



**CITY OF DUBUQUE, IOWA
CITY COUNCIL MEETING**
Historic Federal Building: 350 W. 6th
Street - Second-Floor Council
Chambers.
March 25, 2025 at 6:30 PM

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ROLL CALL ORDER FOR MEETING

Roussell, Cavanagh, Sprank, Jones, Wethal, Farber, Resnick

SPECIAL SESSION

PUBLIC HEARINGS

1. Public Hearing for the Fiscal Year 2026 amount of proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines

Proof of publication on notice of public hearing to consider City Council approval of the Fiscal Year 2026 proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines, and City Manager recommending approval.

Suggested Disposition: Receive and File; Approve

ADJOURNMENT

The agenda with supporting documents may be accessed at www.cityofdubuque.org or at the City Clerk's Office at ctyclerk@cityofdubuque.org or by mail to 50 W. 13th Street,

during regular business hours.

This notice is given pursuant to Chapter 21, Code of Iowa, and applicable local regulations of the City of Dubuque, Iowa and/or governmental body holding the meeting.

Written comments regarding the above items may be submitted to the City Clerk's Office at ctyclerk@cityofdubuque.org or by mail to 50 W. 13th St., Dubuque, IA 52001, before said time of meeting.

Individuals requiring special assistance should contact the City Clerk's Office as soon as feasible at (563) 589-4100, ctyclerk@cityofdubuque.org. Deaf or hard-of-hearing individuals can use Relay Iowa by dialing 711 or (800) 735-2942.

**City of Dubuque
City Council**

PUBLIC HEARINGS # 1.

ITEM TITLE: Public Hearing for the Fiscal Year 2026 amount of proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines

SUMMARY: Proof of publication on notice of public hearing to consider City Council approval of the Fiscal Year 2026 proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines, and City Manager recommending approval.

**SUGGESTED
DISPOSITION:** Receive and File; Approve

ATTACHMENTS:

1. FY26 Public Haring Max Tax Rate_MVM memo_2025_03_22
2. FY26 Public Hearing Max Tax Rate_Staff Memo_2025_03_22
3. FY2026 Budget & Fiscal Policy Guidelines_2025_03_22
4. FY2026 Improvement Package Listing 03.24_Updated 3.24.25
5. Proof of Publication
6. FY26 Notice of Public Hearing Proposed Tax Rate
7. Public Input



TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Public Hearing for Resolution the Fiscal Year 2026 amount of proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines

DATE: March 22, 2025

Chief Financial Officer Jennifer Larson is recommending City Council approval of the Fiscal Year 2026 proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines.

At this public hearing, the only options available to City Council are to approve the amount of the proposed Fiscal Year 2026 tax rate and dollars as is or decrease it.

In 2025, the City levied for \$28,233,757 in property tax revenue to support the general fund and in FY 2026 the budget guidelines would levy for \$29,861,901 in property tax revenue to support the general fund. The FY2026 budget guidelines call for a 1.38% increase in the property tax rate, which increases the property tax rate from \$9.9264 in FY25 to \$10.0637 in FY 26, which would be a 3.90% or \$33.38 tax increase for the average Dubuque homeowner, increase in property tax for commercial (1.78%, \$74.26) and a increase for industrial (1.71%, \$85.68).

	% Change	\$ Change
Property Tax Rate	1.38%	\$0.14
Property Tax Asking	5.77%	\$1,628,144
Average Residential Payment	3.90%	\$33.38
Average Commercial Payment	1.78%	\$74.26
Average Industrial Property	1.71%	\$85.68

Since 1989, the average homeowner has averaged an annual increase in costs in the City portion of their property taxes of +1.45%, or about +\$9.28 a year. If the State had been fully funding the Homestead Tax Credit, the increase would have averaged about +\$6.62 a year.

For FY2026 there are \$2,309,628 in general fund improvement package requests, of which \$1,714,247 are recurring and \$595,380 are non-recurring. There is an estimated \$897,297 for improvement packages funded by property taxes, although this figure may change as the FY2026 budget is not yet finalized.

There will be seven City Council special meetings prior to the adoption of the Fiscal Year 2026 budget before the state mandated deadline of April 30, 2025.

The recommended resolution for maximum property tax dollars in FY 2026 is \$29,861,901 (tax rate of \$10.0637) or a 5.77%% increase over FY2025 property tax dollars.

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



Michael C. Van Milligen

MCVM:jml
Attachments

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



TO: Michael C. Van Milligen, City Manager

FROM: Jennifer Larson, Chief Financial Officer

SUBJECT: Public Hearing for the Fiscal Year 2026 amount of proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines

DATE: March 22, 2025

I am recommending approval of the Fiscal Year 2026 proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines.

At this public hearing, the only options available to City Council are to approve the amount of the proposed Fiscal Year 2026 tax rate and dollars as is or decrease it.

Iowa House File 718 passed during the 2023 legislative sessions, replaces previous changes made through Iowa Senate File 634 passed during the 2019 legislative sessions, makes changes to Iowa city and county budgets and taxes for Fiscal Year 2025 and later. Additional steps have been added to the budget approval process. The City of Dubuque is specifically impacted by the following steps of this new legislation:

1. Limits the General Fund levy by constraining growth by 2% or 3% each year, depending on the trigger hit:
 - Non-TIF taxable growth under 3%, no reduction
 - Non-TIF taxable growth over 3% but less than 6%, 2% reduction factor
 - Non-TIF taxable growth over 6%, 3% reduction factor

The City of Dubuque Non-TIF taxable growth for FY2026 is 4.39%, the General Fund levy is constrained by a growth reduction factor of 2%. The General Fund levy for FY2026 is \$7.78547 instead of the maximum levy of \$8.10.

Although the City is restricted to \$7.78547 in the General Fund levy, the City has the flexibility to levy up to \$15.6 million or a levy rate of \$5.2735 in the Special Revenue Levies for employee benefits. In Fiscal Year 2025, the Special Revenue levy was

\$0.70307 and totaled \$2.0 million. Any reduction in the General Fund levy can be shifted to the Special Revenue levies.

2. March 5: Cities must file a report with Iowa Department of Management containing information specified by new law to be contained in mailings. This date was moved up from March 15 by the State of Iowa during Fiscal Year 2024.
3. 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.

Taxpayer Statements must include:

- Total Fiscal Year 2025 Tax Rate and Dollars
 - Combined effective property tax rate for the city calculated using the sum of Fiscal Year 2025's actual property tax certified for levy of all of city's levies
 - Proposed Fiscal Year 2026 Tax Rate and Dollars
 - If the Proposed Fiscal Year 2026 Property Tax Dollars exceed the Fiscal Year 2025 actual property tax dollars, a detailed statement of the major reasons for the increase, including the specific purposes or programs for which the city is proposing an increase.
 - An example comparing the amount of property taxes on a residential property with an actual value of \$100,000 in the current fiscal year and \$110,000 in the proposed year using the proposed property tax dollars for the budget year, including the percentage difference in such amounts.
 - An example comparing the amount of property taxes on a commercial property with an actual value of \$300,000 in the current fiscal year and \$330,000 in the proposed year using the proposed property tax dollars for the budget year, including the percentage difference in such amounts.
 - The city's percentage of total property taxes certified for levy in the owner's or taxpayer's taxing district in the current fiscal year amount all taxing authorities.
 - The date, time, and location of the city's public hearing on the information contained in the statements.
 - Information on how to access the city's internet site, the city's statements, and other budget documents for prior fiscal years.
4. Public hearing on proposed property tax amounts for the budget year and new taxpayer statements.
 - In addition to a public hearing to adopt the budget.
 - Replaces maximum property tax dollars public hearing held in prior years.
 - Must be separate from any other meeting of City Council, including any other meeting or hearing related to the budget.
 - City Council can decrease, but not increase, the proposed property tax amount to be included in the budget.

5. Budget certification deadline to Iowa Department of Management is April 30th instead of March 31st.
 - If City is issuing new debt that uses the debt service levy, budget must be adopted before April 15th.

The proposed Fiscal Year 2026 tax rate and dollars is developed and adopted by City Council during the budgeting process to provide targets or parameters within which the budget recommendation will be formulated within the context of the City Council Goals and Priorities established in August 2024. The recommended budget presented by the City Manager may not meet all these targets due to changing conditions and updated information during budget preparation. To the extent the recommended budget varies from the guidelines, an explanation will be provided in the printed budget document. By State law, the budget that begins July 1, 2025 must be adopted by April 30, 2025 for cities not issuing new debt using the debt service levy or before April 15, 2025 for cities issuing new debt using the debt service levy. The City of Dubuque does not plan to issue new debt that uses the debt service levy in Fiscal Year 2026.

The FY2026 budget recommendation funds \$897,297 for improvement packages funded by property taxes in the General Fund, although this figure may change as the FY2026 budget is not yet finalized.

For FY2026 there are \$2,309,628 in general fund improvement package requests.

In order to provide context for the basis of the recommended maximum property tax dollars recommended in FY2026, the FY2026 Budget and Fiscal Policy Guidelines and the summary of all decision packages requested are attached.

In 2025, the City levied for \$28,233,757 in property tax revenue to support the general fund and in FY 2026 the budget guidelines would levy for \$29,861,901 in property tax revenue to support the general fund. The FY2026 budget guidelines call for a 1.38% increase in the property tax rate, which increases the property tax rate from \$9.9264 in FY25 to \$10.0637 in FY 26, which would be a 3.90% or \$33.38 tax increase for the average Dubuque homeowner, increase in property tax for commercial (1.78%, \$74.26) and a increase for industrial (1.71%, \$85.68).

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Since 1989, the average homeowner has averaged an annual increase in costs in the City portion of their property taxes of +1.45%, or about +\$9.28 a year. If the State had

been fully funding the Homestead Tax Credit, the increase would have averaged about +\$6.62 a year.

The City Council is only considering the FY2026 property tax rate. The FY2027 - 2030 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 FY2027.

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 2026	\$10.0637	3.90%
FY 2027	\$10.9464	8.77%
FY 2028	\$11.4195	4.32%
FY 2029	\$11.5318	0.98%
FY 2030	\$11.8122	2.43%

Fiscal Year	"City" Property Tax Askings	% Change in Tax Askings	% Impact on Avg. Residential Property	\$ Impact on Avg. Residential Property
FY 2025	\$28,233,757			
FY 2026	\$29,861,901	+5.77%	+3.90%	+\$33.38
FY 2027	\$33,112,427	+10.89%	+8.77%	+\$77.98
FY 2028	\$35,231,055	+6.40%	+4.32%	+\$41.81
FY 2029	\$36,287,999	+3.00%	+0.98%	+\$9.92
FY 2030	\$37,905,329	+4.46%	+2.43%	+\$24.77

The recommended guideline is a 3.90% or \$33.38 increase for the average residential property owner assuming the Homestead Property Tax Credit is fully funded. A one percent increase in the tax rate will generate approximately \$294,092.

The State's residential rollback factor will increase from 46.3428% in 2025 to 47.4316% or a 2.35% increase in FY 2026. The increase in the residential rollback factor increases the value that each residence is taxed on. This increased taxable value for the average homeowner (\$91,067 taxable value in FY 2025 and \$93,207 taxable value in 2026) results in more taxes to be paid per \$1,000 of assessed value.

For the proposed Fiscal Year 2026, Dubuque has the LOWEST property tax rate as compared to the eleven largest cities in the state. The highest rate (Waterloo (FY25)) is 119.35% higher than Dubuque's rate, and the average is 54.31% higher than Dubuque. Dubuque's recommended FY 2026 property tax rate is \$10.06 (increase of 1.38% from FY 2025).

Fiscal Year 2026 City Property Tax Rate Comparison for Eleven Largest Iowa Cities

Rank	City	Tax Rate
11	Waterloo (FY25)	\$22.07
10	Council Bluffs (FY25)	\$17.85
9	Des Moines (FY25)*	\$17.56
8	Davenport (FY25)	\$16.61
7	Sioux City (FY25)	\$16.54
6	Cedar Rapids (FY25)	\$16.47
5	Iowa City (FY25)	\$15.63
4	West Des Moines (FY25)*	\$11.77
3	Ankeny (FY25)*	\$10.53
2	Ames (FY26)	\$10.25
1	Dubuque (FY26)	\$10.06
	AVERAGE w/o Dubuque	\$15.53

*Includes Des Moines Area Transit Levy

Significant issues impacting the FY 2026 budget include the following:

1. 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 a 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 a eight year period from FY 2023 to FY 2030. **The FY 2026 State backfill for property tax loss is estimated to be \$646,603 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 remained 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 2026 is estimated to be \$387,318.

2. Gaming Revenue.

- a. Gaming revenues generated from lease payments from the Dubuque Racing Association (DRA) are estimated to decrease \$192,217 from \$7,405,579 in FY 2025 to \$7,213,362 in FY 2026 based on revised projections from the DRA. This follows a \$2,283,319 increase from budget in FY 2025 and a \$43,621 increase from budget in FY 2024.
- b. February 2026 DRA distributions (\$1,267,993) will be used used to fund FY2026 non-recurring improvement packages and implementation of the classification and compensation study. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2026 operations. All of DRA distributions were used in operations in Fiscal Years 2025 and 2024.

3. Interest Revenue

- a. Interest revenue increased from \$1,718,055 in FY 2025 to \$2,300,097 in FY 2026. The FY 2026 budget is based on projected general fund cash balance, projected interest rates, and the new banking services agreement tied to a thirteen week T-bill plus five basis points.

4. Local Option Sales Tax Revenue

- a. Sales tax receipts are projected to decrease (0.17)% (\$21,580) under FY 2025 budget and 2.00% over FY 2025 actual of \$12,652,878 based on FY 2025 revised revenue estimate which includes actuals through December 2024.

5. Hotel/Motel Tax Revenue

- a. Hotel/motel tax receipts are projected to increase 15.82% (\$534,077) over FY 2025 budget and 3.00% over FY 2025 re-estimated receipts of \$3,796,563.

6. Riverfront Property Lease Revenue

- a. Riverfront property lease revenue is projected to increase by \$162,758 in FY 2026 to \$4,273,045 due to the estimated consumer price index increase and inclusion of property tax reimbursement from leaseholders

7. Franchise Fee Revenue

- a. Natural Gas franchise fees have been projected to increase 11.7 percent over FY 2024 actual of \$923,628. Also, Electric franchise fees are based on FY 2024 Actual of \$4,924,839 plus rate increases of 20.0 percent.

8. Ambulance Revenue

- a. Ambulance Ground Emergency Medical Transport Payments increased from \$2,401,917 in FY 2025 to \$2,413,018 in FY 2026. GEMT is a federally-funded supplement to state Medicaid payments to EMS providers transporting Medicaid patients which began in FY 2021. FY 2026 is based on calculated projections using historical averages. This revenue is projected using the first quarter of performance in FY 2025 and the previous 11 quarters of performance. Based on that formula, the 3-year quarterly average growth of Medicaid transports is 0.8%. The projected number of transports for FY 2025 is 1,084 and for FY 2026 is 1,092. The FY 2024 actual was 1,075. Based on the unaudited FY 2024 cost report, the FY 2026 revenue per transport is estimated to be \$2,209.18. This line item is offset by GEMT Pay to Other Agency expense for local match of \$804,331 resulting in net revenue of \$1,608,687.
- b. Ambulance Fees decreased from \$2,074,232 in FY 2025 (\$361 per call) to \$1,756,870 in FY 2026 (\$357 per call) based on calculated projections using historical averages. The FY 2024 actual was \$1,763,339. In FY 2026, it is currently estimated that there will be 4,924 calls with \$357 per call average. The FY 2026 ambulance revenue projection is based on the

average transport volume growth of the past 12 quarters (which is 0.2% growth). This includes the first quarter of performance in FY 2025 and the prior 11 quarters.

9. Moody's Investors Service Change in Methodology

- a. **In January 2025, Moody's Investor Services affirmed the Aa2 credit rating on general obligation bonds. Moody's credit analysis states, "the City of Dubuque's local economy benefits from its role as a regional economic center, with solid resident income and full value per capita. Financial operations are strong and will remain so despite declines in fund balance over the next few years, as it expends funds from the pandemic. Long-term liabilities and fixed cost ratios are moderate and will remain so despite future borrowing needs." According to Moody's, the Aa2 issuer rating for the City of Dubuque's bonds reflects the city's healthy economic base, which serves as a regional economic center. Other rationale stated for the rating include full value per capita and adjusted resident income are solid at around \$109,000 and 98% respectively, though weaker than Aa peers, in part because of a large student population, available fund balance was strong at around 60% of revenue at the close of fiscal 2023 (year-end June 30), and cash was stronger at 85% of revenue. The City's available fund balance will likely remain well over 45%, despite some planned draws in fiscal 2024 and fiscal 2025 to spend down federal funds from the pandemic. Despite the state adopting new property tax restrictions, revenue raising flexibility remains strong because the City maintains significant margin in its employee benefits fund and is not utilizing its emergency levy. The long-term liabilities ratio will likely remain well under 300% inclusive of the current issuances and future borrowing plans, and fixed-costs ratio will remain well below 20%.**
- b. 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.
- c. 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.

- d. 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.

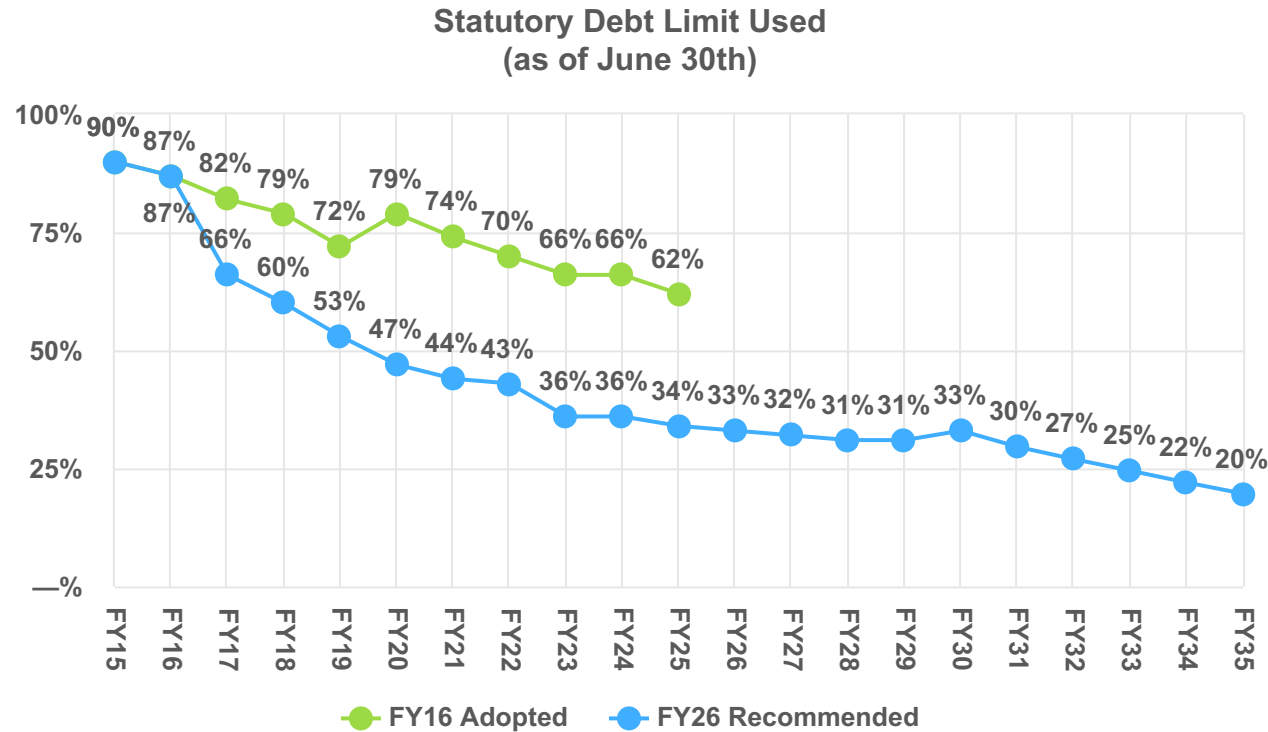
10. Fiscal Year 2026 Debt

- a. FY 2026 Debt Limit: The FY 2024 assessable value of the community for calculating the statutory debt limit is \$6,472,591,693, which at 5%, indicates a total General Obligation debt capacity of \$323,629,585.

Based on Outstanding G.O. debt (including tax increment debt, remaining payments on economic development TIF rebates, and general fund lease agreement) on June 30, 2026 will be \$108,410,164 (33.50% of the statutory debt limit) leaving an available debt capacity of \$215,219,421 (66.50%).

It should be noted that most of the City of Dubuque's outstanding debt is not paid for with property taxes (except TIF), but is abated from other revenues. Exceptions include one issuance for the replacement of a Fire Pumper truck in the amount of \$1,410,000 with debt service of \$95,421 in FY 2026 and one issuance for the franchise fee litigation settlement in the

amount of \$2,800,000 with debt service of \$195,825 in FY 2026. Included in the debt is \$4,661,120 of property tax rebates to businesses creating and retaining jobs and investing in their businesses.



