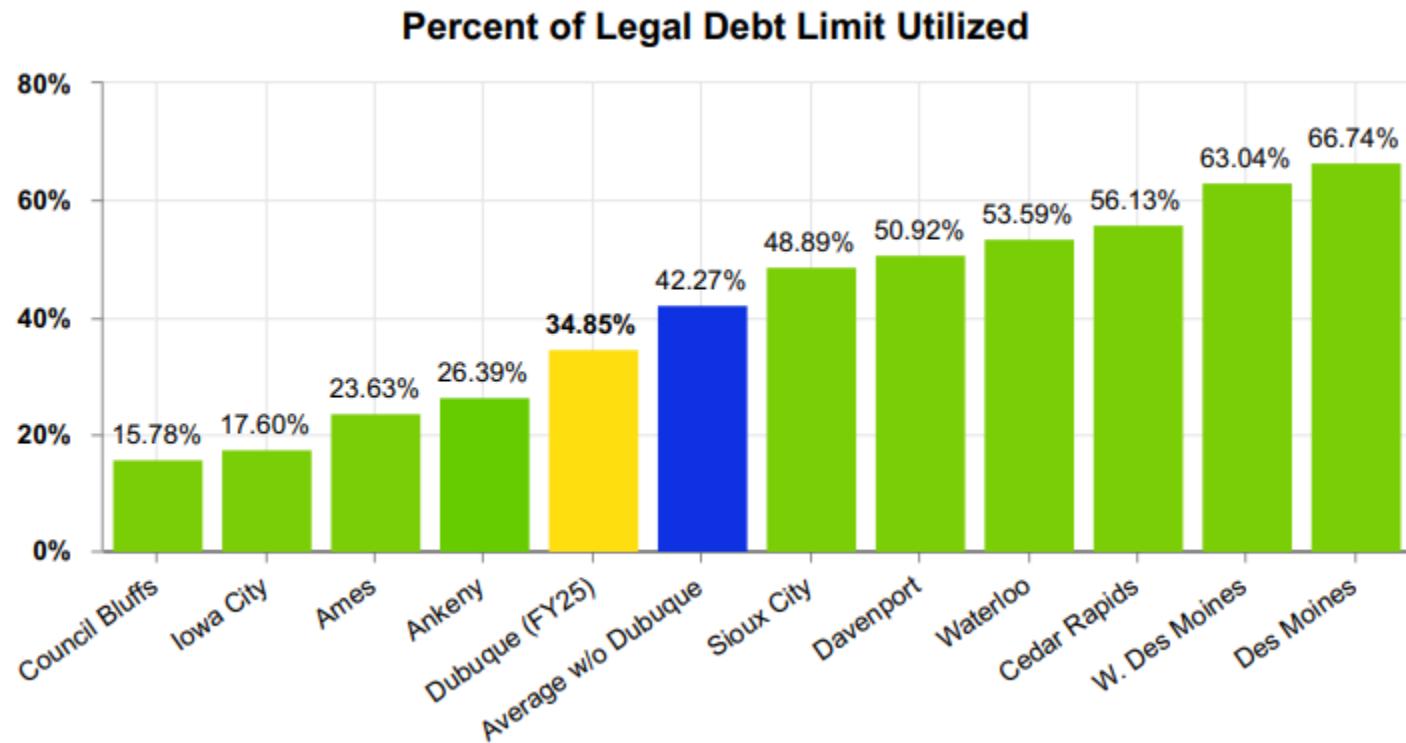
The five year projection of the City's use of the statutory debt limit from Fiscal Year 2025–2029 including all planned debt issuances subject to the statutory limit and assuming a 2% growth in the City's assessed valuation beginning in Fiscal Year 2025 is as follows:

FY 25	FY 26	FY 27	FY 28	FY 29
34.85%	37.22%	35.31%	34.03%	35.65%

The following chart shows Dubuque's relative position pertaining to use of the statutory debt limit for Fiscal Year 2025 compared to the other cities in Iowa for Fiscal Year 2023 with a population over 50,000:

Fiscal Year 2023 Legal Debt Limit Comparison for Eleven Largest Iowa Cities

Rank	City	Legal Debt Limit (5%)	Statutory Debt Outstanding	Percentage of Legal Debt Limit Utilized
11	Des Moines	\$ 792,697,654	\$ 529,035,000	66.74 %
10	W. Des Moines	\$ 506,339,850	\$ 319,175,000	63.04 %
9	Cedar Rapids	\$ 652,295,825	\$ 366,140,000	56.13 %
8	Waterloo	\$ 216,437,019	\$ 115,999,161	53.59 %
7	Davenport	\$ 409,777,672	\$ 208,650,000	50.92 %
6	Sioux City	\$ 293,887,647	\$ 143,694,902	48.89 %
5	Dubuque (FY25)	\$ 321,926,120	\$ 112,190,028	34.85 %
4	Ankeny	\$ 395,854,796	\$ 104,450,000	26.39 %
3	Ames	\$ 275,808,881	\$ 65,175,000	23.63 %
2	Iowa City	\$ 362,419,812	\$ 63,795,000	17.60 %
1	Council Bluffs	\$ 321,835,908	\$ 50,776,645	15.78 %
Average w/o Dubuque				42.27 %



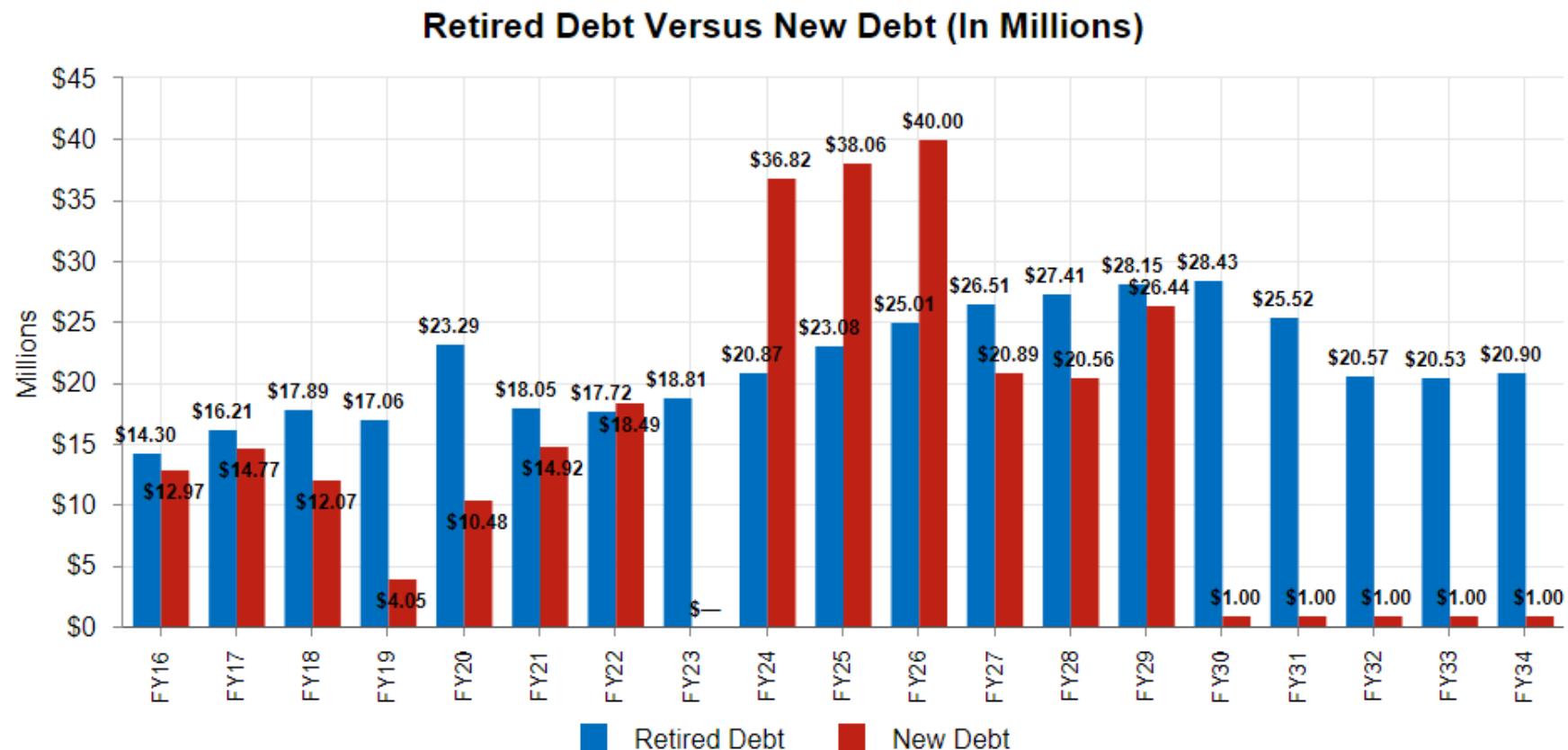
Dubuque ranks as the fifth lowest of the use of statutory debt limit of the 11 cities in Iowa with a population over 50,000 and Dubuque is at the average of the other Cities. **The average (42.27%) is 21.30% higher than Dubuque (34.85%).**

