



Public Hearing on Proposed Fiscal Year 2025 Property Tax Levy

March 25, 2024

Budget Development Guidance

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

Proposed Fiscal Year 2025 Tax Rate and Dollars

At this public hearing, the only options available to City Council are to approve the amount of the proposed Fiscal Year 2025 tax rate and dollars as is or decrease it.

Proposed Property Tax Rate

	FY2024	Proposed FY2025	% Change
Tax Rate	\$9.90135	\$9.92638	0.25%

Proposed Property Tax Levy

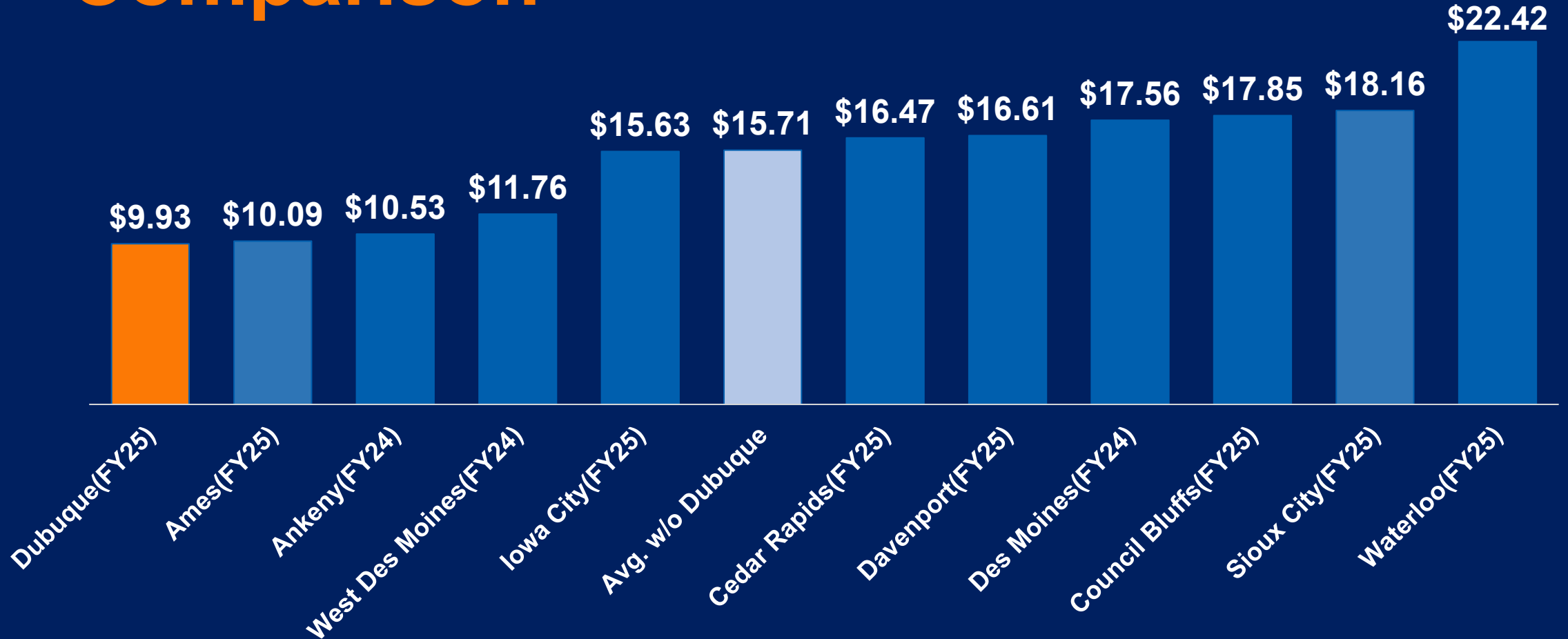
	% Change from FY24	\$ Change from FY24
Property Tax Rate	0.25%	\$0.02
Property Tax Asking	6.01%	\$1,600,181
Avg. Residential Property	5.00%	\$40.75
Avg. Commercial Property	25.55%	\$850.63
Avg. Industrial Property	3.89%	\$187.33

Average Annual Increase

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.

City Property Tax Rate Comparison



Waterloo = 125.8% higher than Dubuque

Average = 58.3% higher than Dubuque

Significant Issues Impacting Budget

Iowa House File 718

- March 15: Cities must file a report with Iowa Department of Management containing information specified by new law to be contained in mailings.
- March 20: County Auditor must send each property owner or taxpayer with the county by regular mail an individual statement with the specified information broken out by political subdivision comprising the taxpayer's district.

Measuring Impact of Tax Rate Changes

- 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
- State of Iowa wants cities to look at the impact on **a fixed value of a \$100,000 property**

CITY NAME: NOTICE OF PUBLIC HEARING - CITY OF DUBUQUE - PROPOSED PROPERTY TAX LEVY
DUBUQUE Fiscal Year July 1, 2024 - June 30, 2025 **CITY #:** 31-288

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:
Meeting Date: 3/25/2024 **Meeting Time:** 06:30 PM **Meeting Location:** City Council Chambers, 350 W 6th St.
At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After the hearing of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)
<https://www.cityofdubuque.org/85/Budget>