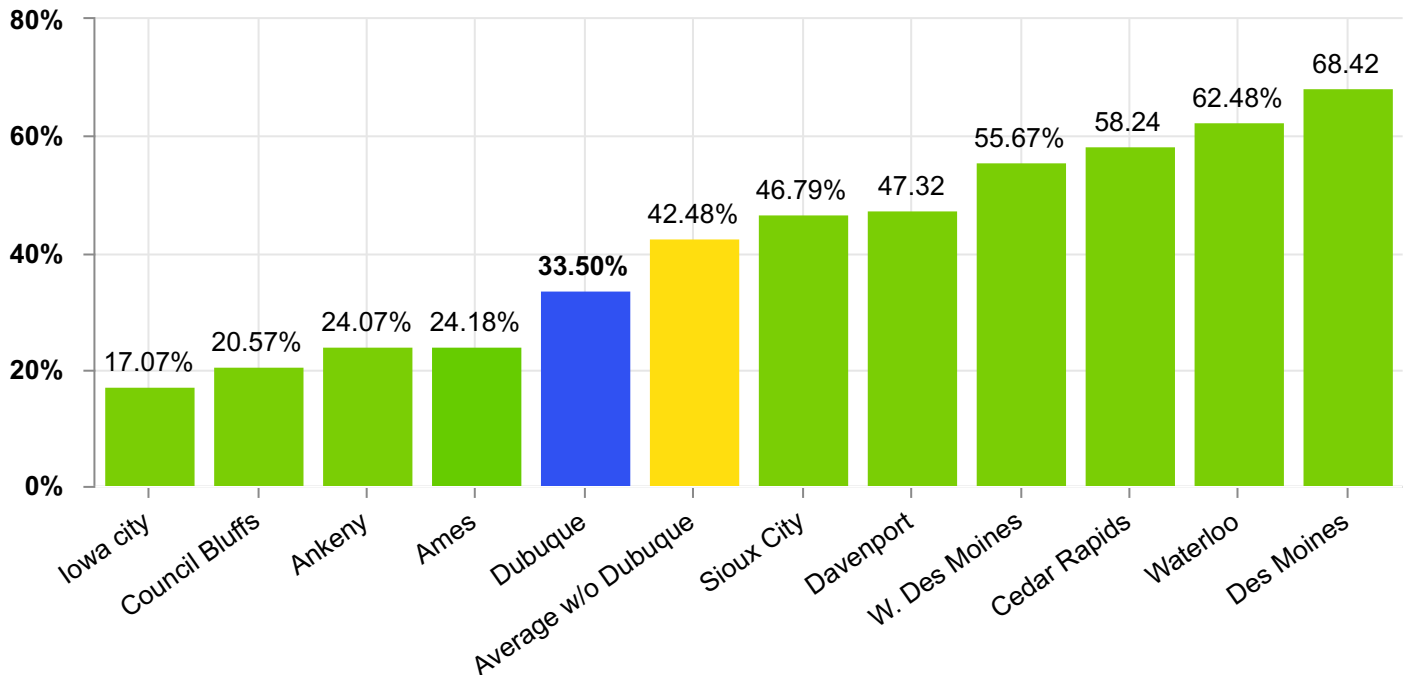
The City also has debt that is not subject to the statutory debt limit. This debt includes revenue bonds. Outstanding revenue bonds payable by water, sewer and stormwater fees on June 30, 2026 will have a balance of \$167,789,201. The total City indebtedness as of June 30, 2026, is projected to be \$289,568,909. The total City indebtedness as of June 30, 2025, was \$281,085,184. **In FY 2026, the City will have a projected \$8,483,725 or 3.02% more in debt.** The City is using debt to accomplish necessary projects.

The following chart shows Dubuque's relative position pertaining to use of the statutory debt limit for Fiscal Year 2026 compared to the other cities in Iowa for Fiscal Year 2024 with a population over 50,000:

Fiscal Year 2024 Legal Debt Limit Comparison for Eleven Largest Iowa Cities

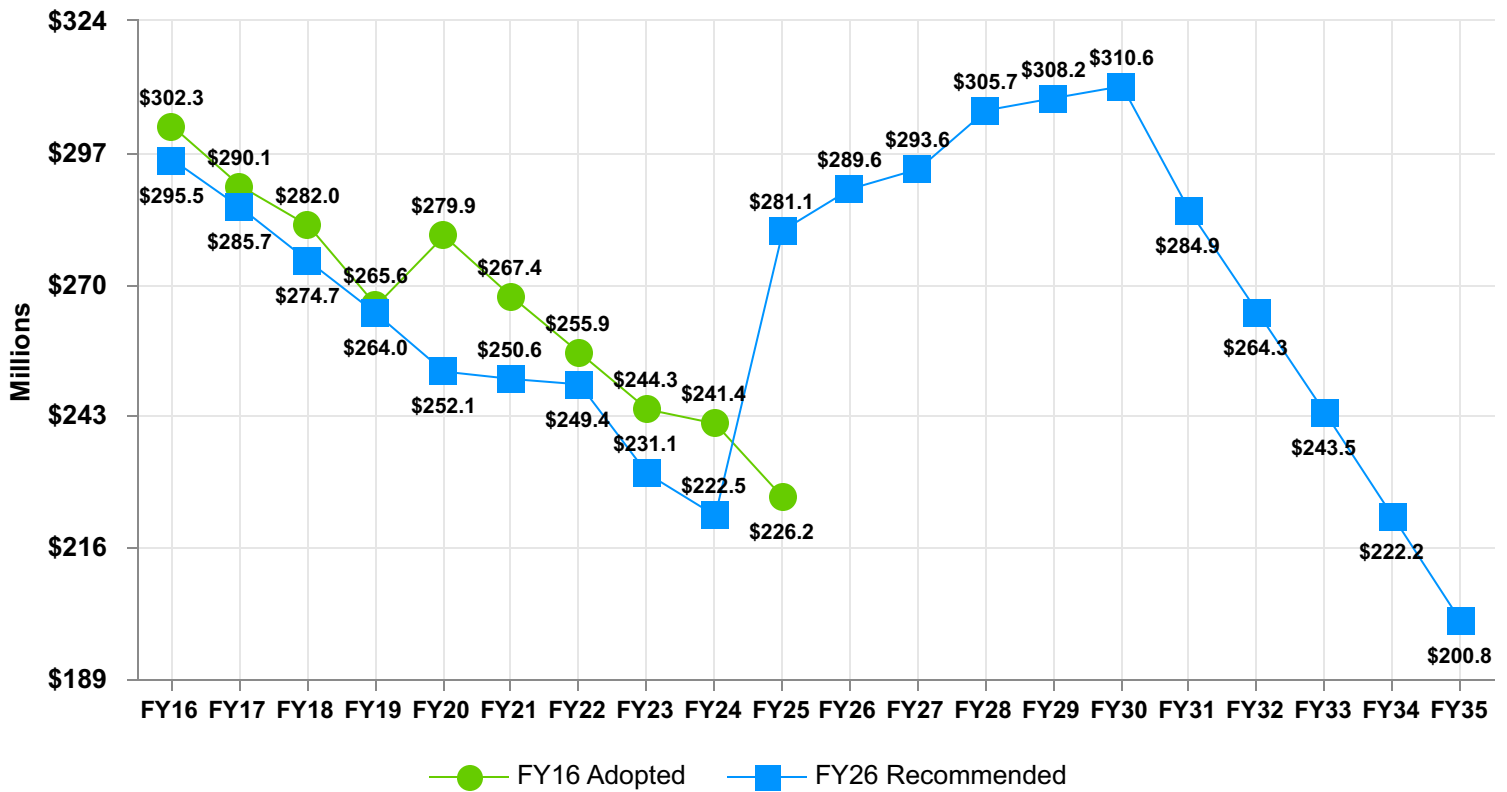
Rank	City	Legal Debt Limit (5%)	Statutory Debt Outstanding	Percentage of Legal Debt Limit Utilized
11	Des Moines (FY24)	\$ 803,564,354	\$ 549,760,000	68.42 %
10	W. Des Moines (FY24)	\$ 551,635,692	\$ 307,090,000	55.67 %
9	Cedar Rapids (FY 24)	\$ 681,383,619	\$ 396,830,000	58.24 %
8	Waterloo (FY24)	\$ 221,546,701	\$ 138,428,824	62.48 %
7	Davenport (FY24)	\$ 423,816,425	\$ 200,540,000	47.32 %
6	Sioux City (FY24)	\$ 309,734,920	\$ 144,929,999	46.79 %
5	Dubuque (FY26)	\$ 323,629,585	\$ 108,410,164	33.50 %
4	Ankeny (FY24)	\$ 416,454,919	\$ 100,260,000	24.07 %
3	Ames (FY24)	\$ 277,278,426	\$ 67,035,000	24.18 %
2	Iowa City (FY24)	\$ 368,416,450	\$ 62,905,000	17.07 %
1	Council Bluffs (FY24)	\$ 365,780,288	\$ 75,240,467	20.57 %
	Average w/o Dubuque			42.48 %

Percent of Legal Debt Limit Utilized



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 below the average of the other Cities. **The average (42.48%) is 26.82% higher than Dubuque (33.50%).**

Total Debt (In Millions)



The City will issue \$152,147,710 in new debt in the Recommended 5-year CIP, mostly for fire equipment replacement (\$4,163,408), fire station improvements, fire station expansion, airport improvements, reimagine Comiskey, neighborhood park developments, Federal Building renovations (\$5,640,600), solid waste collection vehicles, sanitary sewer improvements (\$78,399,027), water system projects (\$15,956,673), stormwater improvements, parking improvements, renovation of Five Flags (\$22,890,869), and Central Avenue improvements (\$6,440,000). **By far the greatest use of debt over the next five years is for sanitary sewer maintenance and improvements (\$78,399,027).**

Project	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Fire Equipment Replacement (LOST)	\$ 401,060	\$ 544,000	\$ —	\$ —	\$ —	\$ 945,060
Fire Station Expansion/Relocation (LOST)	\$ —	\$ —	\$ —	\$ —	\$ 500,900	\$ 500,900
Fire Station Improvements (LOST)	\$ 100,000	\$ 900,000	\$ 500,000	\$ —	\$ 50,000	\$ 1,550,000
Fire Truck/Ambulance Replacements (LOST)	\$ —	\$ 1,350,000	\$ 950,000	\$ —	\$ 1,863,408	\$ 4,163,408
Airport Improvements (LOST)	\$ 1,000,500	\$ 804,999	\$ 192,000	\$ 294,000	\$ —	\$ 2,291,499
Park Development (LOST)	\$ 505,000	\$ —	\$ —	\$ —	\$ —	\$ 505,000
14th Street Overpass (GDTIF)	\$ —	\$ —	\$ —	\$ 1,341,131	\$ —	\$ 1,341,131
Reimagine Comiskey Park (GDTIF)	\$ 1,697,000	\$ —	\$ —	\$ —	\$ —	\$ 1,697,000
Central Avenue Corridor (GDTIF)	\$ —	\$ —	\$ 1,760,000	\$ 1,780,000	\$ 2,900,000	\$ 6,440,000
Federal Building Renovation (GDTIF)	\$ 945,600	\$ —	\$ —	\$ —	\$ 4,695,000	\$ 5,640,600
Five Flags Renovation (GDTIF)	\$ —	\$ 2,750,000	\$ 3,040,000	\$ 8,128,869	\$ 8,972,000	\$ 22,890,869
Parking Ramp Major Maintenance (GDTIF)	\$ 2,857,400	\$ 350,000	\$ —	\$ —	\$ 2,033,000	\$ 5,240,400
Solid Waste Collection Vehicles - Refuse	\$ 220,000	\$ 375,000	\$ 595,000	\$ 375,000	\$ 845,000	\$ 2,410,000
Sanitary Sewer Projects	\$ 20,079,873	\$ 17,796,826	\$ 19,938,126	\$ 12,413,852	\$ 8,170,350	\$ 78,399,027
Stormwater Projects	\$ 632,643	\$ 820,000	\$ 723,500			\$ 2,176,143
Water Projects	\$ 750,000	\$ 1,524,715	\$ 9,158,146	\$ 4,523,812	\$ —	\$ 15,956,673
Total New Debt	\$ 29,189,076	\$ 27,215,540	\$ 36,856,772	\$ 28,856,664	\$ 30,029,658	\$ 152,147,710

The City will retire \$139,519,604 of existing debt over the next five-years (FY26-FY30).

The following chart shows the net reduction of debt from Fiscal Year 2026 - Fiscal Year 2030:

Project	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
New Debt	\$ 29,189,076	\$ 27,215,540	\$ 36,856,772	\$ 28,856,664	\$ 30,029,658	\$ 152,147,710
Retired Debt	-\$24,490,840	-\$26,781,297	-\$28,355,118	-\$29,751,697	-\$30,140,652	-\$139,519,604
Net Debt Increase (Reduction)	\$4,698,236	\$434,243	\$8,501,654	-\$895,033	-\$110,994	\$12,628,106

There was a 0.53% increase in assessed value effective January 1, 2024, which is the assessment the Fiscal Year 2026 statutory debt limit is based on. The statutory debt limit effective June 30, 2026 is \$323,629,585. **The City will be at 33.50% of statutory debt limit by June 30, 2026.** In FY 16 the City was at 86.13% of statutory debt limit, so **33.50% in Fiscal Year 2026 is a 53.04% decrease in use of the statutory debt limit.** By the end of the Fiscal Year 2025 5-Year Capital Improvement Program (CIP)

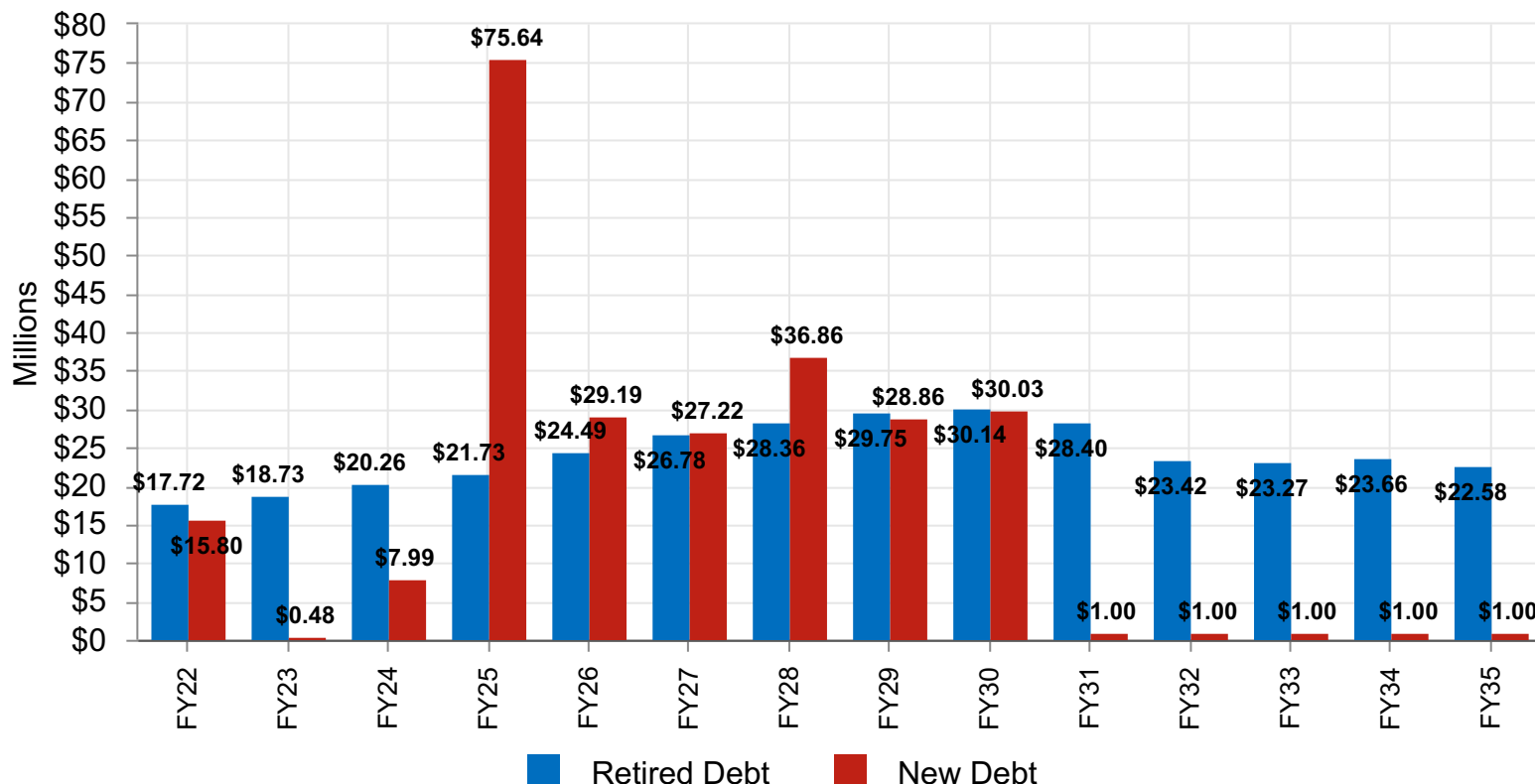
budget the total amount of debt for the City of Dubuque would be \$308.2 million (31% of the statutory debt limit) and the projection is to be at 222.2 million (22% of statutory debt limit) within 10 years.

The total City indebtedness as of June 30, 2026, is projected to be \$167,789,201 (33.50% of statutory debt limit). The total City indebtedness as of June 30, 2015, was \$295,561,181 (90% of statutory debt limit). **The City is projected to have \$8,483,725 more in debt as of June 30, 2026.**

The combination of reduced debt and increased utility rates partially reflects the movement to a more "pay as you go" strategy, which could lead to larger tax and fee increases than with the use of debt.

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. Based on the timing of projects the City issued very little debt in FY23 (\$0.48 million) and FY24 (\$7.99 million), so the FY25 debt issuance was a combination of three years of debt funding for projects. In that three-year period, the City retired \$60.72 million in debt and issued \$84.11 million in debt. 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:

Retired Debt Versus New Debt (In Millions)



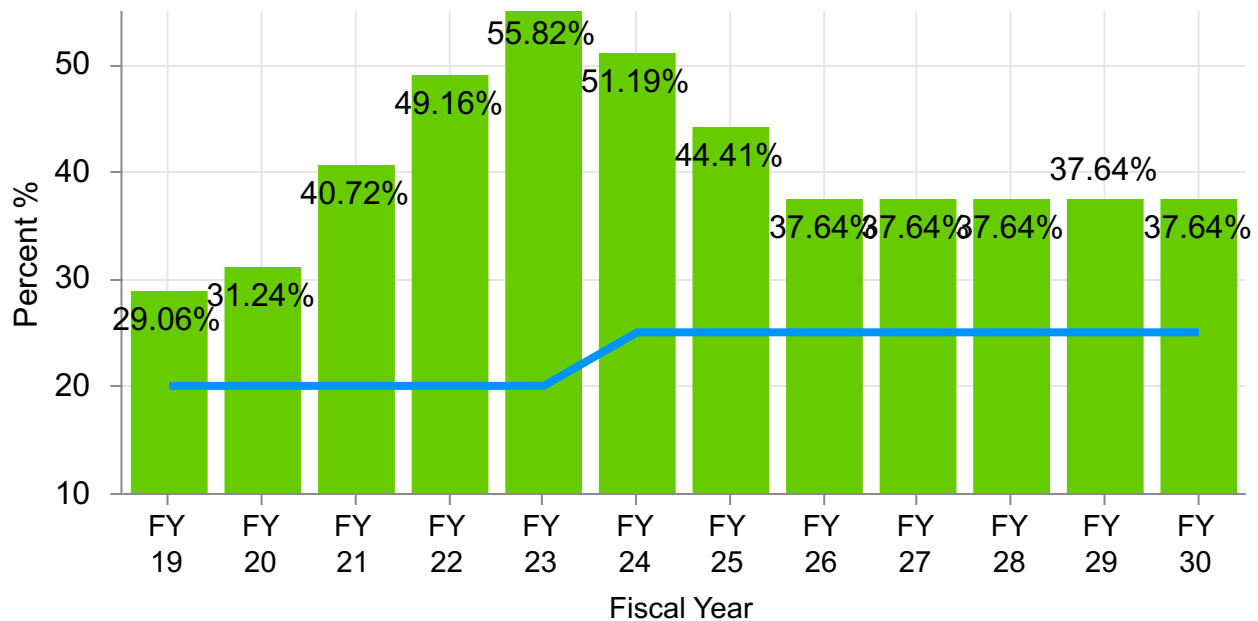
11. General Fund Reserve

The City maintains a general fund reserve, or working balance, to allow for unforeseen expenses that may occur. Moody's Investor Service recommends a 20% General Fund Operating Reserve for "AA" rated cities. May 2021, Moody's Investor Services 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 Calculation	Reason for change from previous Fiscal Year
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	55.82%	62.99 %	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.
FY 2024	48.54%	58.67 %	Decrease due to spend down of American Rescue Plan Act funds.

Fund Reserve as a Percent of General Fund Revenue



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 percent.**

After all planned expenditures in FY 2025, the City of Dubuque will have a general fund reserve of 44.41% of general fund revenues as a percent of general fund revenues computed by the accrual basis or 58.25% 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 \$23,504,637 on June 30, 2025 as compared to the general fund reserve balance on an accrual basis of \$48,403,917. The general fund reserve balance on an accrual basis exceeds 27% in FY 2025, 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.**

General Fund Reserve Projections:

Fiscal Year	Contribution	City's Spendable General Fund Cash Reserve	% of Projected Revenue	Moody's New Methodology
FY2019	\$1,050,000	\$20,945,090	29.06 %	
FY2020	\$	\$21,744,160	31.24 %	
FY2021	\$500,000	\$31,089,468	40.72 %	
FY2022	\$	\$41,259,518	49.16 %	45.09 %
FY2023	\$2,717,339	\$48,403,917	55.82 %	62.99 %
FY2024	\$4,419,668	\$43,826,193	51.19 %	62.41 %
FY2025	\$	\$38,026,193	44.41 %	58.25 %
FY2026	\$	\$32,226,193	37.64 %	54.09 %
FY2027	\$	\$32,226,193	37.64 %	49.92 %
FY2028	\$	\$32,226,193	37.64 %	45.76 %
FY2029	\$	\$26,388,917	37.64 %	41.59 %
FY2030	\$	\$32,226,193	37.64 %	39.80 %

12. The Municipal Fire and Police Retirement System of Iowa Board of Trustees City contribution for Police and Fire retirement increased from 22.66% percent in FY 2025 to 22.68% percent in FY 2026 (general fund cost of \$2,177 for Police and \$1,881 for Fire or a total of \$4,058).