Retired Debt Versus New Debt

The total City indebtedness as of June 30, 2025, is projected to be \$274,937,509 (34.85% of statutory debt limit). The total City indebtedness as of June 30, 2015, was \$295,561,181 (69.45% of statutory debt limit). **The City is projected to have \$22,808,589 more in debt as of June 30, 2025, this amount includes \$3.285 million issued for the Chaplain Schmitt Island - Iowa Amphitheater project which will be paid by the DRA.**

The combination of increased debt and increased utility rates partially reflects the movement to a more critical infrastructure funding strategy.

The following chart shows the amount of retired debt as compared to new debt. The new debt includes new debt issuances as well as draw downs on existing state revolving fund loans:

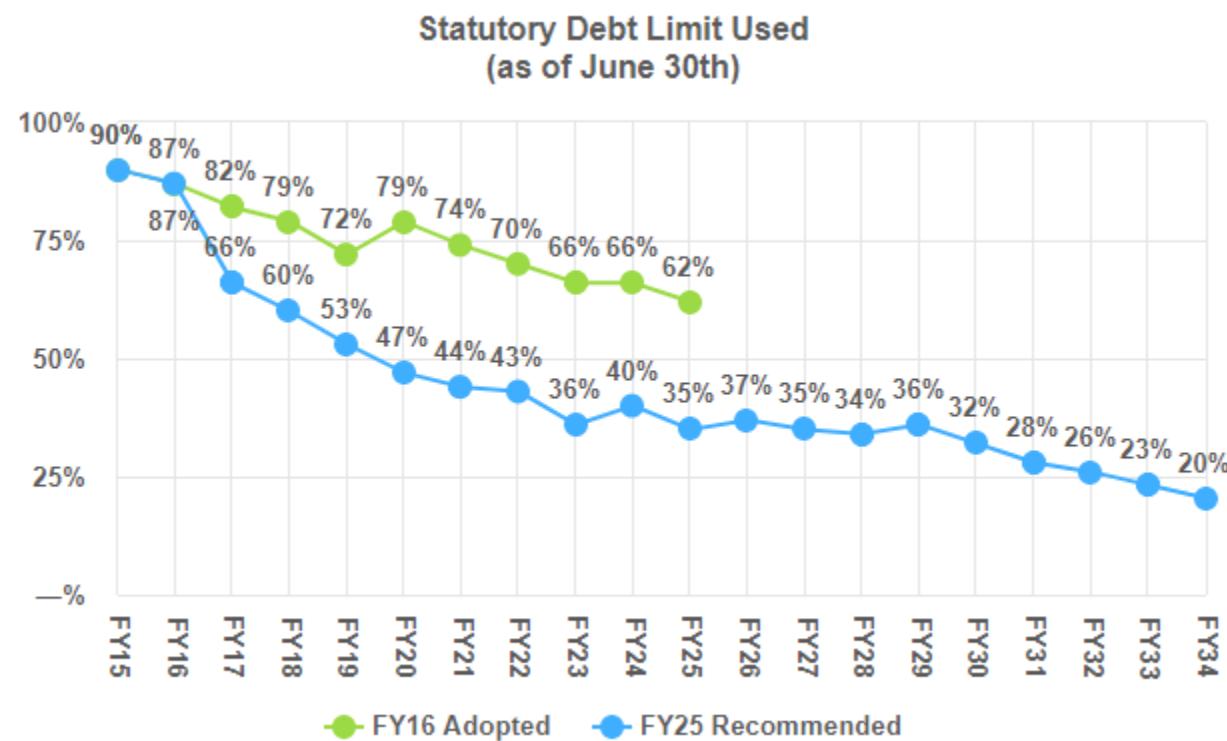


*In Fiscal Year 2020, the City had \$5,908,200 forgiven of the Bee Branch Upper Bee Branch Loan on June 30, 2020 which increased principal payments reflected.