City Telephone Number
 (563) 589-4398

Iowa Department of Management	Current Year Certified Property Tax 2023 - 2024	Budget Year Effective Property Tax 2024 - 2025	Budget Year Proposed Property Tax 2024 - 2025
Taxable Valuations for Non-Debt Service	2,613,397,595	2,768,051,830	2,768,051,830
Consolidated General Fund	21,168,521	21,168,521	21,981,598
Operation & Maintenance of Public Transit	1,507,120	1,507,120	1,913,222
Aviation Authority	0	0	0
Liability, Property & Self Insurance	558,274	558,274	1,405,063
Support of Local Emergency Mgmt. Comm.	0	0	0
Unified Law Enforcement	0	0	0
Police & Fire Retirement	0	0	0
FICA & IPERS (If at General Fund Limit)	2,387,496	2,387,496	1,946,134
Other Employee Benefits	0	0	0
Capital Projects (Capital Improv. Reserve)	0	0	0
Taxable Value for Debt Service	3,055,076,501	3,410,562,613	3,410,562,613
Debt Service	297,809	297,809	284,236
CITY REGULAR TOTAL PROPERTY TAX	25,919,220	25,919,220	27,530,253
CITY REGULAR TAX RATE	9.90135	9.34344	9.92637
Taxable Value for City Ag Land	3,392,501	3,420,763	3,420,763
Ag Land	10,190	10,190	10,275
CITY AG LAND TAX RATE	3.00368	2.97887	3.00375
Tax Rate Comparison-Current VS. Proposed			
Residential property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Resident	541	460	-14.97
Commercial property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Commercial	541	460	-14.97

Note: Actual/Assessed Valuation is multiplied by a Rollback Percentage to get to the Taxable Valuation to calculate Property Taxes. Residential and Commercial properties have the same Rollback Percentage at \$100,000 Actual/Assessed Valuation.

Reasons for tax increase if proposed exceeds the current:

The City of Dubuque has experienced increased cost in insurance including workers compensation, general liability, and property insurance. In addition, increase cost in equipment replacements, employee expense, utility expense, and overall supplies and services have been projected.

Measuring Impact of Tax Rate Changes

- The State of Iowa calculation shows 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.*

THE CITY OF
DUBUQUE
Masterpiece on the Mississippi

12

School, County and City Budget Year Statement to Owners and Tax Payers - As Required by Iowa Code 24.2A

DUBUQUE: City Public Hearing on Proposed Property Taxation for Fiscal Year July 1, 2024 - June 30, 2025

Date: 3/25/24

Time: 6:30 PM

Location: City Council Chambers, 350 W 6th St.

Telephone: 563-589-4398

Website: <https://www.cityofdubuque.org/85/Budget>

	Current Property Tax	Current Tax Rate	Effective Tax Rate	Proposed Prop Tax	Proposed Prop Rate
General Non-Ag	\$25,919,220	9.90135	9.34344	\$27,530,253	9.92637
Ag only	\$10,190	3.00368	2.97887	\$10,275	3.00375

Reasons Proposed Property Tax exceeds the Current Property Tax:

The City of Dubuque has experienced increased cost in insurance including workers compensation, general liability, and property insurance. In addition, increased cost in equipment replacements, employee expense, utility expense, and overall supplies and services have been projected.

School, County and City Budget Year Statement to Owners and Tax Payers - As Required by Iowa Code 24.2A

The examples below show how taxes on a property with a value of 100,000 would be distributed in both the Current and Proposed Budget years:

Residential Property:

Taxing Authority	Tax Using Current Tax Rate	Tax Using Proposed Tax Rate	% Change
DUBUQUE CO	\$793.00	\$616.00	-22.32
DUBUQUE COUNTY	\$303.00	\$261.00	-13.86
DUBUQUE	\$541.00	\$460.00	-14.97

Commercial Property - Note the first 150,000 of Commercial property has the same taxation basis as Residential:

Taxing Authority	Tax Using Current Tax Rate	Tax Using Proposed Tax Rate	% Change
DUBUQUE CO	\$793.00	\$616.00	-22.32
DUBUQUE COUNTY	\$303.00	\$261.00	-13.86
DUBUQUE	\$541.00	\$460.00	-14.97

Measuring Impact of Tax Rate Changes

Dubuque example:

Commercial or 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%.

Iowa House File 718

- **Budget certification deadline to Iowa Department of Management is April 30th instead of March 31st**
- **If City has debt levy, budget must be adopted before April 15th**