13. The already approved collective bargaining agreements for Dubuque Professional Fire Fighters Association and International Union of Operating Engineers include a 3.50% wage increase. The already approved collective bargaining agreement for the Dubuque Police Protective Association includes a 5% wage increase. The Teamsters Local Union No. 120 Bus Operators and Teamsters Local Union No. 120 are in contract negotiations. Non-represented employees include a 3.00% wage increase. Fiscal Year 2026 includes the cost of the implementation of the classification and compensation study. A classification and compensation study analyzes the job positions (not individuals) in an organization. The purpose of a classification and compensation study is to ensure jobs with comparable minimum qualifications, job responsibilities, supervisory expectations, working conditions and environments are grouped closely in a compensation plan. Salary ranges are competitive within the identified market, and to equip the human resources team to consistently administer classification and compensation programs on an ongoing basis. The City's strategy through this study has been to recommend a new compensation strategy in which the City is competitive at the 50% percentile of employers. Total cost of the wage increases for collective bargaining and non-represented employees, and classification and compensation study is \$2,026,133 to the General Fund.

14. Health Insurance

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 648 contracts) in FY 2026 (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 2026 is projected to have a 4.61% increase in health insurance costs. Estimates for FY 2027 were increased 4.62%; FY 2028 were increased 4.63%; FY 2029 were increased 4.64%; and FY 2030 were increased 4.65%.

15. The decrease in property tax support for Transit from FY 2025 to FY 2026 is \$60,902, which reflects an increase in Federal Transportation Administration Operating revenue (\$40,167); an increase in Federal Transportation Administration Capital (\$9,474), an increase in employee expense (\$111,326); decrease in supplies and services (\$41,013); a reduction in equipment replacements (\$18,576), an increase in passenger fare revenue (\$20,693).

16. Communications Department Funding

In Fiscal Year 2026, Cable Utility Franchise Tax revenue paid to the City by Mediacom and ImOn, as required by the state franchise fee agreement, will no longer be enough to support Communications Department employee expense. A vacant part-time (0.75 FTE) Communications Assistant position is recommended to be eliminated. All remaining Cable Utility Franchise Tax supported positions are recommended to be moved to the General Fund. This General Fund expense will be partially offset by administrative overhead recharges to the enterprise funds. The Cable Utility Franchise Tax revenue will support Communications Department supplies and services only going forward.

Timeline of Public Input Opportunities

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

- **July:** City staff presented on the budget process to all Neighborhood Associations at the Multicultural Family Center and attendees had the opportunity to prioritize real City projects.
- **November:** The City Manager hosted an evening public budget input meeting.

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

URL: <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.

There will be seven City Council special meetings prior to the adoption of the FY 2026 budget before the state mandated deadline of April 30, 2025.

The recommended maximum property tax dollars in FY 2026 is \$29,861,901 (tax rate of \$10.0637) or a 5.77%% increase over FY2025 property tax dollars.

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

The requested action step is for City Council to approve the Fiscal Year 2026 proposed property tax rate and dollars and the Fiscal Year 2026 Budget and Fiscal Policy Guidelines.

JML
Attachment

cc: Crenna Brumwell, City Attorney
Cori Burbach, Assistant City Manager
Laura Bendorf, Budget Manager



CITY OF DUBUQUE
BUDGET & FISCAL POLICY GUIDELINES
FISCAL YEAR 2026



Operating Budget Guidelines

The Policy Guidelines are developed and adopted by City Council during the budgeting process to provide targets or parameters within which the budget recommendation will be formulated, in the context of the City Council Goals and Priorities established in August 2024. The final budget presented by the City Manager may not meet all these targets due to changing conditions and updated information during budget preparation. To the extent the recommended budget varies from the guidelines, an explanation will be provided in the printed budget document. By State law, the budget that begins July 1, 2025 must be adopted by April 30, 2025.

A. RESIDENT PARTICIPATION

GUIDELINE

To encourage resident participation in the budget process, City Council will hold multiple special meetings in addition to the budget public hearing for the purpose of reviewing the budget recommendations for each City department and requesting public input following each departmental review.

The budget will be prepared in such a way as to maximize its understanding by residents. Copies of the recommended budget documents will be accessed via the following:

- a. The City Clerk's office, located in City Hall (printed)
- b. The government documents section at the Carnegie Stout Public Library (printed)
- c. On the City's website at www.cityofdubuque.org/budget (digital)

Opportunities are provided for resident input prior to formulation of the City Manager's recommended budget and will be provided again prior to final Council adoption, both at City Council budget special meetings and at the required budget public hearing.

Timeline of Public Input Opportunities

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

- **July:** City staff presented on the budget process to all Neighborhood Associations at the Multicultural Family Center and attendees had the opportunity to prioritize real City projects.

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dollarsandcents.cityofdubuque.org

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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.

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B. SERVICE OBJECTIVES AND SERVICE LEVELS

GUIDELINE

The budget will identify specific objectives to be accomplished during the budget year, July 1 through June 30, for each activity of the City government. The objectives serve as a commitment to the citizens from the City Council and City organization and identify the level of service which the citizen can anticipate.

C. TWO TYPES OF BUDGET DOCUMENTS TO BE PREPARED

GUIDELINE

Two types of budget documents will be prepared for public dissemination. The recommended City operating budget for Fiscal Year 2026 will consist of a Recommended City Council Policy Budget that is a collection of information that has been prepared for department hearings and a Residents Guide to the Recommended FY 2026 Budget. These documents will be available in mid-March.

- 1. Recommended City Council Policy Budget** The purpose of this documents is to focus attention on policy decisions involving what services the City government will provide, who will pay for them, and the implications of such decisions. The document will emphasize objectives, accomplishments and associated costs for the budget being recommended by the City Manager.

The Recommended City Council Policy Budget will include the following information for each department:

- Highlights of prior year's accomplishments and Future Year's Initiatives
- A financial summary
- A summary of improvement packages requested and recommended
- significant line items
- Capital improvement projects in the current year and those recommended over the next five years
- Organizational chart for larger departments and major goals, objectives and performance measures for each cost center within that department
- Line item expense and revenue financial summaries.

2. The Residents Guide This section of the Recommended FY 2026 Budget will be a supplementary composite of tables, financial summaries and explanations. It will include the operating and capital budget transmittal messages and the adopted City Council Budget Policy Guidelines. Through graphs, charts and tables it presents financial summaries which provide an overview of the total operating and capital budgets.

D. ADOPT A BALANCED BUDGET

GUIDELINE

The City will adopt a balanced budget in which expenditures will not be allowed to exceed reasonable estimated resources. The City will pay for all current expenditures with current revenues

E. BALANCE BETWEEN SERVICES AND TAX BURDEN

GUIDELINE

The budget should reflect a balance between services provided and the burden of paying taxes and/or fees for those services. It is not possible or desirable for the City to provide all the services requested by individual residents. The City must consider the ability of residents to pay for services in setting service levels and priorities.

F. MAINTENANCE EXISTING LEVEL OF SERVICE

GUIDELINE

To the extent possible with the financial resources available, the City should attempt to maintain the existing level of services. As often as reasonably possible, each service should be tested against the following questions:

- a. Is this service truly necessary?
- b. Should the City provide it?
- c. What level of service should be provided?
- d. Is there a better, less costly way to provide it?
- e. What is its priority compared to other services?
- f. What is the level of demand for the service?
- g. Should this service be supported by property tax, user fees, or a combination?

G. IMPROVE PRODUCTIVITY

GUIDELINE

Continue efforts to stretch the value of each tax dollar and maximize the level of City services purchased with tax dollars through continual improvements in efficiency and effectiveness. Developing innovative and imaginative approaches for old tasks, reducing duplication of service effort, creative application of new technologies, and more effective organizational arrangements are approaches to this challenge.

H. USE OF VOLUNTEERS

DISCUSSION

To respect residents who must pay taxes, the City must seek to expand resources and supplement service-delivery capacity by continuing to increase direct resident involvement with service delivery. Residents are encouraged to assume tasks previously performed or provided by City government. This may require the City to

change and expand the approach to service delivery by providing organizational skills and training and coordinating staff, office space, meeting space, equipment, supplies and materials rather than directly providing more expensive full-time City staff. Activities in which residents can continue to take an active role include: Library, Recreation, Parks, Five Flags Center, and Police.

GUIDELINE

Future maintenance of City service levels may depend partially or largely on volunteer resident staffs. Efforts shall continue to identify and implement areas of City government where (a) volunteers can be utilized to supplement City employees to maintain service levels (i.e., Library, Recreation, Parks, Police) or (b) service delivery can be adopted by to non-government groups and sponsors -- usually with some corresponding financial support.

I. RESTRICTIONS ON INITIATING NEW SERVICE

GUIDELINE

New service shall only be considered: (a) when additional revenue or offsetting reduction in expenditures is proposed; or (b) when mandated by state or federal law.

J. SALARY INCREASES OVER THE AMOUNT BUDGETED SHALL BE FINANCED FROM BUDGET REDUCTIONS IN THE DEPARTMENT(S) OF THE BENEFITING EMPLOYEES

DISCUSSION

The recommended budget includes salary amounts for all City employees. However, experience shows that budgeted amounts are often exceeded by fact finder and/or arbitrator awards. Such "neutrals" do not consider the overall financial capabilities and needs of the community and the fact that the budget is carefully balanced and fragile. Such awards have caused overdrawn budgets, deferral of necessary budgeted expenditures, expenditure of working balances and reserves, and have generally reduced the financial condition or health of the City government. To protect the financial integrity of the City government, it is recommended the cost of any salary adjustment over the amount financed in the budget is paid for by reductions in the budget of the department(s) of the benefiting employees.

The City has five collective bargaining agreements. The current contracts expire as follows:

Bargaining Unit	Contract Expires
Teamsters Local Union No. 120	June 30, 2025
Teamsters Local Union No. 120 Bus Operators	June 30, 2025
Dubuque Professional Firefighters Association	June 30, 2027
Dubuque Police Protective Association	June 30, 2029
International Union of Operating Engineers	June 30, 2029

GUIDELINE

Salary increases over the amount budgeted for salaries shall be financed from operating budget reductions in the department(s) of the benefiting employees.

K. THE AFFORDABLE CARE ACT

GUIDELINE

The Affordable Care Act is a health care law that aims to improve the current health care system by increasing access to health coverage for Americans and introducing new protections for people who have health insurance. The Affordable Care Act (ACA) was signed into law on March 23, 2010. Under the ACA, employers with more than 50 full-time equivalent employees must provide affordable “minimum essential coverage” to full-time equivalent employees. The definition of a full-time equivalent employee under the Affordable Care Act is any employee that works 30 hours per week or more on average over a twelve-month period (1,660 hours or more). There is a twelve-month monitoring period for part-time employees. If a part-time employee meets or exceeds 30 hours per week on average during that twelve-month period, the City must provide health insurance. On July 2, 2013, the Treasury Department announced that it postponed the employer shared responsibility mandate for one year. Based on the initial requirements of the Affordable Health Care Act, the Fiscal Year 2014 budget provided for insurance coverage effective February 1, 2014 for several part-time employees. In addition, the Fiscal Year 2014 budget provided for making several part-time positions full-time on June 1, 2014. Due to the delay of the employer shared responsibility mandate for the Affordable Health Care Act, the City delayed providing insurance coverage for eligible part-time employees and delayed making eligible part-time positions full-time until January 1, 2015. The Standard Measurement Period was delayed from January 1, 2013 through December 31, 2013 to December 1, 2013 through November 30, 2014 with the first provision of health insurance date being January 1, 2015.

The impact of the Affordable Care Act on the City of Dubuque included changing nine part-time positions to full-time (Bus Operators (4), Police Clerk Typist (1), Building Services Custodians (3), and Finance Cashier (1) in Fiscal Year 2016. In addition, nine part-time positions were offered health insurance benefits due to working more than 1,560 hours (Bus Operators (4), Golf Professional, Assistant Golf Professional, Golf Maintenance Worker, Parks Maintenance Worker, and Water Meter Service Worker). The number of these part-time positions with health insurance benefits has been reduced as employees in these positions accept other positions or leave employment with the City of Dubuque. As of February 24, 2025, there is one part-time position with health insurance benefits that remains which includes the Golf Professional.

L. BALANCE BETWEEN CAPITAL AND OPERATING EXPENSES

GUIDELINE

The provision of City services in the most economical and effective manner requires a balance between capital (with emphasis upon replacement of equipment and capital projects involving maintenance and reconstruction) and operating expenditures. This balance should be reflected in the budget each year.

M. USER CHARGES

DISCUSSION

User charges or fees represent a significant portion of the income generated to support the operating budget. It is the policy that user charges or fees be established when possible so those who benefit from a service or activity also help pay for it. Municipal utility funds have been established for certain activities, which are intended to be self-supporting Enterprise Funds. Examples of utility funds operating as Enterprise Funds include Water User Fund, Sewer User Fund, Stormwater User Fund, Refuse Collection Fund, and Parking Fund. In other cases, a user charge is established after the City Council determines the extent to which an activity must be self-supporting. Examples of this arrangement are fees for swimming, golf, recreation programs, and certain inspection programs such as rental inspections and building permits.

The Stormwater User Fund is fully funded by stormwater use fees. The General Fund will continue to provide funding for the stormwater fee subsidies which provide a 50% subsidy for the stormwater fee charged to property tax exempt properties and low-to-moderate income residents and a 75% subsidy for residential farms. The General Fund will also continue to provide funding for the refuse, water, and sanitary sewer fee subsidies which provide a 50% subsidy for the fees charged to low-to-moderate income residents.

GUIDELINE

User fees and charges should be established where possible so that those who utilize or directly benefit from a service, activity or facility also help pay for it.

User fees and charges for each utility enterprise fund (Water User Fund, Sewer User Fund, Stormwater User Fund, Refuse Collection Fund, and Parking Fund) shall be set at a level that fully supports the total direct and indirect cost of the activity, including the cost of annual depreciation of capital assets, the administrative overhead to support the system and financing for future capital improvement projects.

Activity	Percent Self-Supporting			
	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Rec'd
Adult Athletics	70.7%	77.2%	61.1%	61.8%
McAleece Concessions	118.7%	114.5%	119.3%	116.8%
Youth Sports	13.3%	17.4%	15.4%	12.2%
Therapeutic & After School	80.2%	56.2%	18.2%	20.6%
Recreation Classes	65.2%	100.2%	50.8%	69.3%
Swimming	43.6%	41.6%	44.6%	39.8%
Golf	108.2%	107.9%	98.4%	99.2%
Port of Dubuque Marina	86.4%	75.5%	79.6%	81.7%
Park Division	16.8%	17.5%	14.8%	15.7%
Library	1.2%	1.2%	1.0%	1.1%
Airport	100.0%	106.7%	95.5%	99.3%
Building Inspections	124.4%	106.7%	96.9%	115.2%
Planning Services	50.5%	62.7%	45.2%	68.6%
Health Food/Environmental Inspections	63.3%	37.5%	37.0%	38.3%
Animal Control	68.3%	58.5%	53.9%	51.7%
Housing - General Inspection	69.5%	95.6%	108.9%	107.6%
Federal Building Maintenance	69.8%	62.2%	67.8%	86.7%

N. ADMINISTRATIVE OVERHEAD RECHARGES

DISCUSSION

While the Enterprise Funds have contributed to administrative overhead, the majority has been provided by the General Fund. This is not reasonable and unduly impacts property taxes, which causes a subsidy to the Enterprise Funds. Prior to FY 2013, the administrative overhead was charged by computing the operating expense budget for each enterprise fund and dividing the result by the total City-wide operating expense budget which resulted in the following percentages of administrative overhead charged to each enterprise fund: Water 5.32%; Sanitary Sewer 4.84%; Stormwater 0.55%; Solid Waste 2.83%; Parking 1.71%; and Landfill 2.71%. The adopted Fiscal Year 2013 budget changed the administrative overhead to be more evenly split between the general fund and enterprise funds and is phased in over many years.

The Fiscal Year 2018 administrative overhead formula was recommended modified. The modification removed Neighborhood Development, Economic Development and Workforce Development from all recharges to utility funds. In addition, the Landfill calculation is modified to remove Geographic Information Systems and Planning Services.

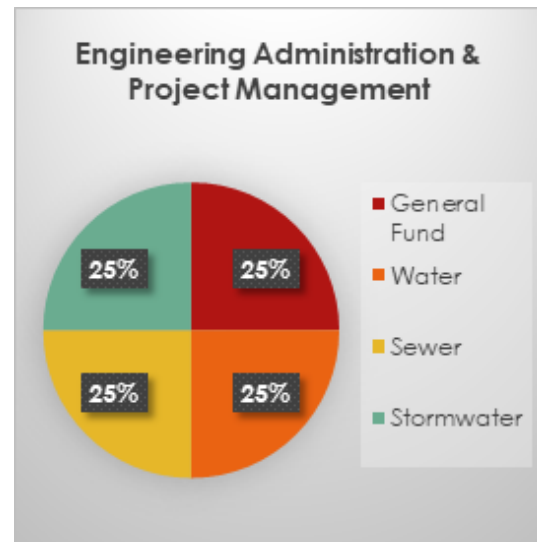
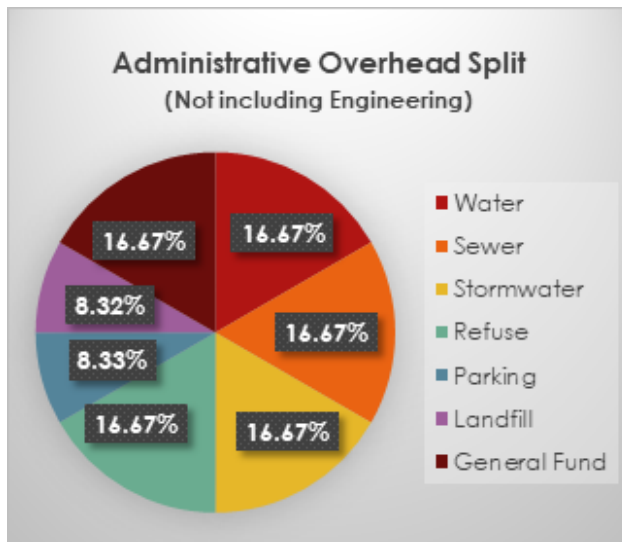
In Fiscal Year 2026, the general fund is recommended to support \$2,822,167 in administrative overhead using the recharge method adopted in Fiscal Year 2013 and revised in Fiscal Year 2018.

GUIDELINE

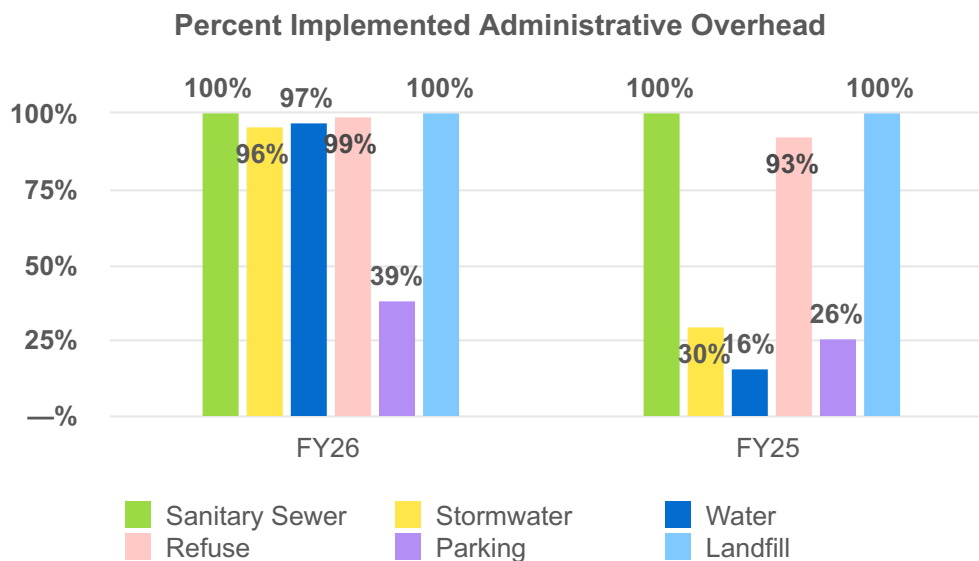
Beginning in FY 2013, additional overhead recharges to the utility funds is being phased in over several years. Engineering administrative and project management expenses that are not recharged to capital projects will be split evenly between the Water, Sewer, Stormwater and General Funds. Finance accounting expenses and all other administrative departments such as Planning, City Clerk, Legal Services and City Manager's Office will be split evenly between Water, Sewer, Stormwater, Refuse Collection and General Funds, with overhead costs being shared by the Landfill and Parking. This will be fully implemented over time.

Beginning in Fiscal Year 2018, Neighborhood Development, Economic Development and Workforce Development expenses will not be recharged to utility funds. In addition, the Landfill will not be recharged GIS and Planning expenses.

When the overhead recharges are fully implemented, the split of the cost of administrative overhead excluding Engineering will be as follows:



The implementation percent of the administrative overhead recharges in Fiscal Year 2025 as compared to Fiscal Year 2025 is as follows:



O. OUTSIDE FUNDING

DISCUSSION

The purpose of this guideline is to establish the policy that the City should aggressively pursue outside funding to assist in financing its operating and capital budgets.