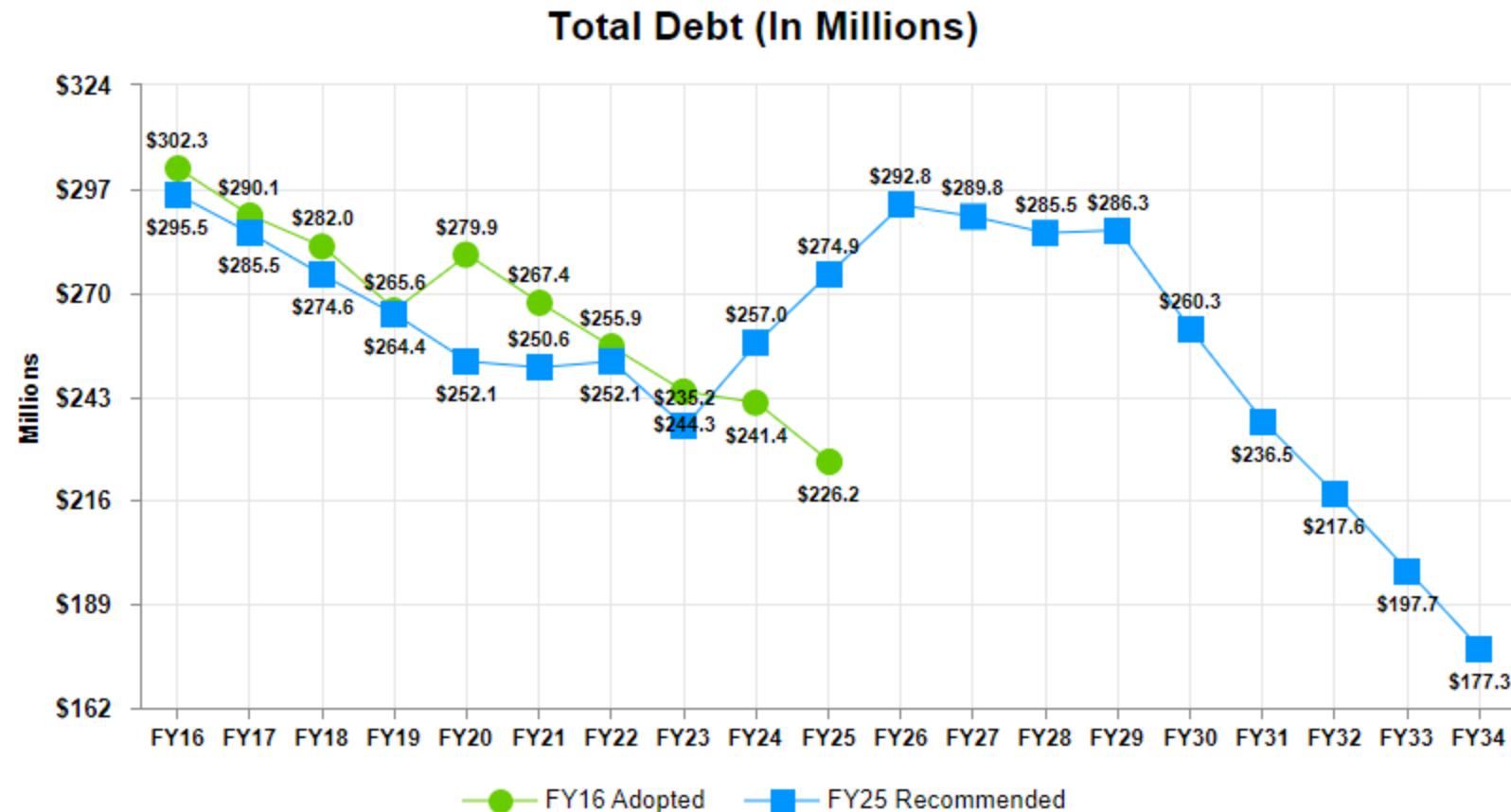
**In Fiscal Year 2026, it is projected \$2,494,896 of SRF debt will be forgiven as part of the Private Lead Service Line Replacement project

Statutory Debt and Total Debt

In August 2015, the Mayor and City Council adopted a debt reduction strategy which targeted retiring more debt each year than was issued by the City. The recommended FY 2025 budget will achieve that target in FY 2027, FY 2028, and FY 2029. However, Fiscal Year 2025 and Fiscal Year 2026 will exceed the target due to issuing necessary debt for Five Flags, Water Lead Lines, PFAS, Chaplain Schmitt Island Iowa Amphitheater and other important projects leveraging grants and forgivable State Revolving Fund loans. **You can see that the Mayor and City Council have significantly impacted the City's use of the statutory debt limit established by the State of Iowa. In Fiscal Year 2015, the City of Dubuque used 90% of the statutory debt limit. In this budget recommendation, the Mayor and City Council are currently reviewing for Fiscal Year 2025, the use of the statutory debt limit would be 34.85%, and by the end of the recommended 5-Year Capital Improvement Program (CIP) budget in Fiscal Year 2029, the City of Dubuque would be at 35.65% of the statutory debt limit. The 5-Year CIP includes \$3.285 in FY2025 and \$5.5M in FY2026 for the Chaplain Schmitt Island - Iowa Amphitheater which will be paid by the DRA. Projections out 10 years to Fiscal Year 2034 show the City of Dubuque at 20.47% of the statutory debt limit.** This is an improvement on the debt reduction plan adopted in August 2015, that first began implementation in Fiscal Year 2016.



By the end of the Recommended 5-Year Capital Improvement Program (CIP) budget, the total amount of debt for the City of Dubuque would be \$286.28 million (35.65% of the statutory debt limit), **which includes \$285,000 in FY2025 and \$5.5M in FY2026 for the Chaplain Schmitt Island - Iowa Amphitheater which will be paid by the DRA**. Projections out 10 years to Fiscal Year 2034 show the City of Dubuque at 20.47% of the statutory debt limit, and the projection is to be at \$177.32 million (20.47% of statutory debt limit) within 10 years.



26. General Fund Reserves

- a. The City maintains a general fund reserve, or working balance, to allow for unforeseen expenses that may occur. Moody's Investor Service recommends a 30% General Fund Operating Reserve for "AA" rated cities.

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 nation over the past five years.

These credit ratings are affirmation of the sound fiscal management of the mayor and city council, but 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.

In November of 2022, Moody's Investors Service ("Moody's") released a new rating methodology for cities and counties. Two significant changes result from the new methodology; cities are now assigned an issuer rating meant to convey the creditworthiness of the issuer as a whole without regard to a specific borrowing, and business-type enterprise funds are now being considered together with general fund revenues and balances in the determination of financial performance.

Under the new methodology, there are two metrics that contribute to financial performance. Available Fund Balance Ratio ("AFBR") = (Available Fund Balance + Net Current Assets/Revenue) and Liquidity Ratio ("LR") = (Unrestricted Cash/Revenue). For Aa credits, AFBR ranges from 25-35, and LR ranges from 30-40%.

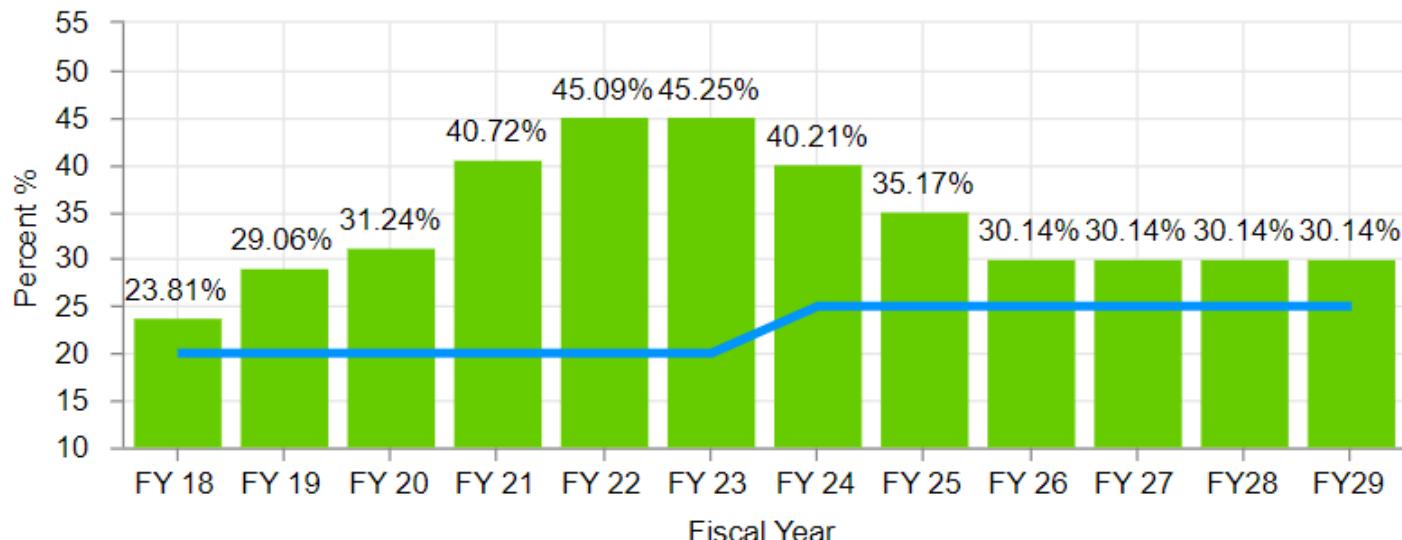
The City was evaluated by Moody's under the old methodology in May of 2022 in connection to its annual issuance of bonds. At that time, Moody's calculated the City's AFBR to be 45.2%, and its LR to be 59.8%. The balances used in these calculations were likely elevated due to unspent ARPA funds. The change in methodology will now consider revenues and net assets from business-type activities in these calculations. As such, the City's general obligation rating will now be directly impacted by the financial performance of enterprise funds. Establishing rates and charges adequate to provide both debt service coverage and significant liquidity will be necessary to maintain the City's ratings.