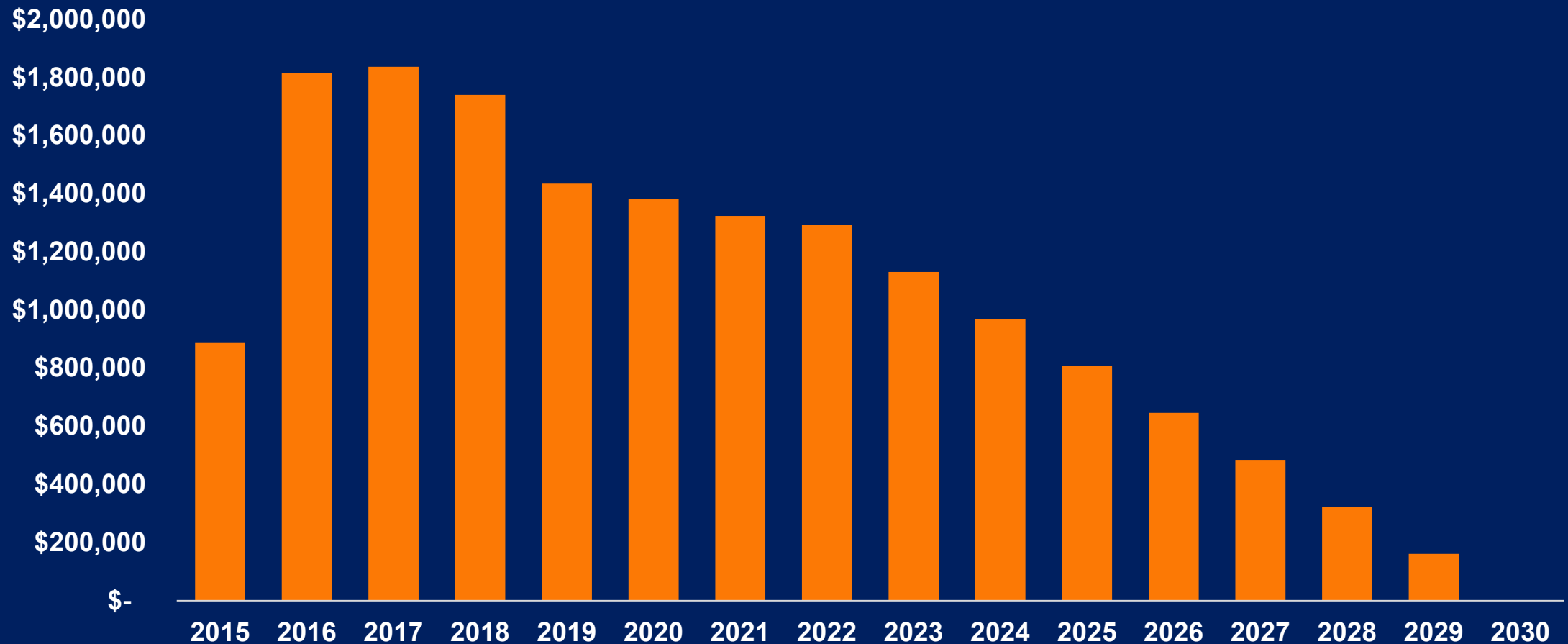
Significant Issues Impacting Budget

State-Funded Backfill on Commercial & Industrial Property Tax

- Beginning in FY2023, the backfill will be eliminated over an 8-year period.
- Projected backfill for Dubuque for the two-tier assessment limitation in FY2025 is estimated to be \$576,898.

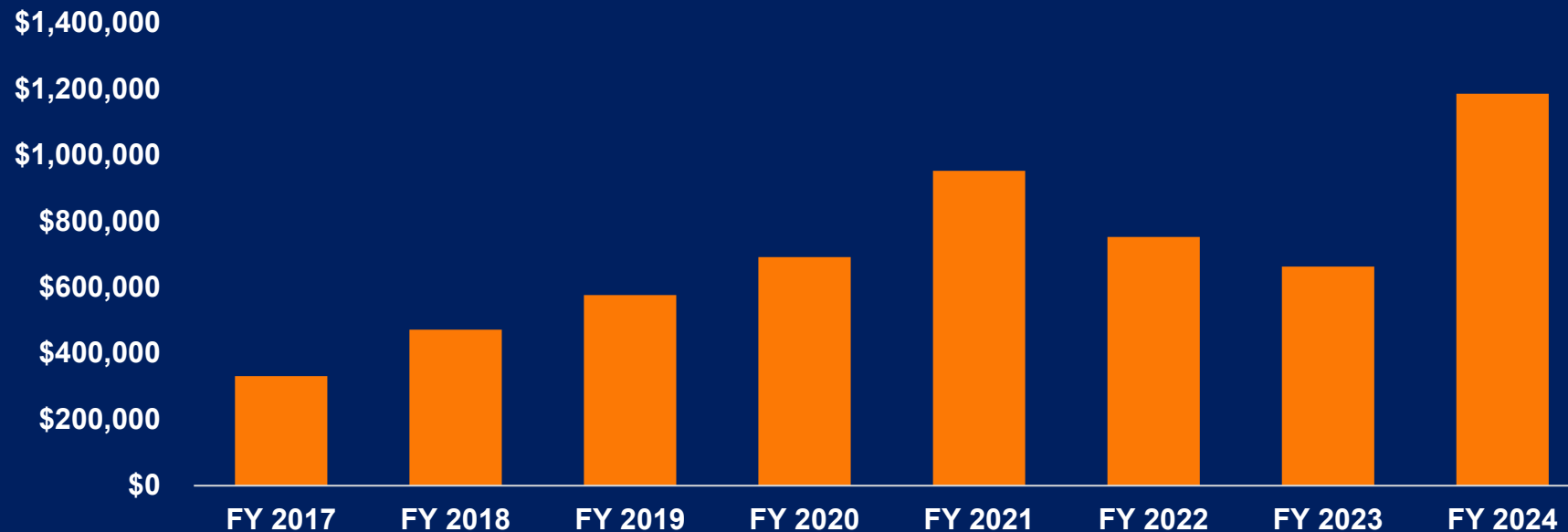
Significant Issues Impacting Budget

Total State Backfill Payments to Dubuque



Significant Issues Impacting Budget

Annual Loss of Tax Revenue from Multi-Residential Property Rollback



The State of Iowa will not backfill property tax loss from the rollback on multi-residential property. The City will annually lose \$1.2 million as a result.

Dubuque's total revenue loss for FY17-FY24 = \$5.63 million

Homestead Exemption 65+

- HF718 created new exemption
- 3,398 Homeowners filed for exemption
- FY25 \$3,250 in taxable value
- FY26 \$6,500 in taxable value

***FY2025 revenue reduction
to City of \$113,017***

Military Exemption

- **HF718 changed Military Credit to Exemption**
- **Increased from \$1,852 to \$4,000**
- **1,937 Homeowners receive Military Exemption**

***FY2025 revenue reduction
to City of \$76,918***

Significant Issues Impacting Budget

Revaluation of Residential and Commercial

- Average residential property value increased 23.2%
- Average commercial property value increased 25%

Significant Issues Impacting Budget

Residential Rollback

- Residential Rollback factor decreases from 54.65% in FY2024 to 46.34% in FY2025
- Impacts taxable value of residential and commercial/industrial impacted due to two-tier assessment limitation on first \$150,000

Significant Issues Impacting Budget

Riverfront Property Lease Revenue

- Riverfront Property Lease revenue increased \$212,448 due to consumer price index increase to a total of \$4,110,287

Significant Issues Impacting Budget

Local Option Sales Tax

- Increased from \$12,528,806 in FY 2024 to \$12,927,517 in FY 2025. The FY 2025 budget is based on FY 2024 actual plus 3%.
- 50% to property tax relief, 50% to capital improvements (20% for maintenance of City buildings and 30% for street maintenance)