However, the long-term commitments required for such funding must be carefully evaluated before any agreements are made. Commitments to assume an ongoing increased level of service or level of funding once the outside funding ends must be minimized.

GUIDELINE

To minimize the property tax burden, the City of Dubuque will make every effort to obtain federal, state and private funding to assist in financing its operating and capital budgets. However, commitments to guarantee a level of service or level of funding after the outside funding ends shall be minimized. Also, any matching funds required for capital grants will be identified.

P. GENERAL FUND OPERATING RESERVE (WORKING BALANCE)

DISCUSSION

An operating reserve or working balance is an amount of cash, which must be carried into a fiscal year to pay operating costs until tax money, or other anticipated revenue comes in. Without a working balance, there would not be sufficient cash in the fund to meet its obligations and money would have to be borrowed. Working balances are not

available for funding a budget; they are required for cash flow (i.e., to be able to pay bills before taxes are collected).

Moody's Investor Service recommends a factor of 35 percent for "AA" rated cities. **In January 2025, Moody's Investor Services affirmed the Aa2 credit rating on general obligation bonds. Moody's credit analysis states, "the City of Dubuque's local economy benefits from its role as a regional economic center, with solid resident income and full value per capita. Financial operations are strong and will remain so despite declines in fund balance over the next few years, as it expends funds from the pandemic. Long-term liabilities and fixed cost ratios are moderate and will remain so despite future borrowing needs." According to Moody's, the Aa2 issuer rating for the City of Dubuque's bonds reflects the city's healthy economic base, which serves as a regional economic center. Other rationale stated for the rating include full value per capita and adjusted resident income are solid at around \$109,000 and 98% respectively, though weaker than Aa peers, in part because of a large student population, available fund balance was strong at around 60% of revenue at the close of fiscal 2023 (year-end June 30), and cash was stronger at 85% of revenue. The City's available fund balance will likely remain well over 45%, despite some planned draws in fiscal 2024 and fiscal 2025 to spend down federal funds from the pandemic. Despite the state adopting new property tax restrictions, revenue raising flexibility remains strong because the City maintains significant margin in its employee benefits fund and is not utilizing its emergency levy. The long-term liabilities ratio will likely remain well under 300% inclusive of the current issuances and future borrowing plans, and fixed-costs ratio will remain well below 20%.**

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.

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 % of General Fund revenues)	New Moody's Calculation	Reason for change from previous FY
FY 2016	17.52%		
FY 2017	20.09%		Increase due to capital projects not expended before the end of the FY and additional contributions to general fund reserve
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	31.42%		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 not spent (\$13.2 million), capital projects not expended before the end of the FY, and vacant positions.
FY 2023	55.82%	62.99 %	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.
FY 2024	51.19%	62.41 %	Decrease due to spend down of American Rescue Plan Act funds.

The City of Dubuque has historically adopted a general fund reserve policy as part of the Fiscal and Budget Policy Guidelines which are adopted each year as part of the budget process. During Fiscal Year 2013, the City adopted a formal Fund Reserve Policy. Per the policy for the General Fund, the City will maintain a minimum fund

balance of at least 20 percent of the sum of (a) annual operating expenditures not including interfund transfers in the General Fund less (b) the amounts levied in the Trust and Agency fund and the Tort Liability Fund (“Net General Fund Operating Cost”). The City may increase the minimum fund balance by a portion of any operating surplus above the carryover balance of \$200,000 that remains in the General Fund at the close of each fiscal year. The City continued to add to the General Fund minimum balance when additional funds were available until 20 percent of Net General Fund Operating Cost was reached in Fiscal Year 2017. **During Fiscal Year 2024, the General Fund minimum balance was increased to 25 percent.**

After all planned expenditures in FY 2025, the City of Dubuque will have a general fund reserve of 44.41% of general fund revenues as a percent of general fund revenues computed by the accrual basis or 58.25% 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 \$23,504,637 on June 30, 2025 as compared to the general fund reserve balance on an accrual basis of \$42,603,917. The general fund reserve balance on an accrual basis exceeds 27% in FY 2025, 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.

GUIDELINE

The guideline of the City of Dubuque is to maintain a General Fund working balance or operating reserve of 25% (27% to maintain a margin of error of 2%) in FY 2026 and beyond. In Fiscal Year 2017, the City had projected reaching this consistent and sustainable 20% reserve level in Fiscal Year 2023. **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.**

General Fund Reserve Projections:

Fiscal Year	Contribution	City’s Spendable General Fund Cash Reserve	% of Projected Revenue	Moody’s New Methodology
FY2019	\$1,050,000	\$20,945,090	29.06 %	
FY2020	\$	\$21,744,160	31.24 %	
FY2021	\$500,000	\$31,089,468	40.72 %	
FY2022	\$	\$41,259,518	49.16 %	45.09 %
FY2023	\$2,717,339	\$48,403,917	55.82 %	62.99 %
FY2024	\$4,419,668	\$43,826,193	51.19 %	62.41 %
FY2025	\$	\$38,026,193	44.41 %	58.25 %
FY2026	\$	\$32,226,193	37.64 %	54.09 %
FY2027	\$	\$32,226,193	37.64 %	49.92 %
FY2028	\$	\$32,226,193	37.64 %	45.76 %
FY2029	\$	\$26,388,917	37.64 %	41.59 %
FY2030	\$	\$32,226,193	37.64 %	39.80 %

* Capital projects and large equipment purchases that are not completed in the year budgeted will temporarily increase the amount of fund balance remaining at the end of the fiscal year. After resources are allocated to the next fiscal year to complete unfinished capital projects and equipment purchases, **any amount of general fund reserve balance over 27% creates resources for additional capital projects or other mid-year expenses.**

Q. USE OF UNANTICIPATED, UNOBLIGATED, NONRECURRING INCOME

DISCUSSION

Occasionally, the City receives income that was not anticipated and was not budgeted. Often, this money is non-recurring and reflects a one-time occurrence which generated the unanticipated increase in income.

Non-recurring income generally will not be spent on recurring expenses. This would result in a funding shortfall in the following budget year before even starting budget preparation. However, eligible non-recurring expenditures would include capital improvements and equipment purchases.

GUIDELINE

Nonrecurring unobligated income shall generally only be spent for nonrecurring expenses. Capital improvement projects and major equipment purchases tend to be nonrecurring expenditures.

R. USE OF "UNENCUMBERED FUND BALANCES"

DISCUSSION

Historically, 100% of a budget is not spent by the end of the fiscal year and a small unencumbered balance remains on June 30th. In addition, income sometimes exceeds revenue estimates or there are cost savings resulting in some unanticipated balances at the end of the year. These amounts of unobligated, year-end balances are "carried over" into the new fiscal year to help finance it.

The FY 2025 General Fund budget, which went into effect July 1, 2024, anticipated a "carryover balance" of \$200,000 or approximately 0.7 percent of the City tax asking. For multi-year budget planning purposes, these guidelines assume a carryover balance of \$200,000 in FY 2026 through FY 2030.

GUIDELINE

Carryover General Fund balance shall generally be used to help finance the next fiscal year budget and reduce the demand for increased taxation. The available carryover General Fund balance shall be anticipated not to exceed \$200,000 for FY 2027 and beyond through the budget planning period. Any amount over that shall usually be

programmed in the next budget cycle as part of the capital improvement budgeting process.

T. PROPERTY TAX DISCUSSION

I. ASSUMPTIONS - RESOURCES

1. Local, Federal and State Resources

a. Cash Balance. Unencumbered funds or cash balances of \$200,000 will be available in FY 2026 and each succeeding year to support the operating budget.

b. Interest Revenue. Interest revenue increased from \$1,718,055 in FY 2025 to \$2,300,097 in FY 2026. The FY 2026 budget is based on projected general fund cash balance, projected interest rates, and the new banking services agreement tied to a thirteen week T-bill plus five basis points.

b. Sales Tax Revenue. By resolution, 50% of sales tax funds must be used in the General Fund for property tax relief in FY 2026. Sales tax receipts are projected to decrease (0.17)% (\$21,580) under FY 2025 budget and 2.00% over FY 2025 actual of \$12,652,878 based on FY 2025 revised revenue estimate which includes actuals through December 2024, and then increase at an annual rate of 2.00% percent per year beginning in FY 2027. The following chart shows the past four years of actual sales tax funds and projected FY 2026 for the General Fund:

Sales Tax Funds	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PY Q4	\$ 419,551	\$ 475,037	\$ 451,920	\$ 574,416	\$ 585,904
Quarter 1	\$ 1,361,526	\$ 1,177,196	\$ 1,545,777	\$ 1,592,834	\$ 1,624,691
Quarter 2	\$ 1,425,968	\$ 1,522,885	\$ 1,596,421	\$ 1,605,397	\$ 1,637,505
Quarter 3	\$ 1,211,388	\$ 1,443,097	\$ 1,524,508	\$ 1,554,999	\$ 1,586,099
Quarter 4	\$ 950,069	\$ 1,110,593	\$ 979,209	\$ 998,793	\$ 1,018,769
Reconciliation	\$ 945,466	\$ 371,388	\$ —	\$ —	\$ —
Total	\$ 6,313,968	\$ 6,100,196	\$ 6,097,835	\$ 6,326,439	\$ 6,452,968
% Change	+10.91%	-3.50%	-0.04%	+3.75%	+2.00%

c. Hotel/Motel Tax Revenue. Hotel/motel tax receipts are projected to increase 15.82% (\$534,077) over FY 2025 budget and 3.00% over FY 2025 re-estimated receipts of \$3,796,563, and then increase at an annual rate of 3.00% per year.

d. FTA Revenue. Federal Transportation Administration (FTA) transit operating assistance increased from \$558,000 in FY 2025 to \$598,167 in FY 2026. The FY 2026 budget is based on the revised FY 2025 budget received from the FTA. Federal operating assistance is based on a comparison of larger cities. Previously the allocation was based on population and population density.

e. Ambulance Revenue. Ambulance Ground Emergency Medical Transport Payments increased from \$2,401,917 in FY 2025 to \$2,413,018 in FY 2026. GEMT is a federally-funded supplement to state Medicaid payments to EMS providers transporting Medicaid patients which began in FY 2021. FY 2026 is based on calculated projections using historical averages. This revenue is projected using the first quarter of performance in FY 2025 and the previous 11 quarters of performance. Based on that formula, the 3-year quarterly average growth of Medicaid transports is 0.8%. The projected number of transports for FY 2025 is 1,084 and for FY 2026 is 1,092. The FY 2024 actual was 1,075. Based on the unaudited FY 2024 cost report, the FY 2026 revenue per transport is estimated to be \$2,209.18. This line item is offset by GEMT Pay to Other Agency expense for local match of \$804,331 resulting in net revenue of \$1,608,687.

Ambulance Fees decreased from \$2,074,232 in FY 2025 (\$361 per call) to \$1,756,870 in FY 2026 (\$357 per call) based on calculated projections using historical averages. The FY 2024 actual was \$1,763,339. In FY 2026, it is currently estimated that there will be 4,924 calls with \$357 per call average. The FY 2026 ambulance revenue projection is based on the average transport volume growth of the past 12 quarters (which is 0.2% growth). This includes the first quarter of performance in FY 2025 and the prior 11 quarters.

f. Miscellaneous Revenue. Miscellaneous revenue has been estimated at 2% growth per year over budgeted FY 2025.

g. Building Fee Revenue. Building fees (Building Permits, Electrical Permits, Mechanical Permits and Plumbing Permits) are anticipated to increase \$167,827 from \$932,030 in FY 2025 to \$1,099,857 in FY 2026.

h. DRA Revenue.

Gaming revenues generated from lease payments from the Dubuque Racing Association (DRA) are estimated to decrease \$192,217 from \$7,405,579 in FY 2025 to \$7,213,362 in FY 2026 based on revised projections from the DRA. This follows a \$2,283,319 increase from budget in FY 2025 and a \$43,621 increase from budget in FY 2024.

The following is a ten-year history of DRA lease payments to the City of Dubuque:

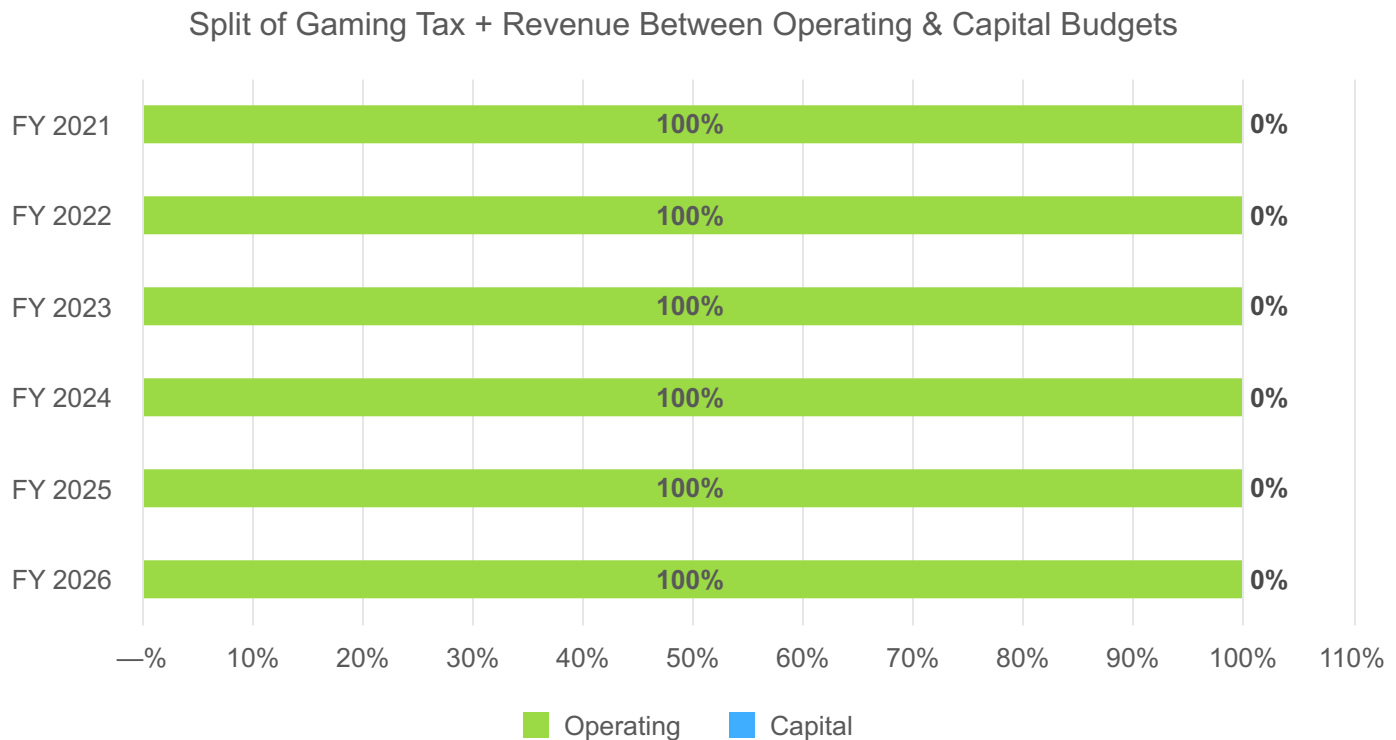
Fiscal Year	DRA Lease Payments	\$ Change	% Change
FY 2026 Projected	\$7,213,362	\$601,496	9.1%
FY 2025 Revised	\$6,611,866	-\$793,713	-10.7%
FY 2025 Budget	\$7,405,579	\$1,131,553	18.0%
FY 2024 Actual	\$6,274,026	-\$917,449	-12.8%
FY 2023 Actual	\$7,191,475	\$583,944	8.8%
FY 2022 Actual	\$6,607,531	\$2,645,535	66.8%
FY 2021 Actual	\$3,961,996	-\$1,187,192	-23.1%
FY 2020 Actual	\$5,149,188	\$293,177	6.0%
FY 2019 Actual	\$4,856,011	\$18,879	0.4%
FY 2018 Actual	\$4,837,132	-\$195,083	-3.9%
FY 2017 Actual	\$5,032,215	-\$155,297	-3.0%
FY 2016 Actual	\$5,187,512	-\$158,104	-3.0%
FY 2015 Actual	\$5,345,616	-\$1,474,667	-10.9%

The Diamond Jo payment related to the revised parking agreement increased from \$624,377 in FY 2025 to \$687,003 in 2026 based on estimated Consumer Price Index adjustment.

i. DRA Gaming.

The split of gaming revenues from taxes and the DRA lease (not distributions) in FY 2026 remains at a split of 100% operating and 0% capital. When practical in future years, additional revenues will be moved to the capital budget from the operating budget.

The following shows the annual split of gaming taxes and rents between operating and capital budgets from FY2021– FY2026:



j. Diamond Jo Revenue. The Diamond Jo Patio lease (\$25,000 in FY 2026) and the Diamond Jo parking privileges (\$687,003 in FY 2026) have not been included in the split with gaming revenues. This revenue is allocated to the operating budget.

2. Property Taxes

k. Residential Rollback. The residential rollback factor will increase from 46.3428% in 2025 to 47.4316% or a 2.35% increase in FY 2026. The rollback has been estimated to remain the same from Fiscal Years 2027 through 2030.

The percent of growth from revaluation is to be the same for agricultural and residential property; therefore, if one of these classes has less than 3% growth for a year, the other class is limited to the same percent of growth. A balance is maintained between the two classes by ensuring that they increase from revaluation at the same rate. In FY 2026, agricultural property had more growth than residential property which caused the rollback factor to increase.

The increase in the residential rollback factor increases the value that each residence is taxed on. This increased taxable value for the average homeowner (\$91,067 taxable value in FY 2025 and \$93,207 taxable value in 2026) results in more taxes to be paid per \$1,000 of assessed value. In an effort to keep property taxes low to the average homeowner, the City calculates the property tax impact to the average residential

property based on the residential rollback factor and property tax rate. In a year that the residential rollback factor increases, the City recommends a lower property tax rate than what would be recommended had the rollback factor remained the same.

The residential rollback in Fiscal Year 1987 was 75.6481 percent as compared to 47.4316 percent in Fiscal Year 2026. The rollback percent had steadily decreased since FY 1987, which has resulted in less taxable value and an increase in the City's tax rate. However, that trend began reversing in FY 2009 when the rollback reached a low of 44.0803 percent. If the rollback had remained at 75.6481 percent in FY 2025, the City's tax rate would have been \$5.95 per \$1,000 of assessed value instead of \$9.93 in FY 2025.

I. State Equalization Order/Property Tax Reform. There was not an equalization order for commercial, industrial or multi-residential property in Fiscal Year 2026. The Iowa Department of Revenue is responsible for "equalizing" assessments every two years. Also, equalization occurs on an assessing jurisdiction basis, not on a statewide basis.

Commercial and Industrial taxpayers previously were taxed at 100 percent of assessed value; however due to legislative changes in FY 2013, a 95% rollback factor was applied in FY 2015 and a 90% rollback factor will be applied in FY 2016 and beyond. The State of Iowa backfilled the loss in property tax revenue from the rollback 100% in FY 2015 through FY 2017 and the backfill was capped at the FY 2017 level in FY 2018 and beyond. **The FY 2026 State backfill for property tax loss is estimated to be \$646,603 for all funds (General Fund, Tort Liability Fund, Trust and Agency Fund, Debt Service Fund, and Tax Increment Financing Funds).**

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 a seven-year period from FY 2023 to FY 2029. The City of Dubuque's tax base grew at a rate less than the statewide average and will have a backfill phase out over a seven year period from FY 2023 to FY 2029. **Beginning in FY 2023, the backfill will be eliminated over a eight year period.**

The projected reduction of State backfill revenue to only the general fund is as follows:

Fiscal Year	State Backfill Reduction
2026	-\$97,981
2027	-\$97,981
2028	-\$97,981
2029	-\$97,981
2030	-\$97,981
Total	-\$489,905

Business Property Tax Credit Law Changes and Implementation of Two-Tier Assessment Limitations

From FY 2015 through FY 2023, commercial, industrial and railroad properties were eligible for a Business Property Tax Credit. The Business Property Tax Credit was deducted from the property taxes owed and the credit was funded by the State of Iowa. The average commercial and industrial properties (\$432,475 Commercial / \$599,500 Industrial) received a Business Property Tax Credit from the State of Iowa for the City share of their property taxes of \$148 in FY 2015, \$693 in FY 2016, \$982 in FY 2017, \$959 in FY 2018, \$843 in FY 2019, \$861 in FY 2020, \$779 in FY 2021, \$780 in FY 2022, and \$722 in FY 2023.

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 remained 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 2026 is estimated to be \$387,318.

m. Multi-Residential Property Class/Eliminated State Shared Revenue.

Beginning in FY 2017 (July 1, 2016), new State legislation created a new property tax classification for rental properties called multi-residential, which requires a rollback, or assessment limitations order, on multi-residential property which will eventually equal the residential rollback. Multi-residential property includes apartments with 3 or more units. Rental properties of 2 units were already classified as residential property.

The State of Iowa did not backfill property tax loss from the rollback on multi-residential property. The rollback occurred as follows:

Fiscal Year	Rollback %	Annual Loss of Tax Revenue
FY 2017	86.25%	\$331,239
FY 2018	82.50%	\$472,127
FY 2019	78.75%	\$576,503
FY 2020	75.00%	\$691,640
FY 2021	71.25%	\$952,888
FY 2022	67.50%	\$752,366
FY 2023	63.75%	\$662,821
FY 2024	54.65%	\$1,186,077
Total		\$5,625,661

This annual loss in tax revenue of \$1,186,077 from multi-residential property was not backfilled by the State. From Fiscal Year 2017 through Fiscal Year 2024 the City lost \$5,625,661 in total, meaning landlords paid that much less in property taxes. The state did not require landlords to charge lower rents or to make additional investment in their property.