In May 2021, Moody's Investor Service upgraded the City's Water Enterprise's outstanding revenue bonds from A1 to A2 and affirmed the Aa3 credit rating on general obligation bonds. Notable credit factors include a sizable tax base, a wealth and income profile that is slightly below similarly rated peers, and increased financial position that will decline in fiscal years 2021 and 2022 and somewhat elevated debt and pension liabilities.

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.

Fiscal Year	Fund Reserve (As percent of General Fund revenues)	New Moody's Methodology	Reason for change from previous Fiscal Year
FY 2018	23.81%		Increase due to capital projects not expended before the end of the FY and additional contributions to general fund reserve
FY 2019	29.06%		Increase due to capital projects not expended before the end of the FY.
FY 2020	31.24%		Increase due to freezing vacant positions and most capital projects due to the pandemic.
FY 2021	40.72%		Increase due to American Rescue Plan Act funds received (\$13.2 million), frozen positions and capital projects through Feb 2021.
FY 2022	49.16%	45.09%	Increase due to American Rescue Plan Act funds received (\$13.2 million), capital projects not expended before the end of the FY, and vacant positions.
FY 2023	50.18%	45.25%	Increase due to American Rescue Plan Act funds not spent (\$26.4 million), capital projects not expended before the end of the FY, and vacant positions.

**Fund Reserve as a Percent of General Fund and Enterprise Fund Revenue
New Moody's Methodology**



The City of Dubuque has historically adopted a general fund reserve policy as part of the Fiscal and Budget Policy Guidelines which is adopted each year as part of the budget process. During Fiscal Year 2013, the City adopted a formal Fund Reserve Policy which states the City may continue to add to the General Fund minimum balance of 10% when additional funds are available until 20% of Net General Fund Operating Cost is reached. During Fiscal Year 2024, the General Fund minimum balance was increased to 25%.

After all planned expenditures in FY 2024, the City of Dubuque will have a general fund reserve of 41.97% of general fund revenues as a percent of general fund revenues computed by the accrual basis or 40.21% of general fund, debt service, and enterprise fund revenues as computed by the accrual basis methodology now used by Moody's Investors Service. The general fund reserve cash balance is projected to be \$46,304,790 on June 30, 2024 as compared to the general fund reserve balance on an accrual basis of \$29,659,518. The general fund reserve balance on an accrual basis exceeds 27% in FY 2024, which is the margin of error used to ensure the City always has a general fund reserve of at least 25% as computed by Moody's Investors Service.

In Fiscal Year 2017, the City had projected reaching this consistent and sustainable 20% reserve level in Fiscal Year 2022. **In fact, the City met the 20% reserve requirement in FY 2017, five years ahead of schedule and has sustained a greater than 20% reserve.**

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Contribution	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
City's Spendable General Fund Cash Reserve Fund Balance	\$41,259,518	\$35,459,518	\$29,659,518	\$23,859,518	\$18,059,518	\$18,059,518	\$18,059,518	\$18,059,518
% of Projected Revenue (Moody's)	49.16%	50.18%	41.97%	33.76%	25.56%	25.56%	25.56%	25.56%

State Revolving Fund Sponsorship Projects and Green Project Loans

The City uses State Revolving Fund (SRF) loans for water and sanitary sewer projects whenever possible because of the **very low variable interest rate, currently at a rate of 2.43% with an annual servicing fee of 0.25%**.

In 2009, legislation was passed in Iowa that allows water utilities that issue debt through the Clean Water State Revolving Fund Program to sponsor and help finance other water quality improvement (CWSRF) projects within or outside its service limits. This new funding mechanism, called Water Resource Restoration Sponsored Projects, will provide cities, counties, local watershed organizations, watershed management authorities, county conservation boards, and soil and water conservation districts a funding source to construct improvements throughout a watershed that keep sediment, nutrients, chemicals and other pollutants out of streams and lakes.

Repayment of a standard Clean Water SRF (CWSRF) loan includes the repayment of the original loan amount, the principal, and the cost to finance the loan, interest, and fees. On a CWSRF loan with a sponsored project, the financing costs are reduced by the amount of the cost of the sponsored project improvements. Figure 1 shows a comparison between a standard CWSRF loan and a CWSRF loan with a sponsorship project. As shown, the total cost to the utility (the total of loan repayments) remains unchanged as the cost of funding for the sponsorship project is offset by a reduction in loan financing costs. In essence, two water quality projects are completed for the price of one.