Significant Issues Impacting Budget

Hotel Motel Tax

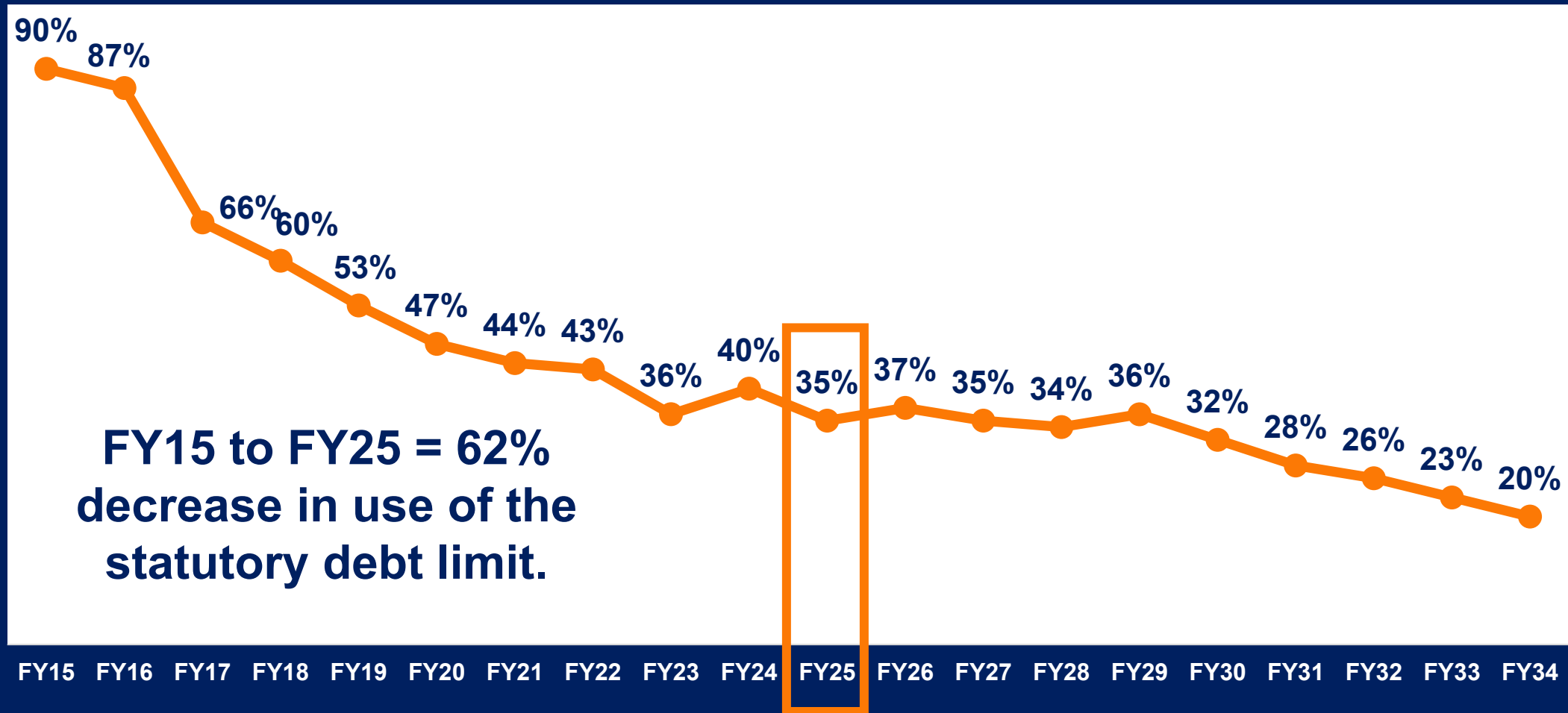
- Increased from \$2,925,996 in FY 2024 to \$3,376,383 in FY 2025. The FY 2025 budget is based on FY 2024 actual plus 3%.

Significant Issues Impacting Budget

July 2023: Moody's Upgrades City's Bond Rating

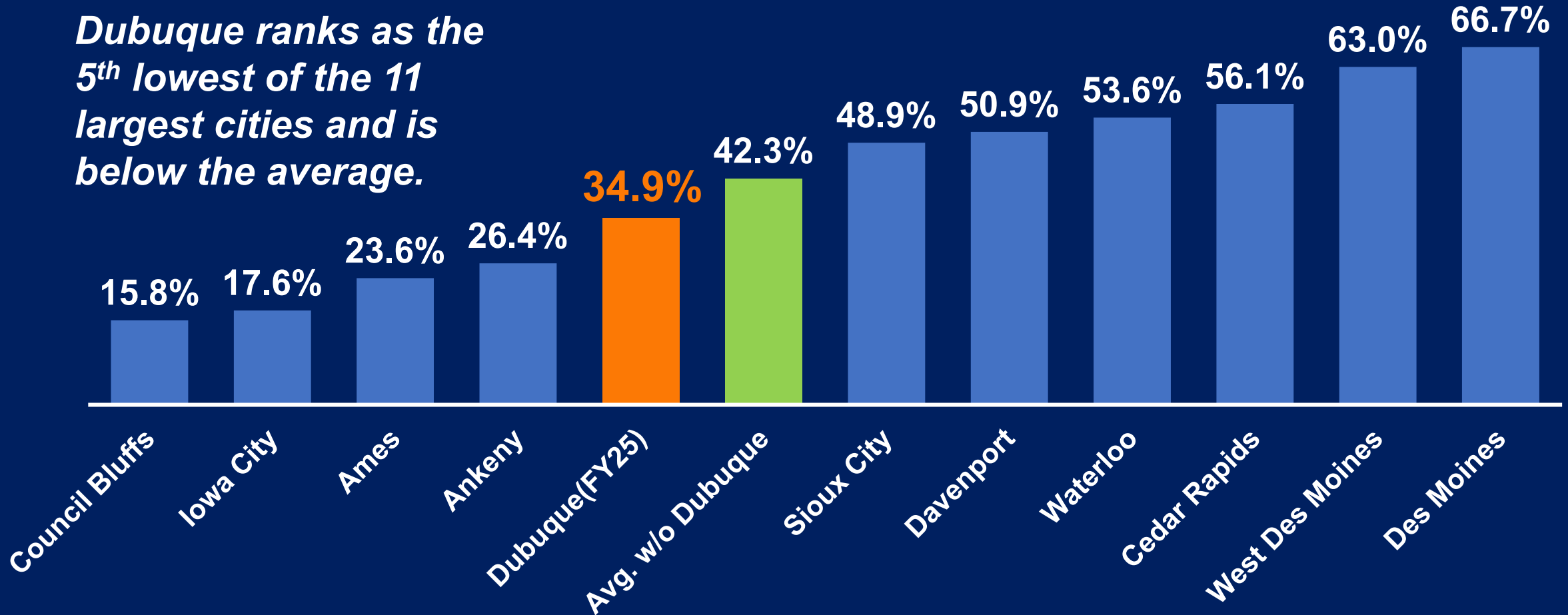
- Moody's upgraded the City's outstanding general obligation bonds from Aa3 to Aa2, as well as the outstanding Sales Tax Increment Revenue bonds from A2 to A1.
- "Notable credit factors include strong financial operations and ample revenue-raising flexibility, which has resulted in steadily improved 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."