In Fiscal Year 2024, the multi-residential property class was eliminated and is reported with the residential property class.

State Shared Revenue Eliminations

In addition, the State of Iowa eliminated the:

- Machinery and Equipment Tax Replacement in FY 2003 (-\$200,000)
- Personal Property Tax Replacement in FY 2004 (-\$350,000)
- Municipal Assistance in FY 2004 (-\$300,000)
- Liquor Sales Revenue in FY 2004 (-\$250,000)
- Bank Franchise Tax in FY 2005 (-\$145,000)
- Alcohol License Revenue in FY 2023 (-\$85,000)

The combination of the decreased residential rollback, State funding cuts and increased expenses has forced the City's tax rate to increase since 1987 when the residents

passed a referendum to establish a one percent local option sales tax with 50% of the revenue going to property tax relief.

n. Taxable Value. FY 2026 will reflect the following impacts of taxable values of various property types:

Property Type	Percent Change in Taxable Value
Residential (Includes Multi-Residential)	+2.77 %
Commercial	+1.84 %
Industrial	+2.41 %
Overall	+4.39 %

*Overall taxable value increased 4.39% percent after deducting Tax Increment Financing values

Assessed valuations were increased 2 percent per year beyond FY 2026.

o. Riverfront Property Lease Revenue. Riverfront property lease revenue is projected to increase by \$162,758 in FY 2026 to \$4,273,045 due to the estimated consumer price index increase and inclusion of property tax reimbursement from leaseholders.

3. Fees, Tax Rates & Services

p. Franchise Fees. Natural Gas franchise fees have been projected to increase 11.7 percent over FY 2024 actual of \$923,628. Also, Electric franchise fees are based on FY 2024 Actual of \$4,924,839 plus rate increases of 20.0 percent. The franchise fee revenues are projected to increase at an annual rate of 4 percent per year from FY 2027 through FY 2030.

The City provides franchise fee rebates to gas and electric customers who are exempt from State of Iowa sales tax. Franchise fee rebates are provided at the same exemption percent as the State of Iowa sales tax exemption indicated on the individual gas and or electric bill. To receive a franchise fee rebate, a rebate request form must be completed by the customer, the gas and/or electric bill must be attached, and requests for rebates for franchise fees must be submitted during the fiscal year in which the franchise fees were paid except for June. Natural Gas franchise fee rebates have been projected to decrease 46 percent under 2025 budget of \$101,399 and Electric franchise fee rebates have been projected to decrease 3 percent under 2025 budget of \$845,095.

The franchise fee charged on gas and electric bills increased from 3% to 5%, the legal maximum, on June 1, 2015.

q. Property Tax Rate. For purposes of budget projections only, it is assumed that City property taxes will continue to increase at a rate necessary to meet additional requirements over resources beyond FY 2026.

r. Police & Fire Protection. FY 2026 reflects the fourteenth year that payment in lieu of taxes is charged to the Water and Sanitary Sewer funds for Police and Fire Protection. In FY 2026, the Sanitary Sewer fund is charged 0.43% of building value and the Water fund is charged 0.62% of building value, for payment in lieu of taxes for Police and Fire Protection. This revenue is reflected in the General Fund and is used for general property tax relief.

II. ASSUMPTIONS – REQUIREMENTS

a. Pension Systems.

- The **Municipal Fire and Police Retirement System of Iowa (MFPRSI)** Board of Trustees City contribution for Police and Fire retirement increased from 22.66% percent in FY 2025 to 22.68% percent in FY 2026 (general fund cost of \$2,177 for Police and \$1,881 for Fire or a total of \$4,058).
- The **Iowa Public Employee Retirement System (IPERS)** City contribution is unchanged from the FY 2025 contribution rate of 9.44% (no general fund impact). The IPERS employee contribution is unchanged from the FY 2025 contribution rate of 6.29% (which does not affect the City's portion of the budget). The IPERS rate is anticipated to increase 1 percent each succeeding year.

b. Collective Bargaining and Non-Represented. The already approved collective bargaining agreements for Dubuque Professional Fire Fighters Association and International Union of Operating Engineers include a 3.50% wage increase. The already approved collective bargaining agreement for the Dubuque Police Protective Association includes a 5% wage increase. The Teamsters Local Union No. 120 Bus Operators and Teamsters Local Union No. 120 are in contract negotiations. Non-represented employees include a 3.00% wage increase. Fiscal Year 2026 includes the cost of the implementation of the classification and compensation study. A classification and compensation study analyzes the job positions (not individuals) in an organization. The purpose of a classification and compensation study is to ensure jobs with comparable minimum qualifications, job responsibilities, supervisory expectations, working conditions and environments are grouped closely in a compensation plan. Salary ranges are competitive within the identified market, and to equip the human resources team to consistently administer classification and compensation programs on an ongoing basis. The City's strategy through this study has been to recommend a new compensation strategy in which the City is competitive at the 50% percentile of employers. Total cost of the wage increases for collective bargaining and non-represented employees, and classification and compensation study is \$2,026,133 to the General Fund.

c. Health Insurance. 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 648 contracts) in FY 2026 (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 2026 is projected to have a 4.61% increase in health insurance costs. Estimates for FY 2027 were increased 4.62%; FY 2028 were increased 4.63%; FY 2029 were increased 4.64%; and FY 2030 were increased 4.65%.

d. Five-Year Retiree Sick Leave Payout. FY 2013 was the first year that eligible retirees with at least twenty years of continuous service in a full-time position or employees who retired as a result of a disability and are eligible for pension payments from the pension system can receive payment of their sick leave balance with a maximum payment of 120 sick days, payable bi-weekly over a five-year period. The sick leave payout expense budget in the General Fund in FY 2025 was \$283,061 as compared to FY 2026 of \$288,742, based on qualifying employees officially giving notice of retirement.

e. 50% Sick Leave Payout. Effective July 1, 2019, employees over the sick leave cap can convert 50% of the sick leave over the cap to vacation or be paid out. The 50% sick leave payout expense budget in the General Fund in FY 2025 was \$124,908 as compared to FY 2026 of \$128,496, based on FY 2025 year-to-date expense.

f. Parental Leave. Effective March 8, 2019, employees may use Parental leave to take paid time away from work for the birth or the adoption of a child under 18 years old. Eligible employees receive their regular base pay (plus longevity) and benefits for twelve weeks following the date of birth, adoption event or foster-to-adopt placement. If both parents are eligible employees, each receive the leave benefit. There is no parental leave expense budgeted in the General Fund based on departments covering parental leave with existing employees and not incurring additional cost for temporary help.

f. Supplies & Services. General operating supplies and services are estimated to increase 2% over actual in FY 2024. A 2% increase is estimated in succeeding years.

g. Electricity. Electrical energy expense is estimated to increase 16% over FY 2024 actual expense, then 2% per year beyond.

h. Natural Gas. Natural gas expense is estimated to increase 36% over FY 2024 actual then 2% per year beyond.

i. Travel Dubuque. The Dubuque Area Convention and Visitors Bureau contract will continue at 50% of actual hotel/motel tax receipts.

j. Equipment & Machinery. Equipment costs for FY 2026 are estimated to decrease 22.53% under FY 2025 budget, then remain constant per year beyond.

k. Debt Service. Debt service is estimated based on the tax-supported, unabated General Obligation bond sale for fire truck and franchise fee litigation settlement.

l. Unemployment. Unemployment expense in the General Fund decreased from \$33,922 in FY 2025 to \$23,824 in FY 2026 based on estimated premium for FY2025.

m. Motor Vehicle Fuel. Motor vehicle fuel is estimated to decrease 9% under the FY 2025 budget, then increase 2.0% per year beyond.

n. Motor Vehicle Maintenance. Motor vehicle maintenance is estimated to increase 1% from the FY 2025 budget based on FY 2024 actual, then increase 2.0% per year and beyond.

o. Public Transit. The decrease in property tax support for Transit from FY 2025 to FY 2026 is \$60,902, which reflects an increase in Federal Transportation Administration Operating revenue (\$40,167); an increase in Federal Transportation Administration Capital (\$9,474), an increase in employee expense (\$111,326); decrease in supplies and services (\$41,013); a reduction in equipment replacements (\$18,576), an increase in passenger fare revenue (\$20,693).

p. Public Transit (continued):

The following is a ten-year history of the Transit subsidy:

Fiscal Year	Amount	% Change
2026 Projection	\$1,900,586	(3.10)%
2025 Budget	\$1,961,488	26.70 %
2024 Actual	\$1,548,127	(1.52)%
2023 Actual	\$1,571,981	(1.83)%
2022 Actual	\$1,601,290	(2.09)%
2021 Actual	\$1,635,441	4.94 %
2020 Actual	\$1,558,460	(0.82)%
2019 Actual	\$1,571,307	(0.10)%
2018 Actual	\$1,572,825	34.10 %
2017 Actual	\$1,172,885	24.41 %
2016 Actual	\$942,752	(13.20)%
2015 Actual	\$1,086,080	45.51 %

q. Shipping & Postage. Postage rates for FY 2026 are estimated to increase 3% over FY 2024 actual expense and proposed cost increases by United States Postal Service. A 3.0 percent increase is estimated in succeeding years.

r. Insurance. Insurance costs are estimated to change as follows:

- Workers Compensation is increasing 6.88% based on rate change.
- General Liability is increasing 1.25% based on FY 2025 actual plus 1.25%.
- Damage claims is increasing 35.26% based on a three year average.
- Property insurance is decreasing based on FY 2025 actual less 1%.

s. Housing. The Housing Choice Voucher subsidy payment from the General Fund is estimated to increase \$78,583 in FY 2026. The budgeted administrative cost of the Housing Choice Voucher Program increased from \$875,932 in FY 2025 to \$909,225 in FY 2026. Administrative revenue of the Housing Choice Voucher Program decreased from \$759,336 in FY 2025 to \$713,338 in FY 2026. The resulting Housing Choice Voucher Program deficit increased from \$116,596 in FY 2025 to \$195,887 in FY 2026. This deficit is funded by property taxes.

t. Media Services Fund. The Media Services Fund no longer funds Police and Fire public education, Information Services, Health Services, Building Services, Legal Services, and City Manager's Office due to reduced revenues from the cable franchise. **In FY26, the Media Services Fund will no longer fund Communication Department positions and positions have been shifted to the General Fund with a partial offset to administrative overhead recharges to enterprise funds.** This is due to Mediacom's conversion from a Dubuque franchise to a state franchise in October 2009 which changed the timing and calculation of the franchise fee payments. Effective June 2020, Mediacom will no longer contribute to the Public, Educational, and Governmental Access Cable Grant (PEG) Fund, and after the balance in that fund is expended, the City will be responsible for all City Media Service equipment replacement costs. Other jurisdictions will need to plan accordingly.

u. Communications Department. In Fiscal Year 2026, Cable Utility Franchise Tax revenue paid to the City by Mediacom and ImOn, as required by the state franchise fee agreement, will no longer be enough to support Communications Department employee expense. A vacant part-time (0.75 FTE) Communications Assistant position is recommended to be eliminated. All remaining Cable Utility Franchise Tax supported positions are recommended to be moved to the General Fund. This General Fund expense will be partially offset by administrative overhead recharges to the enterprise funds. The Cable Utility Franchise Tax revenue will support Communications Department supplies and services only going forward.

v. Greater Dubuque Development Corporation. Greater Dubuque Development Corporation support of \$836,135 is budgeted to be paid mostly from Dubuque Industrial Center Land Sales in FY 2026, with \$26,500 for True North strategy paid from the Greater Downtown TIF. In FY 2027 and beyond Greater Dubuque Development Corporation will be paid from the Greater Downtown TIF and Dubuque Industrial Center West land sales.

PROPERTY TAX IMPACT

The recommended Fiscal Year 2026 property tax rate increased 1.38% and will have the following impact:

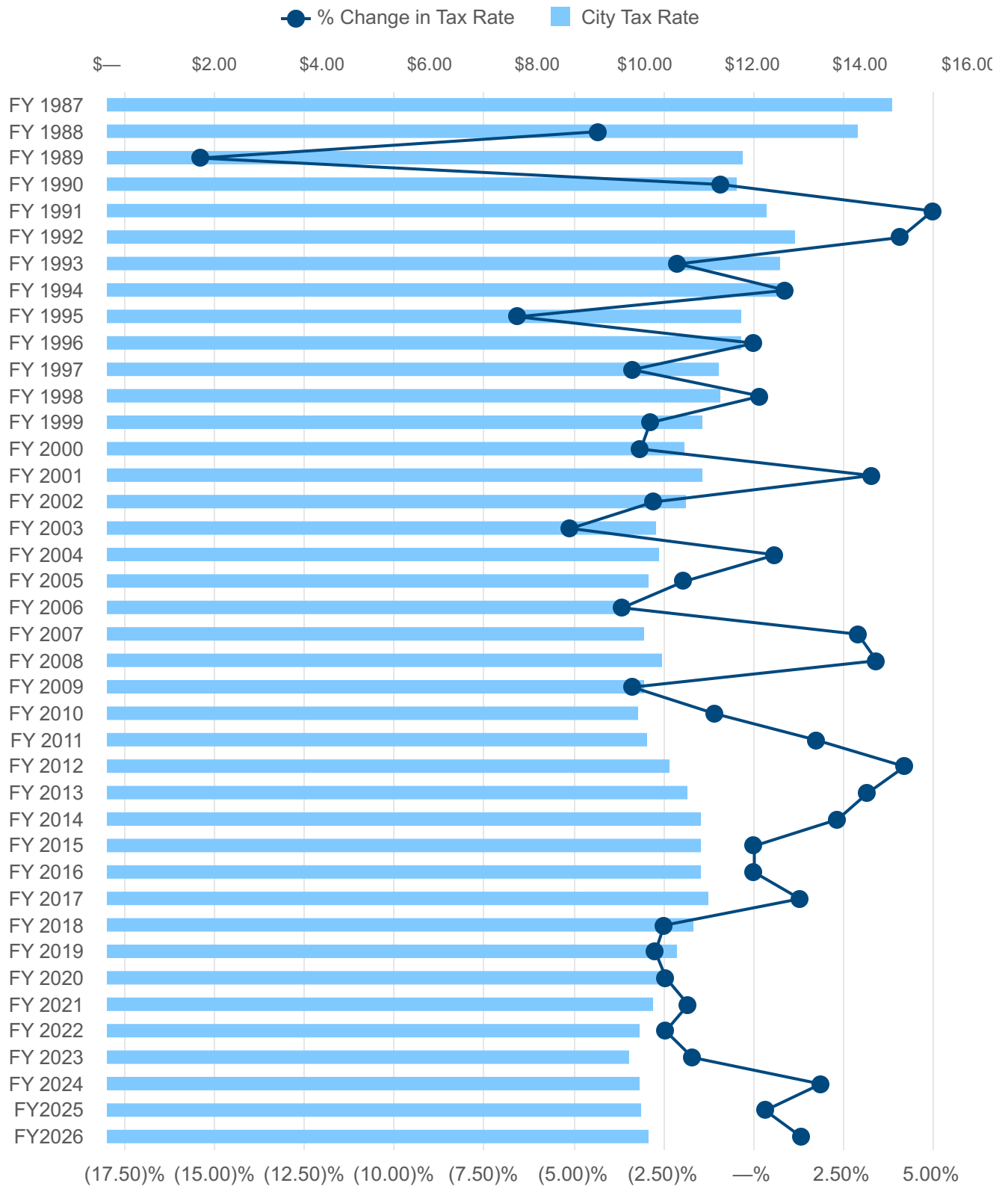
	FY 2026	FY 2025	% Change	\$ Change
Property Tax Rate	\$10.06372	\$9.92638	1.38%	\$0.1373
Average Residential Payment	\$889.20	\$855.82	3.90%	\$33.38
Average Commercial Payment	\$4,253.75	\$4,179.49	1.78%	\$74.26
Average Industrial Property	\$5,090.27	\$5,004.59	1.71%	\$85.68

Historical Impact on Tax Askings and Average Residential Property Tax Rates

The following is a historical City tax rate comparison. The average percent change in tax rate from 1987–2026 is -0.88%. The average annual change over the last five years is -0.14%.

The following pages show historical and projected property tax impacts.

Historical Impact on Tax Askings & Average Residential Property Tax Rates



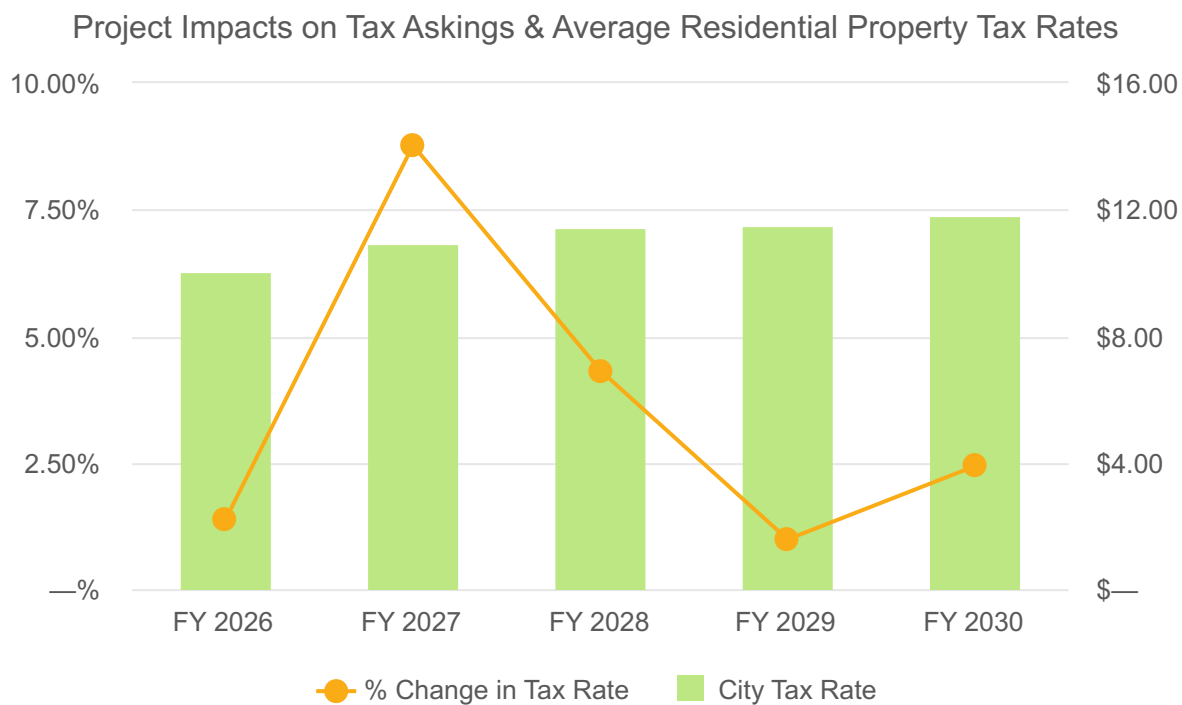
Historical City tax rates and % change in tax rate:

Fiscal Year	City Tax Rate	% Change in Tax Rate
FY 1987	14.5819	
FY 1988	13.9500	-4.33%
FY 1989	11.8007	-15.41%
FY 1990	11.6891	-0.95%
FY 1991	12.2660	+4.94%
FY 1992	12.7741	+4.14%
FY 1993	12.4989	-2.15%
FY 1994	12.6059	+0.86%
FY 1995	11.7821	-6.54%
FY 1996	11.7821	0.00%
FY 1997	11.3815	-3.40%
FY 1998	11.4011	+0.17%
FY 1999	11.0734	-2.87%
FY 2000	10.7160	-3.23%
FY 2001	11.0671	+3.28%
FY 2002	10.7608	-2.77%
FY 2003	10.2120	-5.10%
FY 2004	10.2730	+0.60%
FY 2005	10.0720	-1.96%
FY 2006	9.6991	-3.70%
FY 2007	9.9803	+2.90%
FY 2008	10.3169	+3.37%
FY 2009	9.9690	-3.37%
FY 2010	9.8577	-1.12%
FY 2011	10.0274	+1.72%
FY 2012	10.4511	+4.23%
FY 2013	10.7848	+3.19%
FY 2014	11.0259	+2.24%
FY 2015	11.0259	0.00%
FY 2016	11.0259	0.00%
FY 2017	11.1674	+1.28%
FY 2018	10.8922	-2.46%
FY 2019	10.5884	-2.79%
FY 2020	10.3314	-2.43%
FY 2021	10.1440	-1.81%
FY 2022	9.8890	-2.51%
FY 2023	9.7169	-1.74%
FY 2024	9.9014	+1.90%
FY 2025	9.9264	+0.25%
FY 2026	10.0637	+1.38%

Fiscal Year	City Tax Rate	% Change in Tax Rate
1987 - 2026 Average Change		-0.88%
2022-2026 Average Change		-0.14%

From Fiscal Year 1987 through Fiscal Year 2026, the average annual change in the property tax rate is a decrease of 0.88%. Over the last five years, the average annual change in the property tax rate is a decrease of 0.14%.