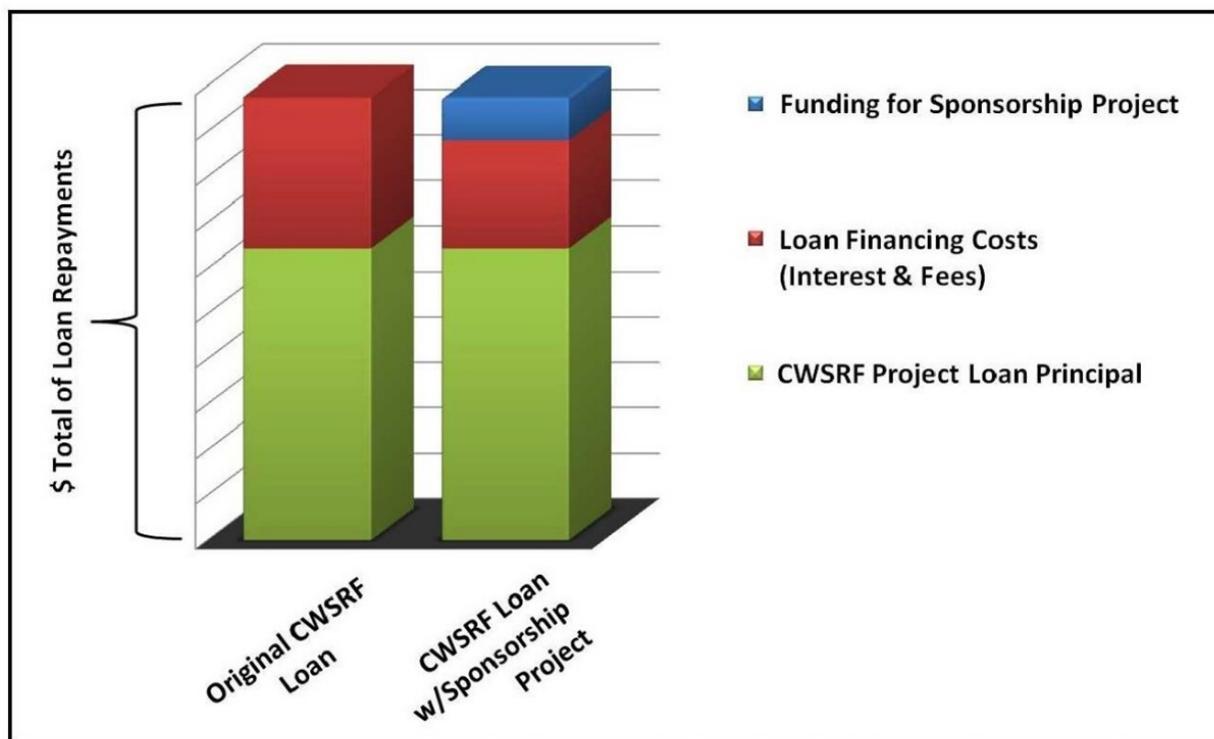


Figure 1. Loan repayment comparison between a standard CWSRF loan and a CWSRF loan with a sponsorship project.

After three years of the State of Iowa being unsuccessful in completing one of these modified loans, the City of Dubuque had the first successful application for the state when, in April 2013, the City was awarded \$9.4 million of the interest paid on the Water and Resource Recovery Center to be used to reconstruct over 70 Green Alleys in the Bee Branch Watershed. The principal for the Water & Resource Recovery Center Upgrade was increased from \$64,885,000 to \$75,145,579 and the interest rate plus annual servicing fee was decreased from 3.25% to 2.00% to add the Green Alley sponsorship project. This reduction

allowed for increased proceeds **and resulted in a true interest cost of 1.96% and gross borrowing savings of \$11.4 million.**

The Federal Fiscal Years 2010, 2011, and 2012 State Revolving Fund capitalization grants included requirements for certain percentages of the funds to be allocated for green projects. Each green infrastructure project receives a portion of loan forgiveness not to exceed 30%. In June 2015, the City of Dubuque Upper Bee Branch Creek Restoration Project (Upper Bee Branch Project) qualified for a Green Project Loan from the CWSRF Program in the amount of \$29,541,000. The loan includes a principal forgiveness provision. The amount of the loan to be forgiven is 20% of the total loan disbursements made under the loan agreement. **The amount of the loan that was forgiven in June 2020 was \$5,908,200. The actual true interest cost for total funds received was not the 2.00% borrowing rate (1.75% interest and 0.25% administrative fee), but just 0.07% after reflecting the receipt of interest free funds (forgiven portion).**

Then, in August 2017, the City was awarded \$1.4 million in funding for improvements with the Catfish Creek Watershed through the State of Iowa Water Resource Restoration Sponsored Project program as part of the City State Revolving Fund loan for the Upper Bee Branch Creek Restoration Project. The funding for the \$1.4 million in improvements will come from the interest payments on the City's Upper Bee Branch SRF loan. The Upper Bee Branch Creek SRF loan principal was increased to \$30,941,000 and **the interest rate plus the annual servicing fee was reduced from 2.00% to 1.43%. On a gross basis, the borrowing costs for the new loan were \$1.38 million less than the original loan.**

In May 2018, the City was awarded \$1.0 million in funding for pervious green alley improvements with the Bee Branch Creek and Catfish Creek Watersheds through the State of Iowa Water Resource Restoration Sponsored Project program as part of the City State Revolving Fund loan for the Upper Bee Branch Creek Railroad Culverts Project. The funding for the \$1.0 million in improvements will come from the interest payments on the City's Upper Bee Branch Railroad Culvert SRF loan. The Upper Bee Branch Creek Railroad Culvert SRF loan principal was increased to \$17,387,000 and **the interest rate plus the annual servicing fee was reduced from 2.00% to 1.43%. On a gross basis, the borrowing costs for the new loan were \$1.05 million less than the original loan.**

In February 2019, the City was awarded \$276,300 in funding for Eagle Point Park Environmental Restoration through the State of Iowa Water Resource Restoration Sponsored Project program as part of the City State Revolving Fund loan for the Kerper Boulevard Sanitary Sewer Project. The funding for the \$276,300 in improvements will come from the interest payments on the City's Kerper Boulevard Sanitary Sewer SRF loan. The Iowa Finance Authority now requires that sponsorship projects are included in the initial loan amount so that the repayment schedule does not have to be adjusted. **On a gross basis, the borrowing costs for the new loan were \$278,000 less than if there was not a sponsorship project included.**

27. The Municipal Fire and Police Retirement System of Iowa Board of Trustees City contribution for Police and Fire retirement decreased from 22.98% percent in FY 2024 to 22.66% percent in FY 2025 (general fund savings of \$34,052 for Police and \$28,547 for Fire or a total of \$62,599).
28. The already approved collective bargaining agreements for Teamsters Local Union No. 120 Bus Operators and Teamsters Local Union No. 120 in FY 2025 include a 3.00% employee wage increase. A 5.00% wage increase is recommended for Dubuque Police Protective Association. The Dubuque Professional Fire Fighters Association and International Union of Operating Engineers are in contract negotiations. Non-represented employees include a 5.00% wage increase. Total cost of the estimated wage increase is \$1,942,693 to the General Fund.
29. The City portion of health insurance expense is projected to remain unchanged from \$1,119 per month per contract to \$1,119 per month per contract (based on 649 contracts) in FY 2025 (no

general fund impact). The City of Dubuque is self-insured, and actual expenses are paid each year with the City only having stop-loss coverage for major claims. In FY 2017, The City went out for bid for third party administrator and the estimated savings has resulted from the new contract and actual claims paid with there being actual reductions in cost in FY 2018 (19.42%) and FY 2019 (0.35%). In addition, firefighters began paying an increased employee health care premium sharing from 10% to 15% and there was a 7% increase in the premium on July 1, 2018. During FY 2019, the City went out for bid for third party administrator for the prescription drug plan and Fiscal Year 2022 included additional prescription drug plan savings. There was a decrease of \$639,758 in prescription drug cost in FY 2022. Based on FY 2024 actual experience, Fiscal Year 2025 is projected to have a 4.68% increase in health insurance costs. Estimates for FY 2026 increased 4.69%; FY 2027 were increased 4.70%; FY 2028 were increased 4.71%; and FY 2029 were increased 4.72%. The City portion of health insurance expense is projected to increase 3% in FY 2026; 3% in FY 2027; 3% in FY2028; and 3% in FY 2029.

30. The increase in property tax support for Transit from FY 2024 to FY 2025 is \$413,362, which reflects a decrease in Federal Transportation Administration Operating revenue (\$12,300); a decrease in Federal Transportation Administration Capital revenue (\$27,193), an increase in employee expense (\$104,098); increase in supplies and services (\$177,641); an increase in equipment replacements (\$49,262), a decrease in passenger fare revenue (\$50,415).
31. Electrical energy expense is estimated to increase 9.8% over FY 2023 actual expense based on the Alliant Energy interim rate increase.