FY2025 Recommended Reduction of Statutory Debt Limit Used



Percentage of Legal Debt Limit Utilized

Dubuque ranks as the 5th lowest of the 11 largest cities and is below the average.



Des Moines is 91% higher and the average is 21% higher than Dubuque

Significant Issues Impacting Budget

General Fund Accrual Reserve Goal = 25%

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
City's Spendable General Fund Cash Reserve Fund Balance	\$29,659,518	\$23,859,518	\$18,059,518	\$18,059,518	\$18,059,518	\$18,059,518
% of Projected Revenue	41.97%	33.76%	25.56%	25.56%	25.56%	25.56%

Significant Issues Impacting Budget

General Fund + Enterprise Accrual Funds Reserve Goal = 25%

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
City's Spendable						
Moody's Reserve Fund Balance	\$46,304,790	\$40,504,790	\$34,704,790	\$34,704,790	\$34,704,790	\$34,704,790
% of Projected Revenue	40.21%	35.17%	30.14%	30.14%	30.14%	30.14%

Significant Issues Impacting Budget

Recommended Wage Increases

- 5% for Dubuque Police Protective Association and non-represented employees
- 3% for already approved collective bargaining agreements for Teamsters
- Dubuque Professional Fire Fighters Association and International Union of Operating Engineers in contract negotiations
- Estimated cost to General Fund = \$1,942,693

Recommended New Public Safety Positions in FY2025

- **Fire: additional captain to serve in capacity of field training officer/safety officer (Starting Aug. 1, 2024)**
 - *Recurring cost of \$128,145*
- **Fire: bureau chief position for the EMS Division (Starting July 1, 2024)**
 - *Recurring cost of \$164,468. Non-recurring cost of \$4,650*

Increased Revenue

**Ambulance revenues are
projected to increase by
\$234,497 in FY2025**

Recommended Improvement Packages

For FY2025 there are \$3,239,438 in general fund improvement packages with \$888,840 recommended for funding.