Projected Impacts on Tax Askings and Average Residential Property Tax Rates



Projected City tax rates and % change in tax rate*:

Fiscal Year	City Tax Rate	% Change in Tax Rate
FY 2026	10.0637	1.38%
FY 2027	10.9464	8.77%
FY 2028	11.4195	4.32%
FY 2029	11.5318	0.98%
FY 2030	11.8122	2.43%

IMPACT ON AVERAGE RESIDENTIAL PROPERTY - EXAMPLE

Actual - Historical		City Tax Calculation	Actual Percent Change	Change if HTC 100% Funded	Dollar Change
FY 1989	"City" Property Tax	\$453.99	-11.40%		-\$58.39
FY 1990	"City" Property Tax	\$449.94	-0.89%		-\$4.04
FY 1991*	"City" Property Tax*	\$466.92	+3.77%		\$16.98
FY 1992	"City" Property Tax	\$483.63	+3.58%		\$16.71
FY 1993*	"City" Property Tax*	\$508.73	+5.19%		\$25.10
FY 1994	"City" Property Tax	\$510.40	+0.33%		\$1.51
FY 1995*	"City" Property Tax*	\$522.65	+2.40%		\$12.41
FY 1996	"City" Property Tax	\$518.10	-0.87%		-\$4.54
FY 1997*	"City" Property Tax*	\$515.91	-0.42%		-\$2.19
FY 1998	"City" Property Tax	\$512.25	-0.71%		-\$3.66
FY 1999	"City" Property Tax*	\$512.25	0.00%		\$0.00
FY 2000	"City" Property Tax	\$511.38	-0.17%		-\$0.87
FY 2001	"City" Property Tax	\$511.38	0.00%		\$0.00
FY 2002	"City" Property Tax	\$511.38	0.00%		\$0.00
FY 2003	"City" Property Tax*	\$485.79	-5.00%		-\$25.58
FY 2004	"City" Property Tax	\$485.79		0.00%	\$0.00
	With Homestead Adj.	\$493.26	+1.54%		\$7.46
FY 2005	"City" Property Tax*	\$485.93		+0.03%	\$0.14
	With Homestead Adj.*	\$495.21	+0.40%		\$1.95
FY 2006	"City" Property Tax (1)	\$494.27		+1.72%	\$8.34
	With Homestead Adj. (1)	\$504.62	+1.90%		\$9.41
FY 2007	"City" Property Tax*(2)	\$485.79		-1.72%	-\$8.48
	With Homestead Adj.*	\$496.93	-1.52%		-\$7.69
FY 2008	"City" Property Tax	\$496.93		0.00%	\$0.00
	With Homestead Adj.	\$510.45	+2.72%		\$13.52
FY 2009	"City" Property Tax	\$524.53		+2.76%	\$14.08
	With Homestead Adj.	\$538.07	+5.41%		\$27.62
FY 2010	"City" Property Tax	\$538.07		0.00%	\$0.00
	With Homestead Adj.	\$550.97	+2.40%		\$12.90
FY 2011	"City" Property Tax	\$564.59		+2.47%	\$13.62
	With Homestead Adj. (3)	\$582.10	+5.65%		\$31.13
FY 2012	"City" Property Tax	\$611.19		+5.00%	\$29.09
	With Homestead Adj. (3)	\$629.78	+8.19%		\$47.68
FY 2013	"City" Property Tax	\$661.25		+5.00%	\$31.47
	With Homestead Adj. (3)	\$672.76	+6.82%		\$42.98
FY 2014	"City" Property Tax	\$705.71	+4.90%		\$32.95

Actual - Historical		City Tax Calculation	Actual Percent Change	Change if HTC 100% Funded	Dollar Change
FY 2015	"City" Property Tax	\$728.48	+3.23%		\$22.77
FY 2016	"City" Property Tax	\$747.65	+2.63%		+\$19.17
FY 2017	"City" Property Tax	\$755.70	+1.08%		\$8.05
FY 2018	"City" Property Tax	\$755.70	0.00%		\$0.00
FY 2019	"City" Property Tax	\$770.17	+1.91%		\$14.47
FY 2020	"City" Property Tax	\$770.17	0.00%		\$0.00
FY 2021	"City" Property Tax	\$769.08	-0.14%		-\$1.09
FY 2022	"City" Property Tax	\$769.08	0.00%		\$0.00
FY 2023	"City" Property Tax	\$791.82	+2.96%		+\$22.74
FY 2024	"City" Property Tax	\$815.07	+2.94%		+\$23.25
FY 2025	"City" Property Tax	\$855.82	+5.00%		+\$40.75
Average FY1989-FY2025 with Homestead Adj.			+1.45%		+\$9.28
Average FY2021-FY2025 with Homestead Adj.			+2.15%		+\$17.13
Average FY1989-FY2025 without Homestead Adj.				+0.96%	+\$6.62

The average annual dollar change in residential property tax from 1989-2025 is an increase of \$9.28. The average annual dollar change over the last five years is an increase of \$17.13.

Projected impact on average residential property:

PROJECTION		CITY TAX CALCULATION	PERCENT CHANGE	DOLLAR CHANGE
FY 2026	"City" Property Tax	\$889.20	+3.90%	+\$33.38
FY 2027	"City" Property Tax	\$967.18	+8.77%	+\$77.98
FY 2028	"City" Property Tax	\$1,008.99	+4.32%	+\$41.81
FY 2029	"City" Property Tax	\$1,018.91	+0.98%	+\$9.92
FY 2030	"City" Property Tax	\$1,043.68	+2.43%	+\$24.77

* Denotes year of State-issued equalization orders.

^ Impact to average homeowner if the State funds the Homestead Property Tax Credit at 62%.

(1) The FY 2006 property tax calculation considers the 6.2% valuation increase for the average residential homeowner as determined by the reappraisal.

(2) Offsets the impact of the State reduced Homestead Property Tax Credit in FY 2005 & 2006.

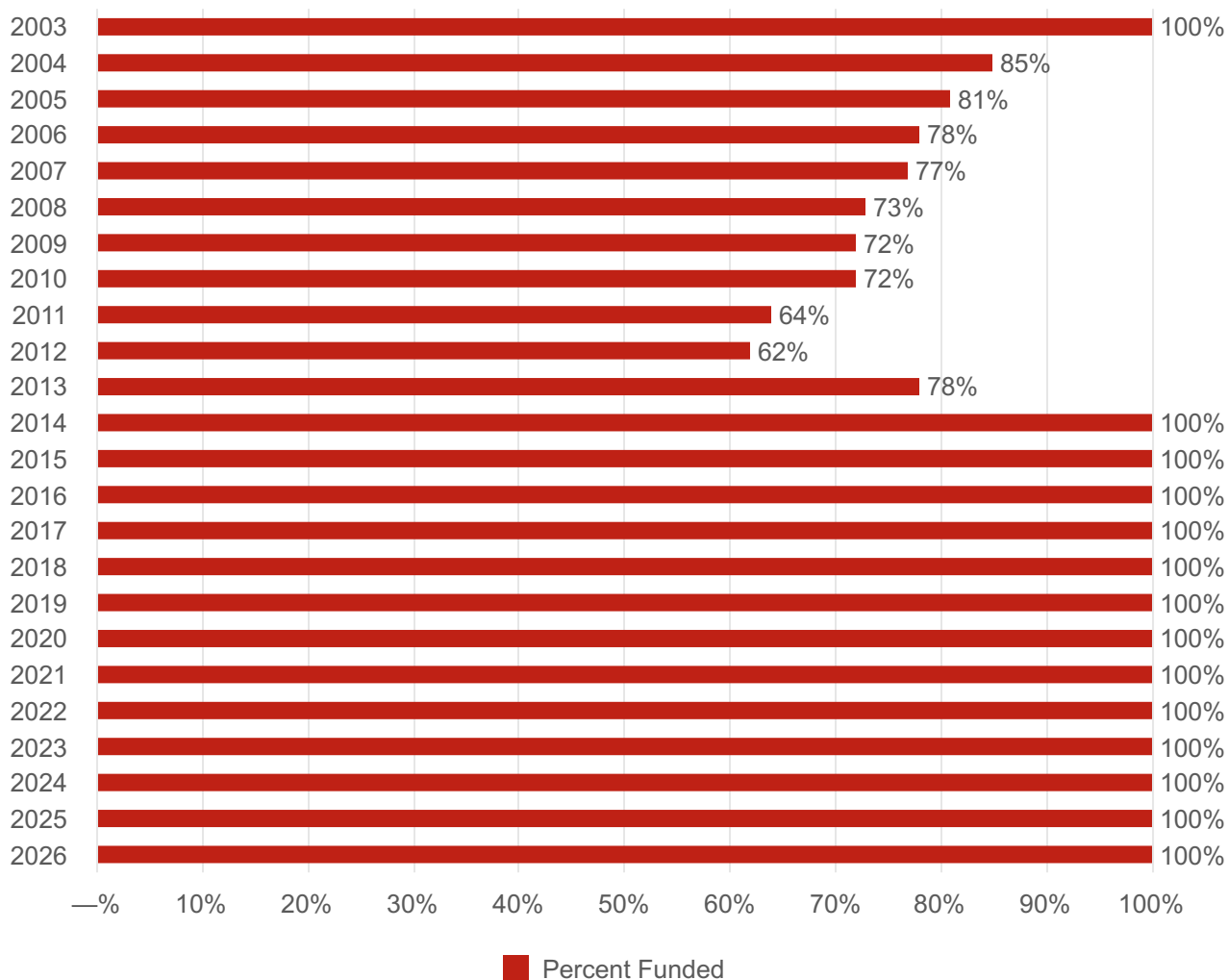
(3) The City adopted a budget in FY 2011 and 2012 that provided no increase to the average homeowner. The State of Iowa underfunded the Homestead Property Tax Credit in both years costing the average homeowner an additional \$18.59 in FY 2012 and \$11.51 in FY 2013. This provided no additional revenues to the City, as this money would have come to the City from the State if they appropriated the proper amount of funds.

Homestead Property Tax Credit

The Homestead Property Tax Credit was established by the state legislature to reduce the amount of property tax collected. The intent of the credit was to be a form of tax relief and provide an incentive for home ownership. The State Homestead Property Tax Credit works by discounting the tax collected on the first \$4,850 of a property's taxable value. This has no impact on what the City receives from property tax collections, but provides tax relief for the average homeowner.

Beginning FY 2004, the State of Iowa did not fully fund the State Homestead Property Tax Credit resulting in the average homeowner paying the unfunded portion. Again, this has no impact on what the City receives, however as a result has caused the average homeowner to pay more taxes.

Historical Percent of Iowa Homestead Property Tax Credit Funded by the State of Iowa



IMPACT ON COMMERCIAL PROPERTY - EXAMPLE

ACTUAL - HISTORICAL		CITY TAX CALCULATION *	BUSINESS PROPERTY TAX CREDIT	DOLLAR CHANGE	PERCENT CHANGE
FY 1989	"City" Property Tax	\$2,106.42		-\$384.19	-15.43%
FY 1990	"City" Property Tax	\$2,086.50		-\$19.92	-0.95%
FY 1991	"City" Property Tax	\$2,189.48		+\$102.98	+4.94%
FY 1992	"City" Property Tax	\$2,280.18		+\$90.70	+4.14%
FY 1993	"City" Property Tax	\$2,231.05		-\$49.13	-2.15%
FY 1994	"City" Property Tax	\$2,250.15		+\$19.10	+0.86%
FY 1995	"City" Property Tax	\$2,439.60		+\$189.45	+8.42%
FY 1996	"City" Property Tax	\$2,439.60		\$0.00	0.00%
FY 1997	"City" Property Tax	\$2,659.36		+\$219.76	+9.01%
FY 1998	"City" Property Tax	\$2,738.43		+\$79.07	+2.97%
FY 1999	"City" Property Tax	\$2,952.03		+\$213.60	+7.80%
FY 2000	"City" Property Tax	\$2,934.21		-\$17.82	-0.60%
FY 2001	"City" Property Tax	\$2,993.00		+\$58.86	+2.00%
FY 2002	"City" Property Tax	\$2,910.25		-\$82.84	-2.76%
FY 2003	"City" Property Tax	\$3,186.27		+\$276.03	+9.48%
FY 2004	"City" Property Tax	\$3,278.41		+\$92.15	+2.89%
FY 2005	"City" Property Tax	\$3,349.90		+\$71.48	+2.18%
FY 2006	"City" Property Tax (1)	\$3,152.52		-\$197.38	-5.89%
FY 2007	"City" Property Tax	\$3,538.03		+\$385.50	+12.23%
FY 2008	"City" Property Tax	\$3,688.64		+\$150.62	+4.26%
FY 2009	"City" Property Tax	\$3,554.71		-\$133.94	-3.63%
FY 2010	"City" Property Tax	\$3,524.48		-\$30.23	-0.85%
FY 2011	"City" Property Tax	\$3,585.16		+\$60.68	+1.72%
FY 2012	"City" Property Tax	\$3,736.64		+\$151.48	+4.23%
FY 2013	"City" Property Tax	\$3,855.96		+\$119.32	+3.19%
FY 2014	"City" Property Tax	\$3,942.14		+\$86.20	+2.23%
FY 2015	"City" Property Tax (2)	\$3,896.93	\$147.72	-\$45.21	-1.15%
FY 2016	"City" Property Tax (3)	\$3,139.16	\$692.62	-\$757.77	-19.45%
FY 2017	"City" Property Tax (4)	\$3,364.61	\$982.19	+\$225.45	+7.18%
FY 2018	"City" Property Tax (5)	\$3,280.44	\$959.11	-\$84.16	-2.50%
FY 2019	"City" Property Tax (6)	\$3,278.23	\$843.08	-\$2.21	-0.07%
FY 2020	"City" Property Tax (7)	\$3,160.71	\$860.57	-\$117.52	-3.58%
FY 2021	"City" Property Tax (8)	\$3,169.30	\$779.03	+\$8.59	+0.27%
FY 2022	"City" Property Tax (9)	\$3,069.57	\$779.50	-\$99.73	-3.15%
FY 2023	"City" Property Tax (10)	\$3,060.34	\$721.73	-\$9.23	-0.30%
FY 2024	"City" Property Tax (11)	\$3,328.86		+\$268.52	+8.77%
FY 2025	"City" Property Tax (11)	\$4,179.49		+\$850.63	+25.55%
FY 1989-2025 Average Change				+\$45.65	+1.67%
2021-2025 Average Change				+\$203.76	+6.23%

*Net of Business Property Tax Credit

The average annual dollar change in commercial property taxes from 1989-2025 is a increase of \$45.65. The average annual dollar change over the last five years is a increase of +\$203.76.

Projected impact on average commercial property:

PROJECTED		CITY TAX CALCULATION	DOLLAR CHANGE	PERCENT CHANGE
FY 2026	"City" Property Tax	\$4,253.75	+\$74.26	+1.78%
FY 2027	"City" Property Tax	\$4,626.83	+\$373.08	+8.77%
FY 2028	"City" Property Tax	\$4,826.81	+\$199.98	+4.32%
FY 2029	"City" Property Tax	\$4,874.27	+\$47.46	+0.98%
FY 2030	"City" Property Tax	\$4,992.79	+\$118.52	+2.43%

(1) The FY 2006 property tax calculation considers the 19.9% valuation increase for industrial property as determined by the reappraisal.

(2) The Business Property Tax Credit was \$148 and rollback to 95% in FY 2015.

(3) The Business Property Tax Credit was \$693 and rollback to 90% in FY 2016.

(4) The Business Property Tax Credit was \$982 and rollback to 90% in FY 2017.

(5) The Business Property Tax Credit was \$959 and rollback to 90% in FY 2018.

(6) The Business Property Tax Credit was \$843 and rollback to 90% in FY 2019.

(7) The Business Property Tax Credit was \$861 and rollback to 90% in FY 2020.

(8) The Business Property Tax Credit was \$779 and rollback to 90% in FY 2021.

(9) The Business Property Tax Credit was \$780 and rollback to 90% in FY 2022.

(10) The Business Property Tax Credit was \$722 and rollback to 90% in FY 2023.

(11) From FY 2015 through FY 2023, commercial, industrial and railroad properties were eligible for a Business Property Tax Credit. The Business Property Tax Credit was deducted from the property taxes owed and the credit was funded by the State of Iowa. Beginning in FY 2024, 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 remained 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. 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 2024 is estimated to be \$587,446.

IMPACT ON INDUSTRIAL PROPERTY - EXAMPLE

	ACTUAL - HISTORICAL	CITY TAX CALCULATION *	BUSINESS PROPERTY TAX CREDIT	DOLLAR CHANGE	PERCENT CHANGE
FY 1989	"City" Property Tax	\$5,900.35		-\$1,074.65	-15.40%
FY 1990	"City" Property Tax	\$5,844.55		-\$55.80	-0.95%
FY 1991	"City" Property Tax	\$6,133.00		+\$288.45	+4.94%
FY 1992	"City" Property Tax	\$6,387.05		+\$254.05	+4.14%
FY 1993	"City" Property Tax	\$6,249.45		-\$137.60	-2.15%
FY 1994	"City" Property Tax	\$6,302.95		+\$53.50	+0.86%
FY 1995	"City" Property Tax	\$5,891.05		-\$411.90	-6.54%
FY 1996	"City" Property Tax	\$5,891.05		\$0.00	0.00%
FY 1997	"City" Property Tax	\$5,690.75		-\$200.30	-3.40%
FY 1998	"City" Property Tax	\$5,700.56		+\$9.81	+0.17%
FY 1999	"City" Property Tax	\$5,536.70		-\$163.86	-2.87%
FY 2000	"City" Property Tax	\$5,358.00		-\$178.70	-3.23%
FY 2001	"City" Property Tax	\$5,533.00		+\$175.00	+3.27%
FY 2002	"City" Property Tax	\$5,380.42		-\$152.58	-2.76%
FY 2003	"City" Property Tax	\$5,106.00		-\$274.42	-5.10%
FY 2004	"City" Property Tax	\$5,136.50		+\$30.50	+0.60%
FY 2005	"City" Property Tax	\$5,036.00		-\$100.50	-1.96%
FY 2006	"City" Property Tax (1)	\$5,814.61		+\$778.61	+15.46%
FY 2007	"City" Property Tax	\$5,983.21		+\$168.60	+2.90%
FY 2008	"City" Property Tax	\$6,184.95		+\$201.74	+3.37%
FY 2009	"City" Property Tax	\$5,976.44		-\$208.51	-3.37%
FY 2010	"City" Property Tax	\$5,909.69		-\$66.75	-1.12%
FY 2011	"City" Property Tax	\$6,011.44		+\$101.75	+1.72%
FY 2012	"City" Property Tax	\$6,265.43		+\$253.99	+4.23%
FY 2013	"City" Property Tax	\$6,465.48		+\$200.05	+3.19%
FY 2014	"City" Property Tax	\$6,610.00		+\$144.52	+2.24%
FY 2015	"City" Property Tax (2)	\$6,131.80	\$147.72	-\$478.20	-7.23%
FY 2016	"City" Property Tax (3)	\$5,256.41	\$692.62	-\$875.39	-14.28%
FY 2017	"City" Property Tax (4)	\$5,043.36	\$982.19	-\$213.05	-4.05%
FY 2018	"City" Property Tax (5)	\$4,917.78	\$959.11	-\$125.58	-2.49%
FY 2019	"City" Property Tax (6)	\$4,869.91	\$843.08	-\$47.87	-0.97%
FY 2020	"City" Property Tax (7)	\$4,713.76	\$860.57	-\$156.15	-3.21%
FY 2021	"City" Property Tax (8)	\$4,694.17	\$779.03	-\$19.59	-0.42%
FY 2022	"City" Property Tax (9)	\$4,556.11	\$779.50	-\$138.06	-2.94%
FY 2023	"City" Property Tax (10)	\$4,521.00	\$721.73	-\$35.11	-0.77%
FY 2024	"City" Property Tax (11)	\$4,817.26		+\$296.26	+6.55%
FY 2025	"City" Property Tax (11)	\$5,004.59		+\$187.33	+3.89%
FY 1989-2025 Average Change				-\$53.25	-0.75%
2021-2025 Average Change				+\$58.17	+1.26%

*Net of Business Property Tax Credit

The average annual dollar change in industrial property taxes from 1989-2025 is a decrease of \$53.25. The average annual dollar change over the last five years is a increase of \$58.17.

Projected impact on average industrial property:

PROJECTED		CITY TAX CALCULATION	DOLLAR CHANGE	PERCENT CHANGE
FY 2026	"City" Property Tax	\$5,090.27	+\$85.68	+1.71%
FY 2027	"City" Property Tax	\$5,536.71	+\$446.44	+8.77%
FY 2028	"City" Property Tax	\$5,776.02	+\$239.31	+4.32%
FY 2029	"City" Property Tax	\$5,832.82	+\$56.80	+0.98%
FY 2030	"City" Property Tax	\$5,974.64	+\$141.82	+2.43%

(1) The FY 2006 property tax calculation considers the 19.9% valuation increase for industrial property as determined by the reappraisal.

(2) The Business Property Tax Credit was \$148 and rollback to 95% in FY 2015.

(3) The Business Property Tax Credit was \$693 and rollback to 90% in FY 2016.

(4) The Business Property Tax Credit was \$982 and rollback to 90% in FY 2017.

(5) The Business Property Tax Credit was \$959 and rollback to 90% in FY 2018.

(6) The Business Property Tax Credit was \$843 and rollback to 90% in FY 2019.

(7) The Business Property Tax Credit was \$861 and rollback to 90% in FY 2020.

(8) The Business Property Tax Credit was \$779 and rollback to 90% in FY 2021.

(9) The Business Property Tax Credit was \$780 and rollback to 90% in FY 2022.

(10) The Business Property Tax Credit was \$722 and rollback to 90% in FY 2023.

(11) From FY 2015 through FY 2023, commercial, industrial and railroad properties were eligible for a Business Property Tax Credit. The Business Property Tax Credit was deducted from the property taxes owed and the credit was funded by the State of Iowa. Beginning in FY 2024, 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 remained 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. 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 2024 is estimated to be \$587,446.