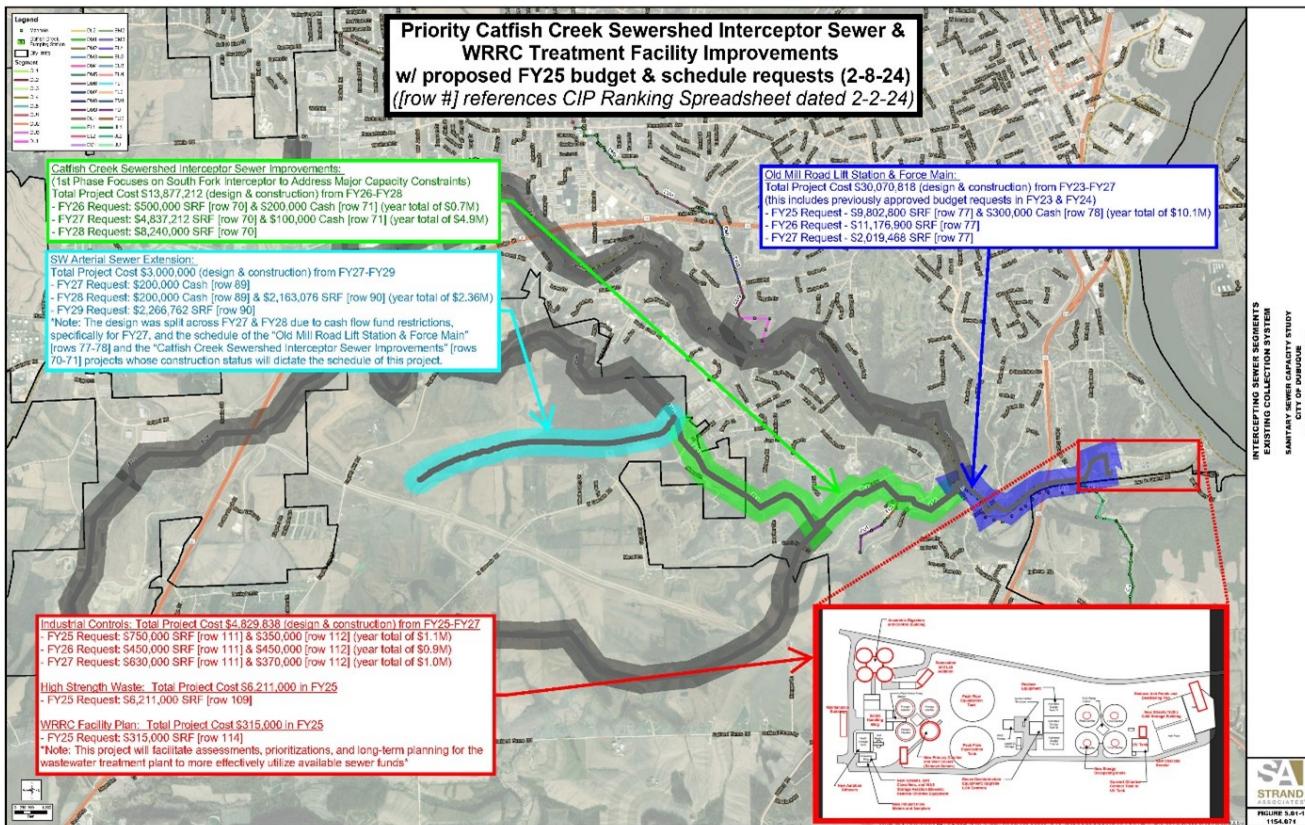
Capital Improvement Projects

The City is a partner with the Dubuque Racing Association (DRA) on redevelopment of Chaplain Schmitt Island. The DRA is doing over \$80 million in improvements to the Q Casino, including building a new Hilton hotel and adding a family entertainment zone. The City is building an over \$15 million outdoor amphitheater on Chaplain Schmitt Island, millions of dollars of trails and investing over \$2.5 million in replacement of sanitary sewer and an addition of a new sanitary sewer lift station.

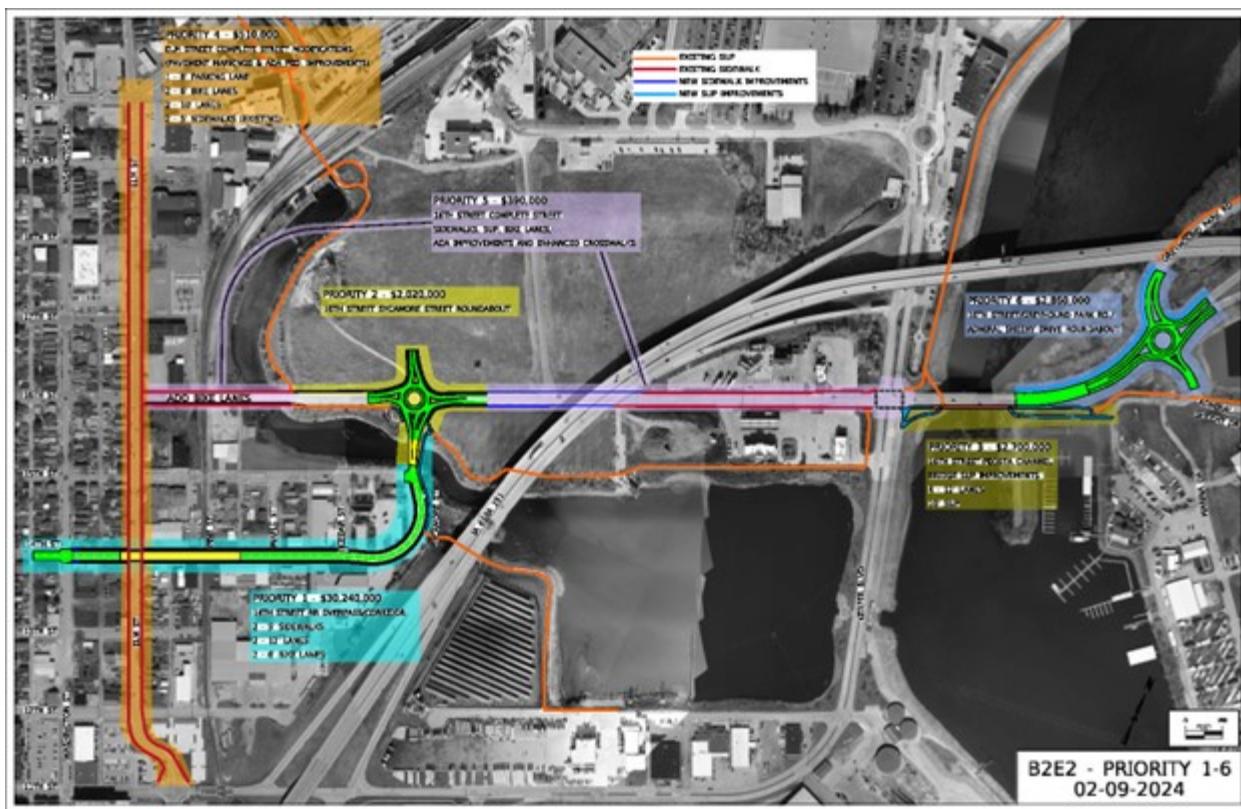
Complimentary to the Chaplain Schmitt Island project the city is planning an over \$40 million project to build a railroad overpass on 14th Street, which would include a complete street design on Elm Street and 16th Street, an added hike bike lane to the 16th Street bridge over Peosta Channel and roundabout on 16th Street at Sycamore Street and Admiral Sheehy Drive