Capital Improvement Program

**Catfish Creek Sewershed
Interceptor Sanitary Sewer
Improvements
\$47 million total**

Capital Improvement Program

W&RRC High Strength Waste
\$6.2 million total

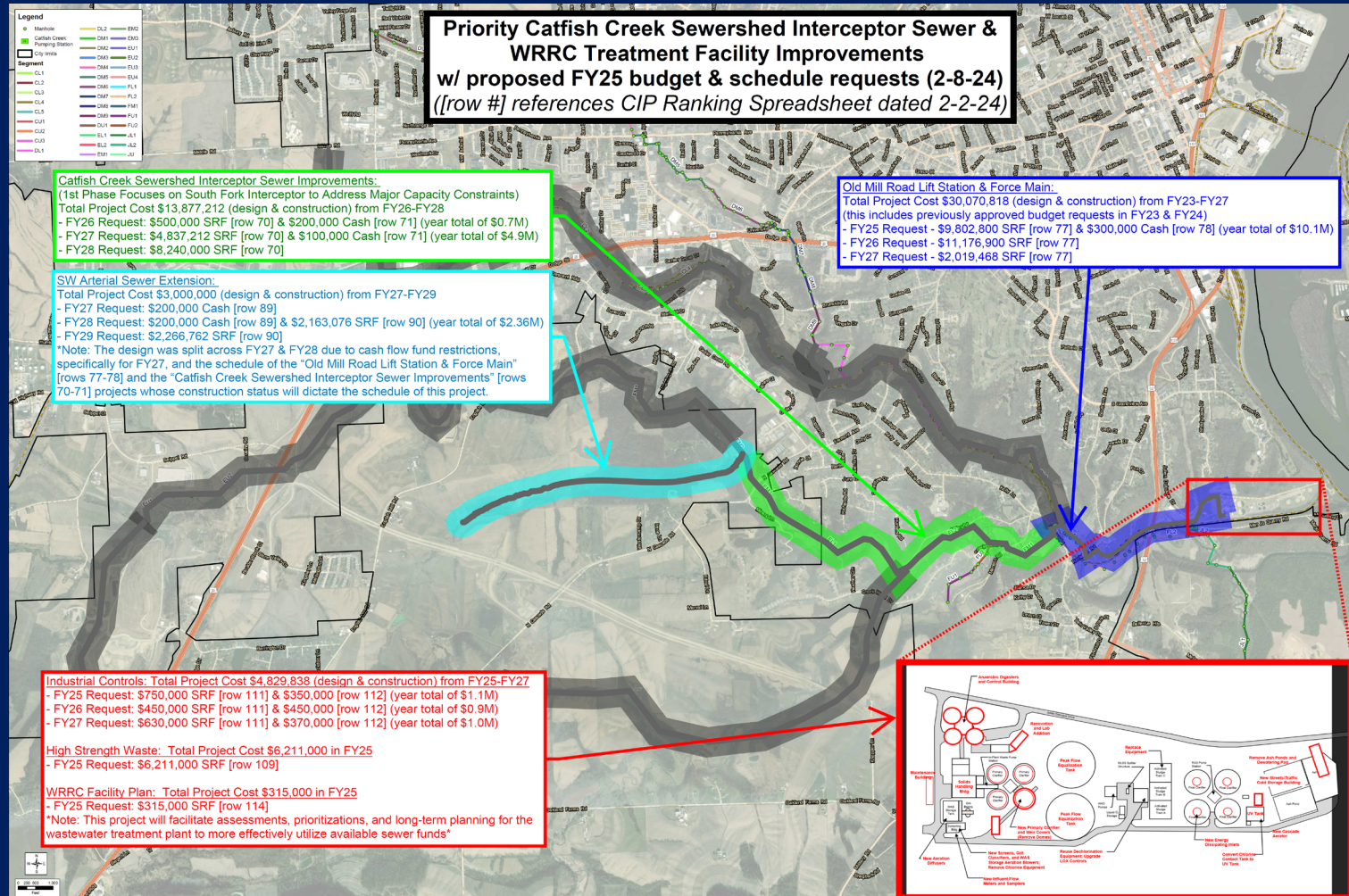
Capital Improvement Program

W&RRC Industrial Controls Update
\$3 million total

Capital Improvement Program

W&RRC BOD Capacity Upgrades
\$1.1 million total

5-Year Capital Improvement Program



Capital Improvement Program

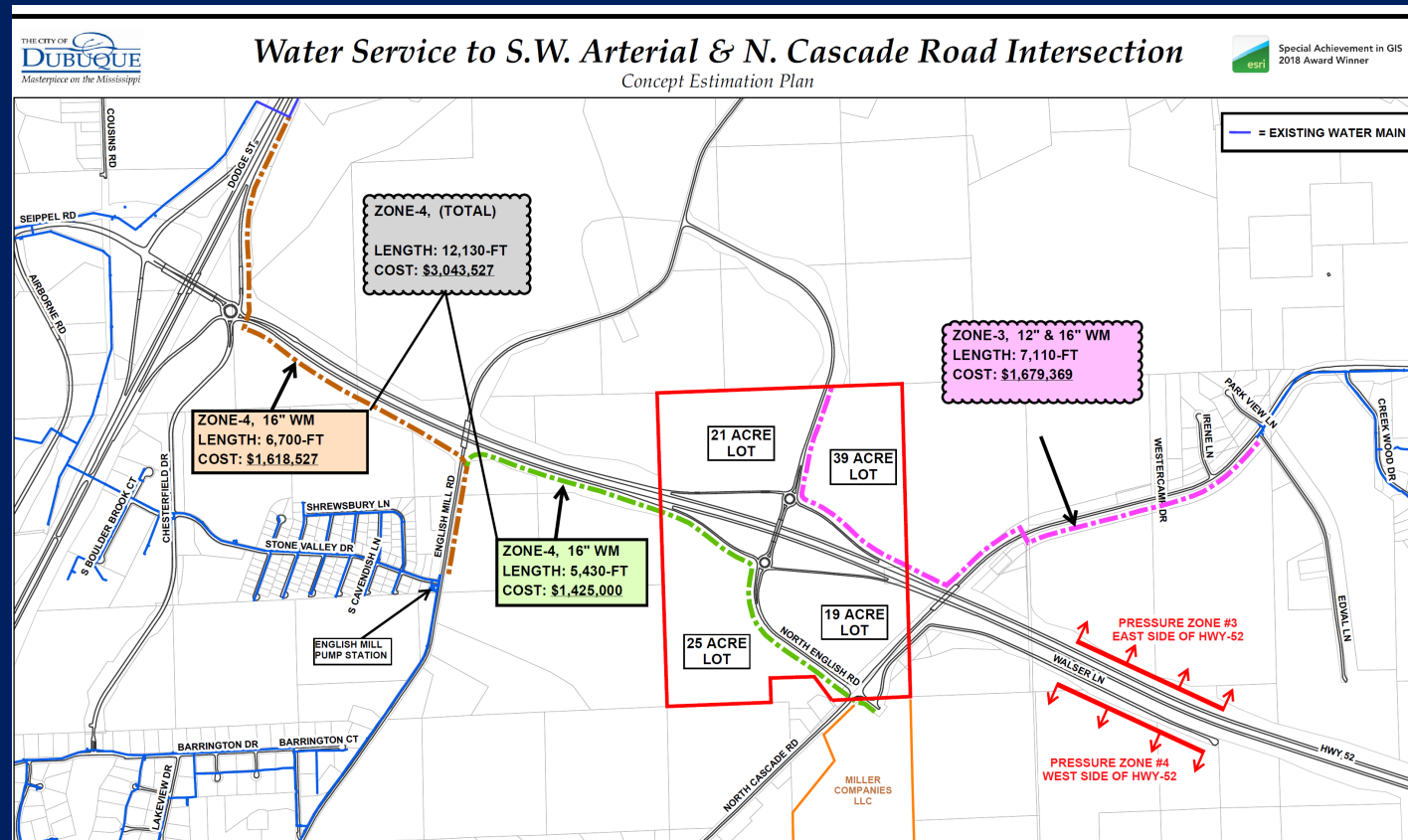
**Schmitt Island Sanitary
Improvements
\$2.6 million total**

Capital Improvement Program

Southwest Arterial Water Main Extension

\$1.7 million total

Capital Improvement Program



\$1.7 million waterline to Southwest Arterial

Capital Improvement Program

Private Lead Water Service Line Replacement Project \$5.7 million total

Construction costs are 49% forgivable, whereas non-construction costs such as engineering services are non-forgivable per BIL Funds.