IMPACT ON MULTI-RESIDENTIAL PROPERTY - EXAMPLE

ACTUAL – HISTORICAL		CITY TAX CALCULATION	DOLLAR CHANGE	PERCENT CHANGE
FY 2015	"City" Property Tax	\$2,349.34		
FY 2016	"City" Property Tax	\$2,225.69	-\$123.65	-5.26%
FY 2017	"City" Property Tax	\$2,160.39	-\$65.30	-2.93%
FY 2018	"City" Property Tax	\$2,015.48	-\$144.91	-6.71%
FY 2019	"City" Property Tax	\$1,870.21	-\$145.27	-7.21%
FY 2020	"City" Property Tax	\$1,737.92	-\$132.29	-7.07%
FY 2021	"City" Property Tax	\$1,896.65	+\$158.73	+9.13%
FY 2022	"City" Property Tax	\$1,751.66	-\$144.99	-7.64%
FY 2023	"City" Property Tax	\$1,625.55	-\$126.11	-7.20%
FY 2024	"City" Property Tax	\$1,419.97	-\$205.58	-12.65%
Average FY 2016-FY 2024			-\$103.26	-5.28%

Beginning in FY 2017 (July 1, 2016), new State legislation created a new property tax classification for rental properties called multi-residential, which requires a rollback, or assessment limitations order, on multi-residential property which will eventually equal the residential rollback. Multi-residential property includes apartments with 3 or more units. Rental properties of 2 units were already classified as residential property.

The State of Iowa will not backfill property tax loss from the rollback on multi-residential property. The rollback will occur as follows:

Fiscal Year	Rollback %	Annual Loss of Tax Revenue
FY 2017	86.25%	\$331,239
FY 2018	82.50%	\$472,127
FY 2019	78.75%	\$576,503
FY 2020	75.00%	\$691,640
FY 2021	71.25%	\$952,888
FY 2022	67.50%	\$752,366
FY 2023	63.75%	\$662,821
FY 2024	54.65%	\$1,186,077
Total		\$5,625,661

This annual loss in tax revenue of \$1,186,077 from multi-residential property when fully implemented in FY 2024 will not be backfilled by the State. From Fiscal Year 2017 through Fiscal Year 2024 the City will lose \$5,625,661 in total, meaning landlords will have paid that much less in property taxes. The state did not require landlords to charge lower rents or to make additional investment in their property.

In Fiscal Year 2024, the multi-residential property class was eliminated and is reported with the residential property class.

HISTORY OF INCREASES IN PROPERTY TAX ASKINGS

Year	Tax Askings	% Change in Tax Askings	Impact on Homeowner**
FY 1989	\$10,918,759	-12.00%	-11.40%
Sales Tax Initiated			
FY 1990	\$10,895,321	-0.21%	-0.89%
FY 1991	\$11,553,468	+6.04%	+3.77%
FY 1992	\$12,249,056	+6.02%	+3.58%
FY 1993	\$12,846,296	+4.88%	+5.19%
FY 1994	\$13,300,756	+3.54%	+0.33%
FY 1995	\$13,715,850	+3.12%	+2.40%
FY 1996	\$14,076,320	+2.63%	-0.87%
FY 1997	\$14,418,735	+2.43%	-0.42%
FY 1998	\$14,837,670	+2.91%	-0.71%
FY 1999	\$15,332,806	+3.34%	0.00%
FY 2000	\$15,285,754	-0.31%	-0.17%
FY 2001	\$15,574,467	+1.89%	0.00%
FY 2002	\$15,686,579	+0.72%	0.00%
FY 2003	\$15,771,203	+0.54%	-5.00%
FY 2004	\$16,171,540	+2.54%	0.00%
FY 2005	\$16,372,735	+1.24%	+0.03%
FY 2006	\$16,192,215	-1.10%	+1.72%
FY 2007	\$17,179,994	+6.10%	-1.72%
FY 2008	\$18,184,037	+5.84%	0.00%
FY 2009	\$18,736,759	+3.04%	+2.76%
FY 2010	\$19,095,444	+1.91%	0.00%
FY 2011	\$19,878,962	+4.10%	+2.47%
FY 2012	\$21,284,751	+7.07%	+5.00%
FY 2013	\$22,758,753	+6.93%	+5.00%
FY 2014	\$23,197,623	+1.93%	+4.90%
FY 2015	\$24,825,015	+7.02%	+3.23%
FY 2016	\$24,906,544	+0.33%	+2.63%
FY 2017	\$26,375,291	+5.90%	+1.08%
FY 2018	\$25,863,049	-1.94%	0.00%
FY 2019	\$26,494,205	+2.44%	+1.91%
FY 2020	\$26,296,081	-0.75%	0.00%
FY 2021	\$26,202,568	-0.36%	-0.14%
FY 2022	\$26,215,401	+0.05%	0.00%
FY 2023	\$26,215,887	0.00%	+2.96%
FY 2024	\$26,633,490	+1.59%	+2.94%
FY 2025	\$28,233,757	+6.01%	+5.00%
Average FY 1989-2025		+2.71%	+0.96%

**Does not reflect State unfunded portion of Homestead Credit.

IMPACT ON TAX ASKINGS AND AVERAGE RESIDENTIAL PROPERTY

To maintain the current level of service based on the previous assumptions would require the following property tax asking increases:

Fiscal Year	"City" Property Tax Askings	% Change in Tax Askings	% Impact on Avg. Residential Property	\$ Impact on Avg. Residential Property
FY 2025	\$28,233,757			
FY 2026	\$29,861,901	+5.77%	+3.90%	+\$33.38
FY 2027	\$33,112,427	+10.89%	+8.77%	+\$77.98
FY 2028	\$35,231,055	+6.40%	+4.32%	+\$41.81
FY 2029	\$36,287,999	+3.00%	+0.98%	+\$9.92
FY 2030	\$37,905,329	+4.46%	+2.43%	+\$24.77

GUIDELINE

The recommended guideline is a 3.90% or \$33.38 increase for the average residential property owner assuming the Homestead Property Tax Credit is fully funded. A one percent increase in the tax rate will generate approximately \$294,092.

These guidelines include an estimated \$897,297 for improvement packages funded by property taxes, although this figure may change as the FY2026 budget is not yet finalized.

Iowa House File 718 passed during the 2023 legislative sessions, replaces previous changes made through Iowa Senate File 634 passed during the 2019 legislative sessions, makes changes to Iowa city and county budgets and taxes for Fiscal Year 2025 and later. Additional steps have been added to the budget approval process. The City of Dubuque is specifically impacted by the following steps of this new legislation:

1. Limits the General Fund levy by constraining growth by 2% or 3% each year, depending on the trigger hit:

Non-TIF taxable growth under 3%, no reduction

Non-TIF taxable growth over 3% but less than 6%, 2% reduction factor applied

Non-TIF taxable growth over 6%, 3% reduction factor is applied

The City of Dubuque Non-TIF taxable growth for FY2026 is 4.39%, the General Fund levy is constrained by a growth reduction factor of 2%. The General Fund levy for FY2026 is \$7.78547 instead of the maximum levy of \$8.10.

Although the City is restricted to \$7.78547 in the General Fund levy, the City has the flexibility to levy up to \$15.9 million or a levy rate of \$5.3511 in the Special Revenue Levies for employee benefits. In Fiscal Year 2025, the

Special Revenue levy was \$0.70307 and totaled \$2.0 million. Any reduction in the General Fund levy can be shifted to the Special Revenue levies.

2. March 5: Cities must file a report with Iowa Department of Management containing information specified by new law to be contained in mailings.
3. 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.
4. Taxpayer Statements must include:
 - Total Current Year Tax Rate and Dollars
 - Combined effective property tax rate for the city calculated using the sum of the current fiscal year's actual property tax certified for levy of all of city's levies
 - Proposed Budget Year Tax Rate and Dollars
 - If the Proposed Budget Property Tax Dollars exceed the current fiscal year's actual property tax dollars, a detailed statement of the major reasons for the increase, including the specific purposes or programs for which the city is proposing an increase
 - An example comparing the amount of property taxes on a residential property with an actual value of \$100,000 in the current fiscal year and such amount on the residential property using the proposed property tax dollars for the budget year, including the percentage difference in such amounts.
 - An example comparing the amount of property taxes on a commercial property with an actual value of \$100,000 in the current fiscal year and such amount on the commercial property using the proposed property tax dollars for the budget year, including the percentage difference in such amounts.
 - The city's percentage of total property taxes certified for levy in the owner's or taxpayer's taxing district in the current fiscal year amount all taxing authorities.
 - The date, time, and location of the city's public hearing on the information contained in the statements.
 - Information on how to access the city's internet site, the city's statements, and other budget documents for prior fiscal years.
5. Public hearing on proposed property tax amounts for the budget year and new taxpayer statements.
 - In addition to public hearing to adopt the budget.
 - Replaces maximum property tax dollars public hearing held in prior years.
 - Must be separate from any other meeting of City Council, including any other meeting or hearing related to the budget.

- City Council can decrease, but not increase, the proposed property tax amount to be included in the budget.
6. Budget Certification deadline to Iowa Department of Management is April 30th instead of March 31st.
- If City is issuing new debt that uses the debt service levy, budget must be adopted by April 15th.

CAPITAL IMPROVEMENT BUDGET GUIDELINES

U. INTEGRATION OF CAPITAL RESOURCES

GUIDELINE

To obtain maximum utilization, coordination and impact of all capital improvement resources available to the City, state and federal block and categorical capital grants and funds shall be integrated into a comprehensive five-year Capital Improvement Program (CIP) for the City of Dubuque.

V. INTEGRITY OF CIP PROCESS

GUIDELINE

The City shall make all capital improvements in accordance with an adopted Capital Improvement Program (CIP). If conditions change and projects must be added and/or removed from the CIP, the changes require approval by the City Council.

W. RENOVATION AND MAINTENANCE

GUIDELINE

Capital improvement expenditures should concentrate on renovating and maintaining existing facilities to preserve prior community investment.

X. NEW CAPITAL FACILITIES

GUIDELINE

Construction of new or expanded facilities which would result in new or substantially increased operating costs will be considered only if:

- 1) their necessity has been clearly demonstrated
- 2) their operating cost estimates and plans for providing those operating costs have been developed
- 3) they can be financed in the long term; and
- 4) they can be coordinated and supported within the entire system.

Y. COOPERATIVE PROJECTS

GUIDELINE

Increased efforts should be undertaken to enter mutually beneficial cooperative capital improvement projects with the county, school district and private groups. Examples include cost-sharing to develop joint-use facilities and cost-sharing to improve roads and bridges are examples.

Z. USE OF GENERAL OBLIGATION BONDS

DISCUSSION

The Iowa Constitution limits the General Obligation debt of any city to 5% of the actual value of the taxable property within the city. The Iowa legislature has determined that the value for calculating the debt limit shall be the actual value of the taxable property prior to any "rollback" mandated by state statute.

On October 15, 2012, the City Council adopted a formal Debt Management Policy for the City of Dubuque. Prior to adoption of the formal policy, the City had already been practicing much of the policy, although the formal policy included some new additions. The most significant components of the Debt Management Policy include an internal policy of maintaining the City's general obligation outstanding debt at no more than 95% (except as a result of disasters) of the limit prescribed by the State constitution as of June 30th of each year. It is projected as of June 30, 2025 the City will be at 34.10%. City will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency which is beyond its control or reasonable ability to forecast. Currently there is no such debt, and none will be recommended in this process.

Bond Financing Stipulations

- Recognizing that bond issuance costs (bond counsel, bond rating, and financial management fees) add to the total interest costs of financing:
- Bond financing should not be used if the aggregate cost of projects to be financed by the bond issue is less than \$500,000
- City will consider long-term financing for the construction, acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a useful life of at least six years
- City shall strive to repay 20 percent of the principal amount of its general obligation debt within five years and at least 40 percent within ten years.
- The City shall strive to repay 40 percent of the principal amount of its revenue debt within ten years.

Debt Service Payments

Total annual debt service payments on all outstanding debt of the City shall not exceed 25% of total annual receipts across all the City's funds. As of June 30, 2025, it is projected the City will be at 15%.

Internal Reserve

It shall be the goal of the City to establish an internal reserve equal to maximum annual debt service on future general obligation bonds issued that are to be abated by revenues and not paid from ad-valorem property taxes in the debt service fund. This shall begin with debt issued after July 1, 2013. This reserve shall be established by the fund or revenue source that expects to abate the levy, and shall be carried in said fund or revenue source on the balance sheet as a restricted reserve. This reserve does not exist now, except where required by bond covenants. This internal reserve would be implemented by adding the cost of the reserve to each debt issuance.

In January 2025, Moody's Investor Services affirmed the Aa2 credit rating on general obligation bonds. Moody's credit analysis states, "the City of Dubuque's local economy benefits from its role as a regional economic center, with solid resident income and full value per capita. Financial operations are strong and will remain so despite declines in fund balance over the next few years, as it expends funds from the pandemic. Long-term liabilities and fixed cost ratios are moderate and will remain so despite future borrowing needs." According to Moody's, the Aa2 issuer rating for the City of Dubuque's bonds reflects the city's healthy economic base, which serves as a regional economic center. Other rationale stated for the rating include full value per capita and adjusted resident income are solid at around \$109,000 and 98% respectively, though weaker than Aa peers, in part because of a large student population, available fund balance was strong at around 60% of revenue at the close of fiscal 2023 (year-end June 30), and cash was stronger at 85% of revenue. The City's available fund balance will likely remain well over 45%, despite some planned draws in fiscal 2024 and fiscal 2025 to spend down federal funds from the pandemic. Despite the state adopting new property tax restrictions, revenue raising flexibility remains strong because the City maintains significant margin in its employee benefits fund and is not utilizing its emergency levy. The long-term liabilities ratio will likely remain well under 300% inclusive of the current issuances and future borrowing plans, and fixed-costs ratio will remain well below 20%.

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.

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.

General Obligation Debt

Fiscal Year 2026 Debt

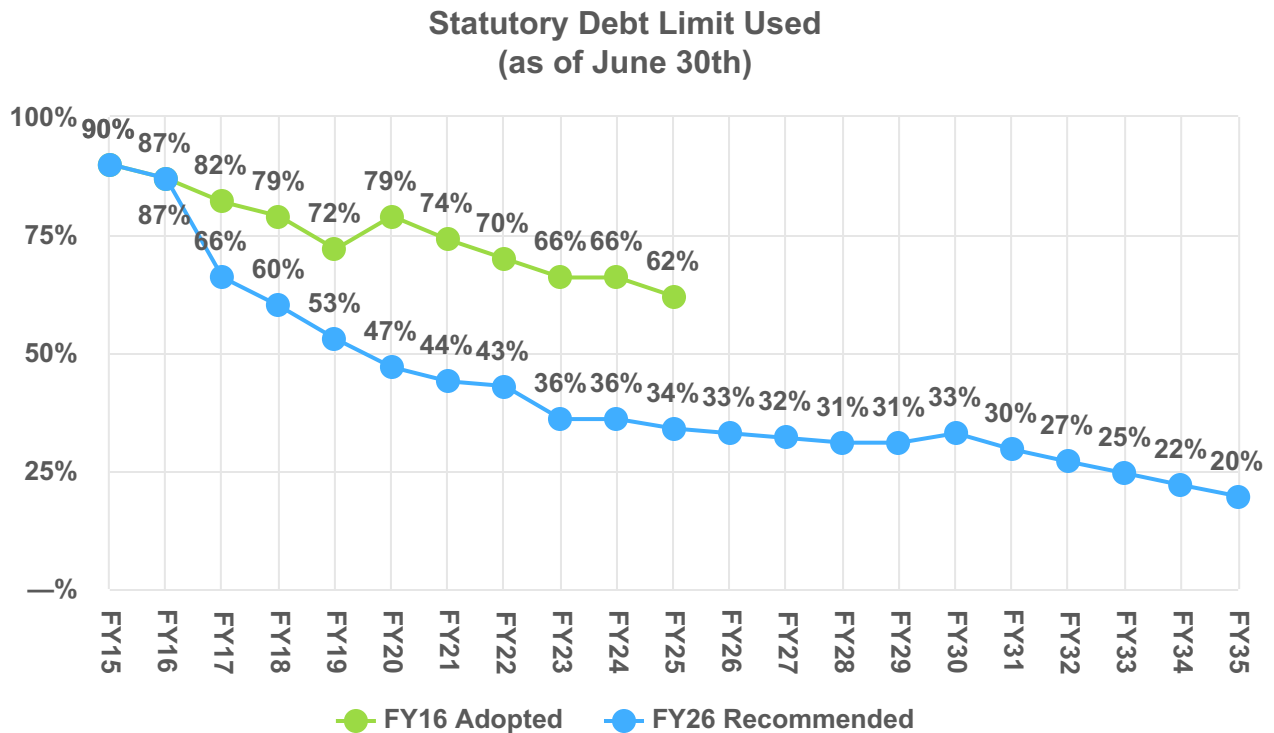
FY 2026 Debt Limit: The FY 2024 assessable value of the community for calculating the statutory debt limit is \$6,472,591,693, which at 5%, indicates a total General Obligation debt capacity of \$323,629,585.

Based on Outstanding G.O. debt (including tax increment debt, remaining payments on economic development TIF rebates, and general fund lease agreement) on June 30, 2026 will be \$108,410,164 (33.50% of the statutory debt limit) leaving an available debt capacity of \$215,219,421 (66.50%).

It should be noted that most of the City of Dubuque's outstanding debt is not paid for with property taxes (except TIF), but is abated from other revenues. Exceptions include one issuance for the replacement of a Fire Pumper truck in the amount of \$1,410,000 with debt service of \$95,421 in FY 2026 and one issuance for the franchise fee litigation settlement in the amount of \$2,800,000 with debt service of \$195,825 in FY 2026. Included in the debt is \$4,661,120 of property tax rebates to businesses creating and retaining jobs and investing in their businesses.

Statutory Debt Limit

Fiscal Year	Statutory Debt Limit	Amount of Debt Subject to Statutory Debt Limit	% Debt Limit Used
2025	\$321,926,120	\$109,764,274	34.10%
2026	\$323,629,585	\$108,410,164	33.50%



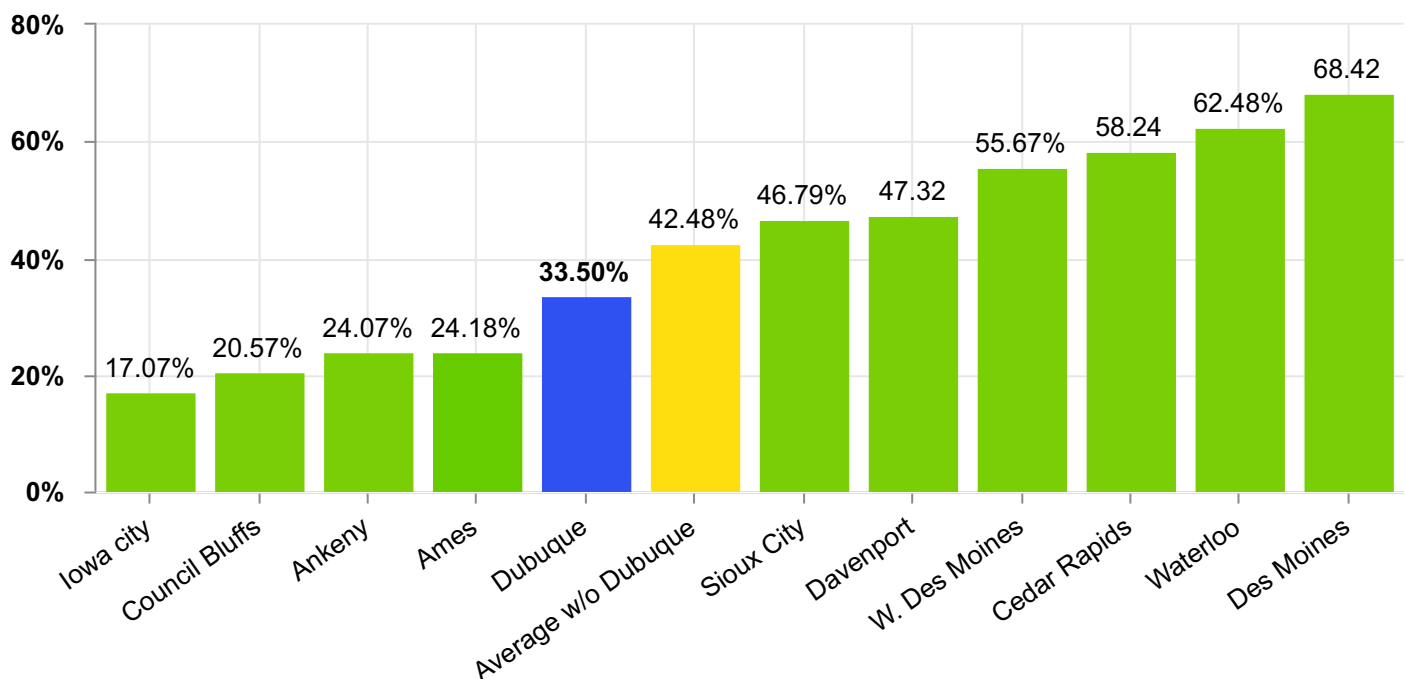
The City also has debt that is not subject to the statutory debt limit. This debt includes revenue bonds. Outstanding revenue bonds payable by water, sewer and stormwater fees on June 30, 2026 will have a balance of \$167,789,201. The total City indebtedness as of June 30, 2026, is projected to be \$289,568,909. The total City indebtedness as of June 30, 2025, was \$281,085,184. **In FY 2026, the City will have a projected \$8,483,725 or 3.02% more in debt.** The City is using debt to accomplish necessary projects.