The 5-year Capital Improvement Program (CIP) includes several major projects:

1. Catfish Creek Sewershed Interceptor Sanitary Sewer Improvements \$47 million total.
2. Water & Resource Recovery Center High Strength Waste \$6.2 million total



3. Water & Resource Recovery Center Industrial Controls Update \$3 million total
4. Water & Resource Recovery Center BOD Capacity Upgrades \$1.1 million total
5. Southwest Arterial Water Main Extension \$1.7 million total
6. Private Lead Water Service Line Replacement Project \$5.7 million total
 - a. Construction costs are 49% forgivable, whereas non-construction costs such as engineering services are non-forgivable per BIL Funds.
7. Source Water PFAS Reduction Project \$9.5 million total
8. Water Third Pressure Zone Connection (from Tanzanite Drive to Olympic Heights) \$2.0 million total
9. Kerper Blvd. Sanitary Sewer Lift Station Replacement \$1.5 million ARPA Grant (Total project cost = \$1.5 million)
10. Bee Branch Gate & Pump Replacement \$28.2 million total (\$8 million US EDA Grant)
11. 14th Street Overpass
 - a. \$25 million RAISE Grant
 - b. \$9.2 million DMATS
 - c. Support from Dubuque Racing Association
 - d. Total project cost = \$43 million)



BUILDING BRIDGES TO EMPLOYMENT AND EQUITY



LEGEND

- 1. Bee Branch Bicycle & Pedestrian Trail
- 2. Future Redevelopment
- 3. Bee Branch Creek
- 4. 16th Street Complete Street
- 5. 14th Street CPKC Railroad Overpass

- 6. Connectivity to Chaplain Schmitt Island & Kerper Boulevard
- 7. Washington Street Neighborhood Revitalization
Dubuque's 2 lowest income census tracts
- 8. Elm Street Complete Street
- 9. To the Intermodal Transportation Center
- 10. Roundabouts
- 11. CPKC Railroad

BUILDING BRIDGES TO EMPLOYMENT AND EQUITY



ELM STREET CORRIDOR - COMPLETE STREETS

Reconstruct Elm Street from 10th Street to 11th Street as a Complete Street to improve safety and access for pedestrians and bicyclists and connect to Intermodal Transportation Center.

LEGEND

- 1. Bike Lanes
- 2. Improved Sidewalks
- 3. Vehicular Travel Lanes
- 4. Vehicular Parking
- 5. Street Trees and Green Infrastructure

CITY OF DUBUQUE RAISE GRANT - ELM STREET



RAISE Grants



12. Northwest Arterial & US20/Dodge Street Intersection Improvements
 - a. \$17.5 million total cost
 - b. \$12 million Iowa DOT allocation
 - c. \$5.5 million City Contribution
13. Streets
 - a. 5 miles of asphalt overlay projects by Public Works Department
 - b. 14th Street Overpass, Roundabouts, & Related Improvements
 - c. Northwest Arterial & US20/Dodge Street Intersection Improvements
 - d. Central Avenue Corridor Streetscape Improvements

Timeline of Public Input Opportunities

The Budget Office conducted community outreach using print and digital marketing and presentations.

- **September:** City staff participated in City Life presentations on the budget process and attendees had the opportunity to prioritize real City projects.
- **November:** The City Manager hosted an evening hybrid public budget input meeting. Participants could attend in person at the City Council Chambers or by phone or computer using GoToMeeting.

Open Budget

<https://dollarsandcents.cityofdubuque.org/>

During Fiscal Year 2016, the City launched a web based open data platform. The City of Dubuque's Open Budget application provides an opportunity for the public to explore and visually interact with Dubuque's operating and capital budgets. This application is in support of the five-year organizational goal of a financially responsible city government and high-performance organization and allows users with and without budget data experience, to better understand expenditures in these categories.

Open Expenses

<http://expenses.cityofdubuque.org/>

During Fiscal Year 2017, an additional module was added to the open data platform which included an interactive checkbook which will allow residents to view the City's payments to vendors. The final step will be adding performance measures to the open data platform to allow residents to view outcomes of the services provided by the City.

Balancing Act

During Fiscal Year 2019, the City of Dubuque launched a new interactive budget simulation tool called Balancing Act. The online simulation invites community members to learn about the City's budget process and submit their own version of a balanced budget under the same constraints faced by City Council, respond to high-priority budget input questions, and leave comments.

Taxpayer Receipt

During Fiscal Year 2019, the City launched an online application which allows users to generate an estimate of how their tax dollars are spent. The tool uses data inputted by the user such as income, age, taxable value of home, and percentage of goods purchased within City limits. The resulting customized receipt demonstrates an estimate of how much in City taxes the user contributes to Police, Fire, Library, Parks, and other city services. This tool is in support of the City Council goal of a financially responsible and high-performance organization and addresses a Council-identified outcome of providing opportunities for residents to engage in City governance and enhance transparency of City decision-making.

Enterprise Fund Utility Rates

	FY 2024 Rate	Recommended FY 2025 Rate	% Change
Water	\$35.82	\$40.14	12.00 %
Sanitary Sewer	\$50.28	\$54.78	9.00 %
Curbside Collection	\$15.83	\$17.25	9.00 %
Stormwater	\$10.00	\$11.50	15.00 %

Conclusion

If the City Council approves the budget recommendation, it will support continued investment in people, businesses, and organizations that are making a difference in our community, and continued investment in the infrastructure that must exist for Dubuque to continue to thrive.

This budget recommendation fits the original tax levy recommendation that was submitted. However, I respect the Mayor and City Council's right to lower the property tax rate through the budget process. Any reduction in resources would require a corresponding reduction in expenses.

There will be seven City Council special meetings prior to the adoption of the FY 2025 budget before the state-mandated deadline of April 15, 2024. I want to thank Chief Financial Officer Jennifer Larson, Assistant City Manager Cori Burbach, Public Information Officer Randy Gehl, Budget Manager Laura Bendorf, Budget/Financial Analyst Nathan Kelleher, Budget/Financial Analyst Robyn Hosch, Budget/Financial Analyst Joe Link, and Executive Assistant Stephanie Valentine for all their hard work and dedication in preparation of this budget recommendation.



Michael C. Van Milligen
City Manager

MCVM:sv

Attachment

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



Creating an Equitable Community (and Organization) of Choice

A High-Performance Organization (and Community) with
Engaged Employees and Residents that is Data-Driven and
Outcome-Focused built on the five pillars of:

A teal-colored circle containing the word "Resiliency".A yellow-colored circle containing the word "Sustainability".A purple-colored circle containing the word "Equity".An orange-colored circle containing the word "Transparency".A blue-colored circle containing the word "Compassion".A photograph of the Dubuque skyline, featuring the clock tower of the First Methodist Church and the Mississippi River in the background. The image is overlaid with a grid of colored circles representing the five pillars.