Capital Improvement Program

**Source Water PFAS Reduction
Project
\$9.5 million total**

Capital Improvement Program

**Water Third Pressure Zone
Connection (from Tanzanite Drive
to Olympic Heights)
\$2.0 million total**

Capital Improvement Program

Chaplain Schmitt Island Sanitary Sewer Improvements

\$218,000 ARPA Grant

(Total project cost = \$2.9 million)

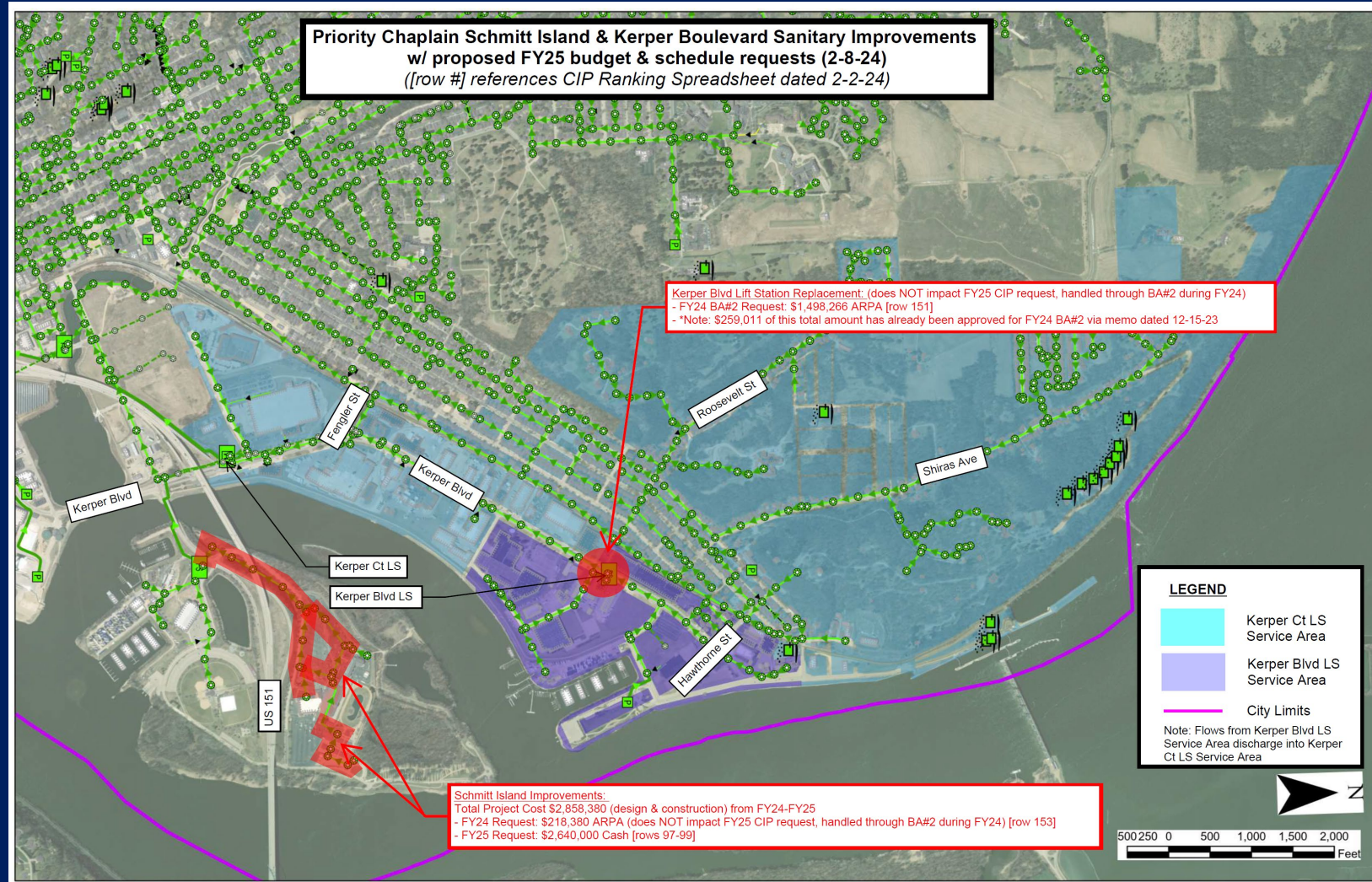
Capital Improvement Program

Kerper Blvd. Sanitary Sewer Lift Station Replacement

\$1.5 million ARPA Grant

(Total project cost = \$1.5 million)

Capital Improvement Program



Leveraging Grants

Bee Branch Gate & Pump Replacement

\$28.2 million total

(\$8 million US EDA Grant)

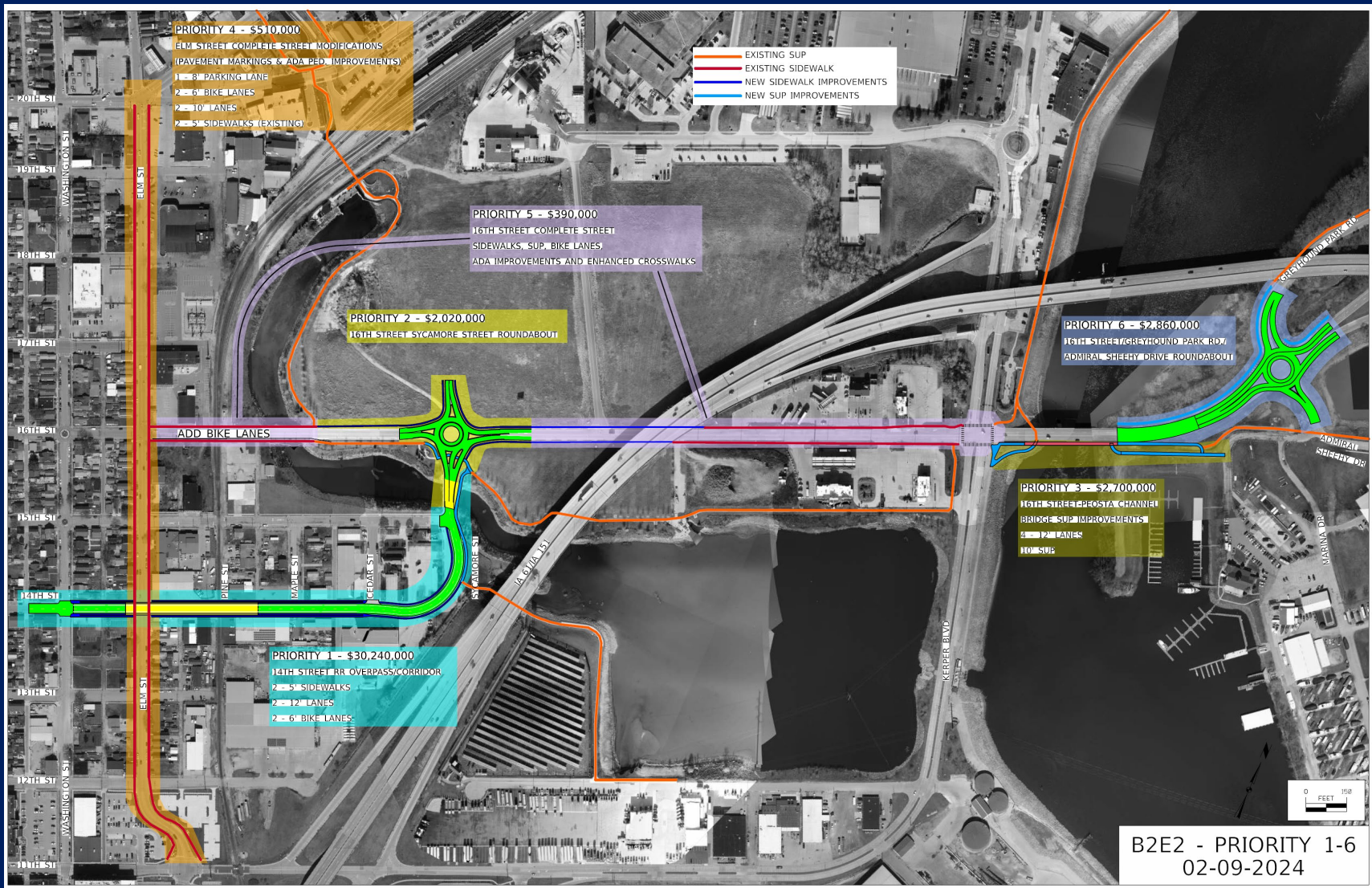
Leveraging Grants

14th Street Overpass

- \$25 million RAISE Grant
- \$9.2 million DMATS
- Support from Dubuque Racing Association

(Total project cost = \$43 million)

Leveraging Grants



Leveraging Grants

BUILDING BRIDGES TO EMPLOYMENT AND EQUITY



Leveraging Grants

BUILDING BRIDGES TO EMPLOYMENT AND EQUITY



ELM STREET CORRIDOR - COMPLETE STREETS

Reconstruct Elm Street from 20th 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

Leveraging Grants

Schmitt Island Iowa Amphitheater

- **\$3 million Iowa Economic Development Authority Grant**
- **Support from Dubuque Racing Association**

(Total project cost = \$15.8 million)

Leveraging Partnerships

Northwest Arterial & US20/Dodge Street Intersection Improvements

\$17.5 million total cost

\$12 Iowa DOT allocation

\$5.5 million City contribution

THE CITY OF
DUBUQUE
Masterpiece on the Mississippi



Capital Improvement Program

**Five Flags Center
Renovation & Improvements
\$24 million total**

Public Safety

Public Safety Software: \$3 million

- Police Department, Fire Department, Emergency Communications, Dubuque County Sheriff's Department, volunteer fire departments, and other law enforcement agencies in Dubuque County.
- Dubuque County contributing \$1.5 million

Public Safety

Fire Capital Budget - \$8.8 million

- Fire Engines (2): \$1,450,000
- Ambulance: \$400,000
- Fire Rescue Boat: \$340,000
- Fire Burn Tower Improvements: \$466,676
- Fire Station Expansion: \$4,773,700
- Fire Bunk Room Remodel (All Stations): \$1,395,000

Streets

- **5 miles of asphalt overlay projects by Public Works Department**
- **14th Street Overpass, Roundabouts, & Related Improvements**
- **Northwest Arterial & US20/Dodge Street Intersection Improvements**
- **Central Avenue Corridor Streetscape Improvements**

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:

Resiliency

Sustainability

Equity

Transparency

Compassion

Through Partnerships, Planning, & People

www.cityofdubuque.org

Adopted by City Council on January 16, 2024

CM024-013024

The recommended budget 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.

Budget Public Input Opportunities

- **Public Meetings:** March 26, 27, and 28, April 2, 4, 8, and 9
- **Public Hearing to Adopt:** April 11
- **Budget Comment Form at**
www.cityofdubuque.org/FY2025budget
- **Contact City Council:**
www.cityofdubuque.org/councilcontacts