Through Partnerships, Planning, & People

www.cityofdubuque.org

Adopted by City Council on January 16, 2024

CM024-013024

MOODY'S

Rating Action: Moody's upgrades City of Dubuque, IA's issuer and GO to Aa2; Moral Ob. to A1

10 Jul 2023

New York, July 10, 2023 – Moody's Investors Service has upgraded the City of Dubuque, IA's issuer rating and outstanding general obligation unlimited tax (GOULT) bonds to Aa2 from Aa3, as well as its outstanding moral obligation Sales Tax Increment Revenue Bonds (Annual Appropriation Property Tax Supported), Senior Bond Series 2015A to A1 from A2. Moody's has also assigned a Aa2 to the city's Taxable General Obligation Corporate Purpose Bonds, Series 2023A with an proposed par amount of roughly \$6 million. Post-issuance, the city will have around \$85 million of outstanding GOULT debt.

RATINGS RATIONALE

The issuer rating was upgraded to Aa2 because the city has 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 nation over the past five years. The city's local economy is likely to remain strong because of its mix of commercial and industrial industries, stable population and steady tax base growth. Resident wealth and income ratios are a little below rated peers, in part because of a large student population. Leverage is elevated and could grow further because of outstanding capital needs.

The absence of distinction between the Aa2 rating on the district's GOULT debt and the Aa2 issuer rating is based on the city's full faith and credit pledge with authority to raise ad valorem property taxes unlimited as to rate or amount.

The city's moral obligation bonds (Annual Appropriation Tax Supported, Series 2015A) are rated two notches below the city's issuer rating, which reflects the city's pledge to consider appropriating from its debt service levy to replenish the debt service reserve fund if it is drawn upon. The rating also considers the more essential nature of the financed projects (flood mitigation) and adequate coverage of pledged sales tax revenue.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Moderated debt burden and capital needs
- Continued economic activity that drives improvement in resident income and full value per capita ratios

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

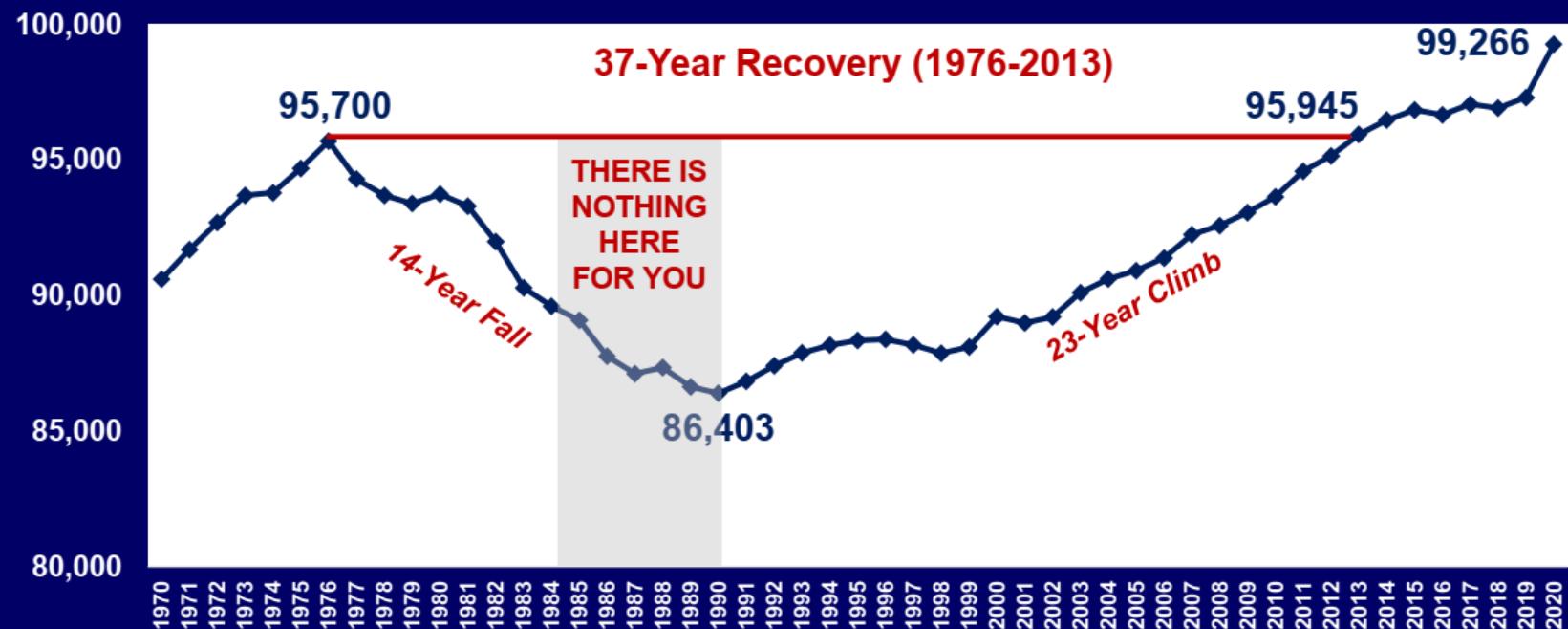
- Substantial decline in reserves
- Significant increase in leverage

LEGAL SECURITY

The city's GOULT debt, including the current issuances, are backed by the city's unlimited taxing power. The city is required to levy ad valorem taxes upon all taxable property in the city without limit as to rate or amount sufficient to pay the debt service except to the extent that other monies are deposited in the debt service fund for such purposes.



DUBUQUE COUNTY POPULATION ESTIMATES





Percent Change in Population: 2010-2020

Micropolitan Statistical Area	% Change
Keokuk	-7.00%
Fort Dodge	-5.50%
Clinton	-5.50%
Burlington	-5.10%
Mason City	-4.40%
Spencer	-4.10%
Marshalltown	-2.80%
Storm Lake	-2.40%
Ottumwa	-1.80%
Boone	-1.60%
Muscatine	-0.08%
Oskaloosa	0%
Newton	3.30%
Spirit Lake	5.30%
Fairfield	8.90%

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Percent Change in Population: 2010-2020

Metropolitan Statistical Area	% Change
Des Moines-West Des Moines Metro Area	16.7%
Iowa City Metro Area	15.2%
Omaha-Council Bluffs Metro Area	10.3%
Ames Metro Area	7.3%
Cedar Rapids Metro Area	6.2%
Dubuque Metro Area	4.2%
Sioux City, IA-NE-SD Metro Area	1.0%
Waterloo-Cedar Falls Metro Area	0.3%
Davenport-Moline-Rock Island Metro Area	-0.5%



City	1970 Population	2020 Population	% Change
Gary, IN	175,415	69,093	-60.6%
South Bend, IN	125,580	103,453	-17.6%
Flint, MI	193,317	81,252	-58.0%
Detroit, MI	1,511,482	639,111	-57.7%
Akron, OH	275,425	190,469	-30.8%
Cincinnati, OH	452,524	309,317	-31.6%
Cleveland, OH	750,903	372,624	-50.4%
Dayton, OH	243,601	137,644	-43.4%
Toledo, OH	383,818	270,871	-29.4%
Youngstown, OH	139,788	60,068	-57.0%