The following chart shows Dubuque's relative position pertaining to use of the statutory debt limit for Fiscal Year 2026 compared to the other cities in Iowa for Fiscal Year 2024 with a population over 50,000:

Fiscal Year 2024 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 (FY24)	\$ 803,564,354	\$ 549,760,000	68.42 %
10	W. Des Moines (FY24)	\$ 551,635,692	\$ 307,090,000	55.67 %
9	Cedar Rapids (FY 24)	\$ 681,383,619	\$ 396,830,000	58.24 %
8	Waterloo (FY24)	\$ 221,546,701	\$ 138,428,824	62.48 %
7	Davenport (FY24)	\$ 423,816,425	\$ 200,540,000	47.32 %
6	Sioux City (FY24)	\$ 309,734,920	\$ 144,929,999	46.79 %
5	Dubuque (FY26)	\$ 323,629,585	\$ 108,410,164	33.50 %
4	Ankeny (FY24)	\$ 416,454,919	\$ 100,260,000	24.07 %
3	Ames (FY24)	\$ 277,278,426	\$ 67,035,000	24.18 %
2	Iowa City (FY24)	\$ 368,416,450	\$ 62,905,000	17.07 %
1	Council Bluffs (FY24)	\$ 365,780,288	\$ 75,240,467	20.57 %
	Average w/o Dubuque			42.48 %

Percent of Legal Debt Limit Utilized

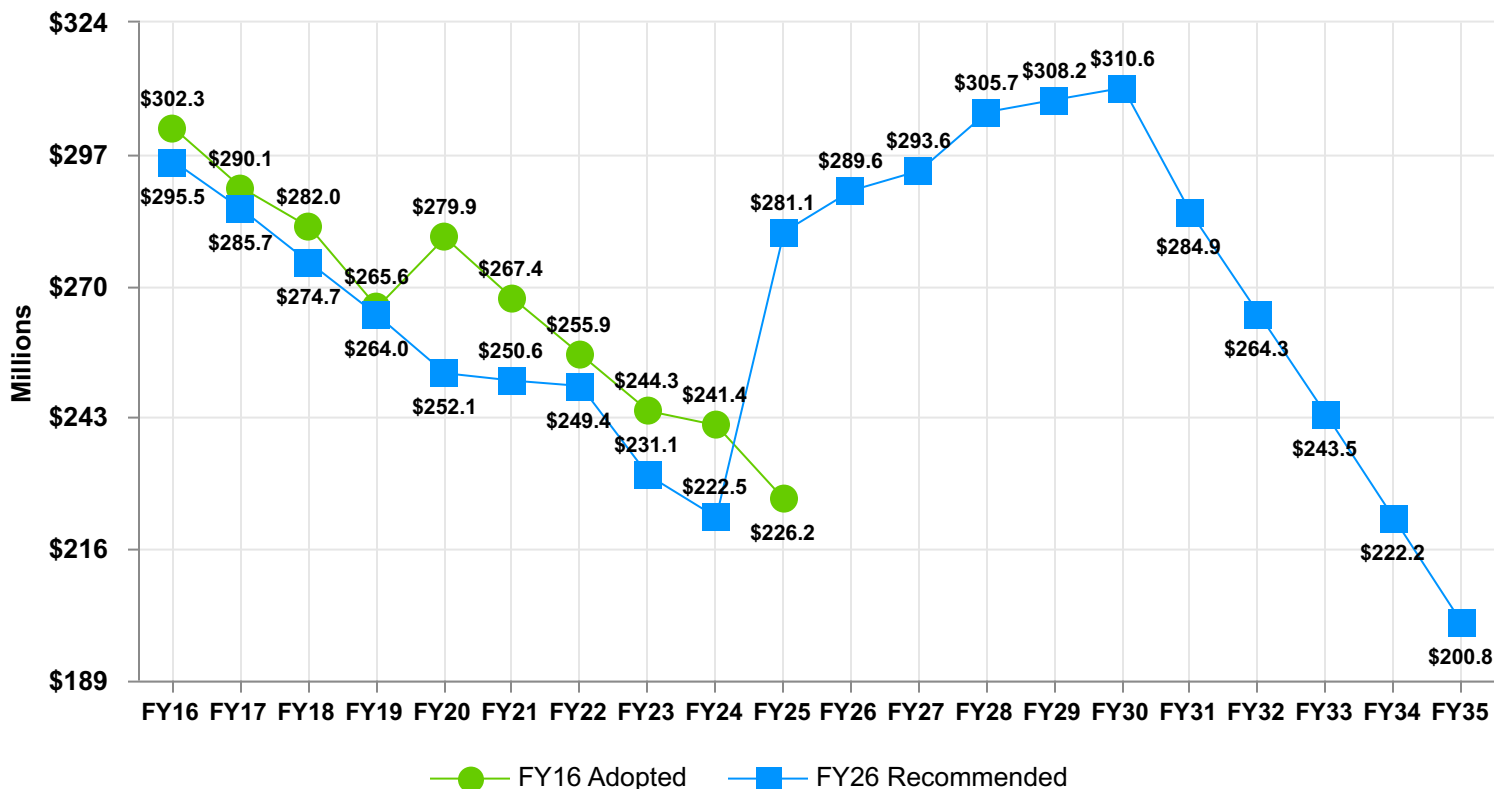


Dubuque ranks as the fifth lowest of the use of statutory debt limit of the 11 cities in Iowa with a population over 50,000 and Dubuque is below the average of the other Cities. **The average (42.48%) is 26.82% higher than Dubuque (33.50%).**

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 \$310.62 million (32.90% of the statutory debt limit). **Projections out 10 years to Fiscal Year 2035 show the City of Dubuque at 19.66% of the**

statutory debt limit, and the projection is to be at \$200.79 million (19.66% of statutory debt limit) within 10 years.

Total Debt (In Millions)



Part of the City's FY 2014 debt was in the form of a grant from the Iowa Flood Mitigation Program. Through a new state program, the City is able to issue \$28.25 million in revenue bonds payable from the 5 percent State Sales Tax increment for projects in the Bee Branch Watershed allowing the City to complete the Bee Branch Creek Restoration, construct permeable alleys, replace the Bee Branch flood gates, complete North End Storm Sewers, construct a Flood Control Maintenance Facility, install Water Plant Flood Control and complete 17th Street Storm Sewer over the next twenty years.

The City will issue \$152,147,710 in new debt in the Recommended 5-year CIP, mostly for fire equipment replacement (\$4,163,408), fire station improvements, fire station expansion, airport improvements, reimagine Comiskey, neighborhood park developments, Federal Building renovations (\$5,640,600), solid waste collection vehicles, sanitary sewer improvements (\$78,399,027), water system projects (\$15,956,673), stormwater improvements, parking improvements, renovation of Five Flags (\$22,890,869), and Central Avenue improvements (\$6,440,000). **By far the greatest use of debt over the next five years is for sanitary sewer maintenance and improvements (\$78,399,027).**

Project	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Fire Equipment Replacement (LOST)	\$ 401,060	\$ 544,000	\$ —	\$ —	\$ —	\$ 945,060
Fire Station Expansion/Relocation (LOST)	\$ —	\$ —	\$ —	\$ —	\$ 500,900	\$ 500,900
Fire Station Improvements (LOST)	\$ 100,000	\$ 900,000	\$ 500,000	\$ —	\$ 50,000	\$ 1,550,000
Fire Truck/Ambulance Replacements (LOST)	\$ —	\$ 1,350,000	\$ 950,000	\$ —	\$ 1,863,408	\$ 4,163,408
Airport Improvements (LOST)	\$ 1,000,500	\$ 804,999	\$ 192,000	\$ 294,000	\$ —	\$ 2,291,499
Park Development (LOST)	\$ 505,000	\$ —	\$ —	\$ —	\$ —	\$ 505,000
14th Street Overpass (GDTIF)	\$ —	\$ —	\$ —	\$ 1,341,131	\$ —	\$ 1,341,131
Reimagine Comiskey Park (GDTIF)	\$ 1,697,000	\$ —	\$ —	\$ —	\$ —	\$ 1,697,000
Central Avenue Corridor (GDTIF)	\$ —	\$ —	\$ 1,760,000	\$ 1,780,000	\$ 2,900,000	\$ 6,440,000
Federal Building Renovation (GDTIF)	\$ 945,600	\$ —	\$ —	\$ —	\$ 4,695,000	\$ 5,640,600
Five Flags Renovation (GDTIF)	\$ —	\$ 2,750,000	\$ 3,040,000	\$ 8,128,869	\$ 8,972,000	\$ 22,890,869
Parking Ramp Major Maintenance (GDTIF)	\$ 2,857,400	\$ 350,000	\$ —	\$ —	\$ 2,033,000	\$ 5,240,400
Solid Waste Collection Vehicles - Refuse	\$ 220,000	\$ 375,000	\$ 595,000	\$ 375,000	\$ 845,000	\$ 2,410,000
Sanitary Sewer Projects	\$ 20,079,873	\$ 17,796,826	\$ 19,938,126	\$ 12,413,852	\$ 8,170,350	\$ 78,399,027
Stormwater Projects	\$ 632,643	\$ 820,000	\$ 723,500			\$ 2,176,143
Water Projects	\$ 750,000	\$ 1,524,715	\$ 9,158,146	\$ 4,523,812	\$ —	\$ 15,956,673
Total New Debt	\$ 29,189,076	\$ 27,215,540	\$ 36,856,772	\$ 28,856,664	\$ 30,029,658	\$ 152,147,710

The City will retire \$139,519,604 of existing debt over the next five-years (FY26-FY30).

The following chart shows the net reduction of debt from Fiscal Year 2026 - Fiscal Year 2030:

Project	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
New Debt	\$ 29,189,076	\$ 27,215,540	\$ 36,856,772	\$ 28,856,664	\$ 30,029,658	\$ 152,147,710
Retired Debt	-\$24,490,840	-\$26,781,297	-\$28,355,118	-\$29,751,697	-\$30,140,652	-\$139,519,604
Net Debt Increase (Reduction)	\$4,698,236	\$434,243	\$8,501,654	-\$895,033	-\$110,994	\$12,628,106

There was a 0.53% increase in assessed value effective January 1, 2024, which is the assessment the Fiscal Year 2026 statutory debt limit is based on. The statutory debt limit effective June 30, 2026 is \$323,629,585. **The City will be at 33.50% of statutory debt limit by June 30, 2026.** In FY 16 the City was at 86.13% of statutory debt limit, so **33.50% in Fiscal Year 2026 is a 53.04% 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	FY24	FY25
90.00%	86.54%	66.06%	59.79%	52.90%	46.91%	43.51%	43.33%	39.36%	40.07%	34.85%

The five year projection of the City's use of the statutory debt limit from Fiscal Year 2026–2030 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 2026 is as follows:

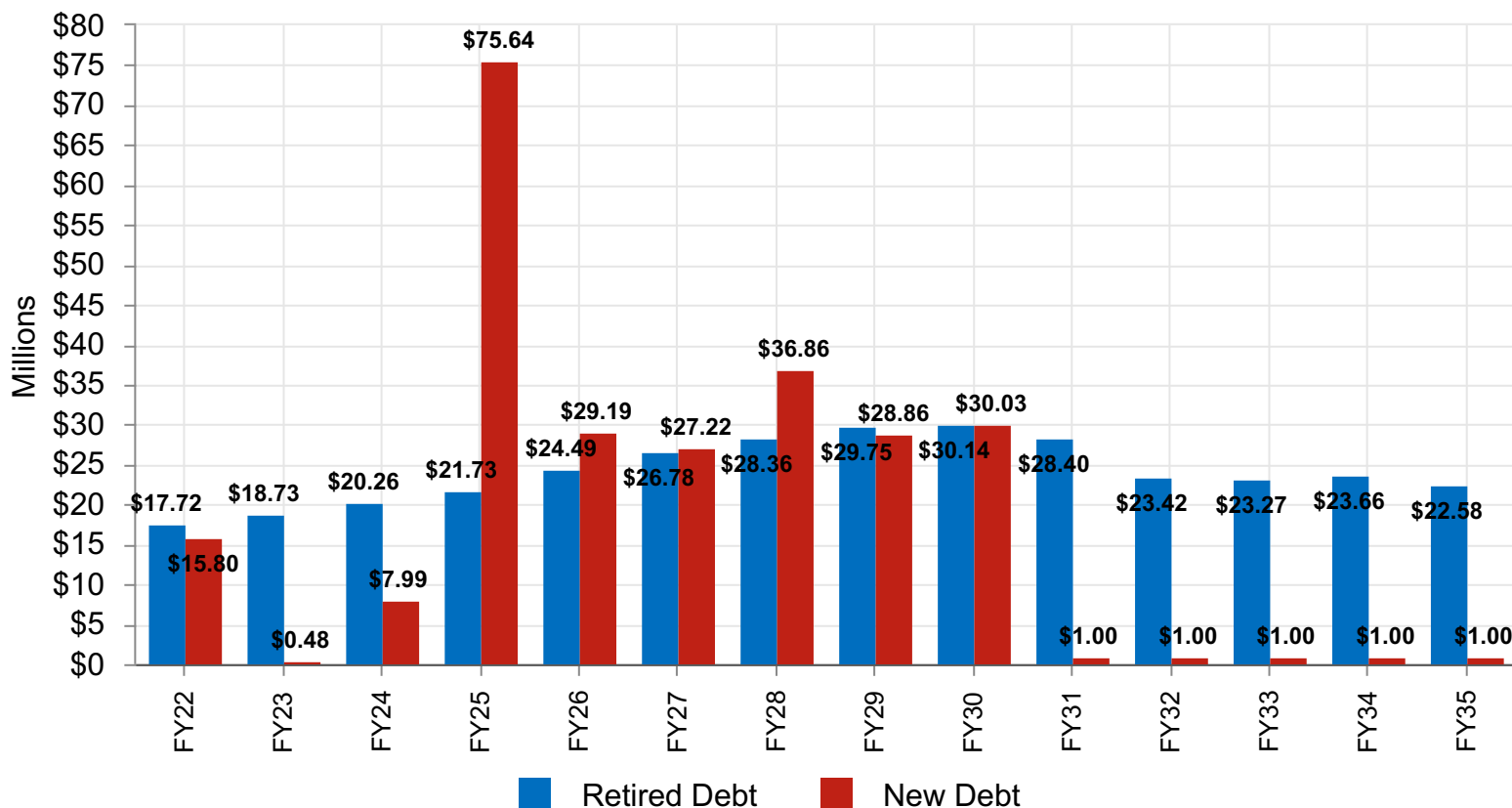
FY 26	FY 27	FY 28	FY 29	FY 30
33.50%	32.13%	30.65%	30.58%	32.90%

The total City indebtedness as of June 30, 2026, is projected to be \$167,789,201 (33.50% of statutory debt limit). The total City indebtedness as of June 30, 2015, was \$295,561,181 (90% of statutory debt limit). **The City is projected to have \$8,483,725 more in debt as of June 30, 2026.**

The combination of reduced debt and increased utility rates partially reflects the movement to a more "pay as you go" strategy, which could lead to larger tax and fee increases than with the use of debt.

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:

Retired Debt Versus New Debt (In Millions)



*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.

**Based on the timing of projects the City issued very little debt in FY23 (\$0.48 million) and FY24 (\$7.99 million), so the FY25 debt issuance was a combination of three years of debt funding for projects. In that three-year period, the City retired \$60.72 million in debt and issued \$84.11 million in debt.

As we approach the preparation of the FY 2026-2030 Capital Improvement Program (CIP) the challenge is not the City's capacity to borrow money but (a) how to identify, limit, and prioritize projects which justify the interest payments and; (b) how to balance high-priority projects against their impact on the property tax rate.

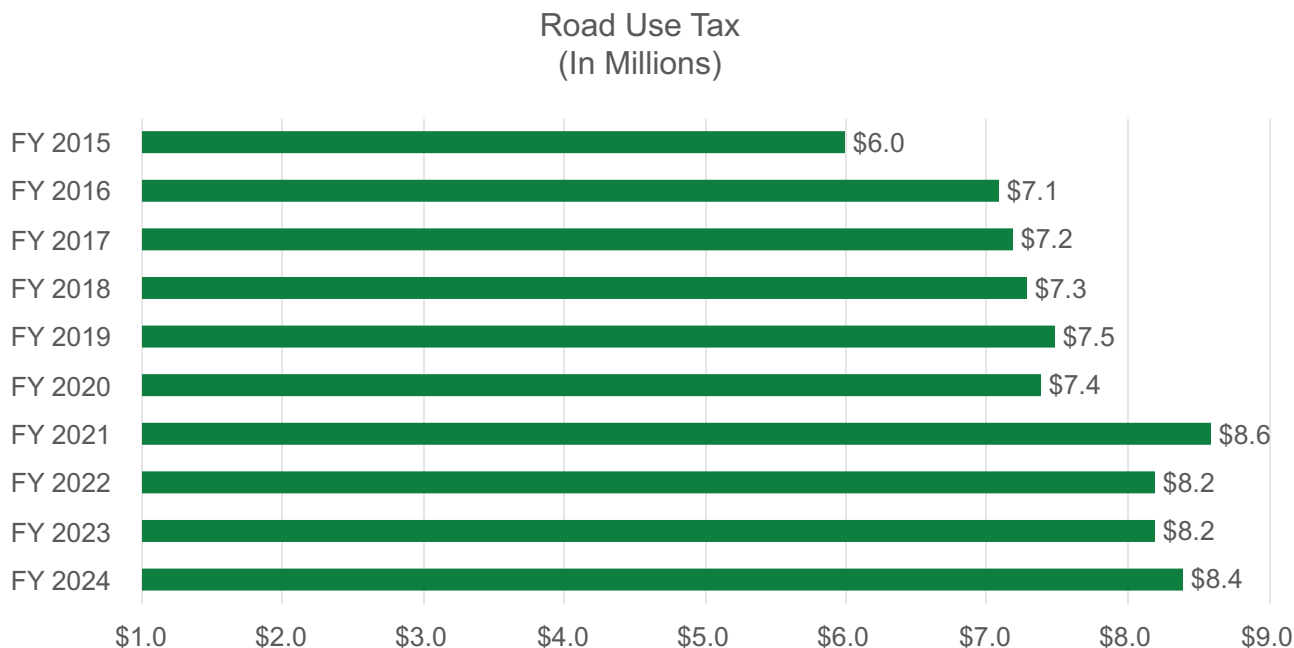
GUIDELINE

There are many high priority capital improvement projects which must be constructed during the FY 2026 - FY 2030 period. The potential of partially forgivable State Revolving Fund Loans and an increase in grant funding may impact the need to borrow for projects. As in the past, debt will be required on several major capital projects, including the Bee Branch Watershed Project, Airport Improvements, Park Improvements, Sidewalk and Street Improvements, Sanitary Sewer Fund, Parking Fund, and Water Fund. Borrowings will also include smaller projects and equipment replacements such as Park developments and Public Works equipment. These smaller borrowings will be for a term not exceeding the life of the asset and not less than six years in accordance to the Debt Management Policy. Alternative sources of funds will always be evaluated (i.e. State Revolving Loan Funds) to maintain the lowest debt service cost.

AA. ROAD USE TAX FUND

DISCUSSION

Actual Road Use Tax Fund receipts are as follows:



The FY 2025 budget was based on receiving \$8,400,000 in Road Use Tax funds. In FY 2025, 100% of the Road Use Tax income is in the operating budget. The State of Iowa increased the gas tax 10 cents per gallon in FY 2016.

With increases in City DMATS and State Road Use Tax funds, the City will be able to substantially add to the number of street lights and continue with major road improvements.

GUIDELINE

It is preferable to shift Road Use Tax funds to the capital budget for street maintenance and repair to reduce the need to borrow funds for routine street maintenance and improvements. This shift cannot occur until there are increased revenues or reduced expense that would allow this shift without a property tax impact.

BB. COMMERCIAL AND INDUSTRIAL DEVELOPMENT

GUIDELINE

Current City, commercial and industrial development efforts should be continued to (a) preserve current jobs and create new job opportunities and (b) enlarge and diversify the economic base. Financing these efforts and programs should continue to be a high priority.

CC. HOUSING

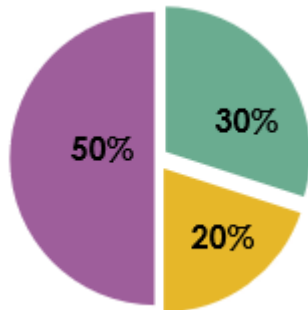
GUIDELINE

To maintain an adequate supply of safe and decent housing, the City should strive to preserve existing single family and rental housing that is not substandard and provide opportunities for development of new housing, including owner occupied, within the City's corporate limits for all residents, particularly for people of low and moderate income. Workforce rental housing is becoming increasingly important and the City provides incentives for building rehabilitations. In 2023, the City Council adopted housing incentive programs through the use of Tax Abatement and Tax Increment Financing.

DD. SALES TAX

GUIDELINE

Sales Tax revenue shall be used according to the following split:



Sales Tax 50%: Property Tax Relief

Sales Tax 30%:

- (a) The reduction by at least 75% of street special assessments.
- (b) The maintenance and repair of streets.

Sales Tax 20%:

- (a) The upkeep of City-owned property such as sidewalks, steps, storm sewers, walls, curbs, traffic signals and signs, bridges, buildings, and facilities (e.g. Airport, Five Flags Center, Library, Law Enforcement Center, City Hall, Fire Stations, Parks, and Swimming Pools).
- (b) Transit equipment, such as buses
- (c) Riverfront and wetland development
- (d) Economic Development Projects

EE. NET CASH PROCEEDS (SURPLUS DISTRIBUTION) FROM THE DUBUQUE RACING ASSOCIATION

DISCUSSION

The contract with the Dubuque Racing Association calls for distribution at the end of its fiscal year, December 31st, of 50 percent of its net cash operating funds to the City of Dubuque. In early-February, the City receives payment of proceeds to be distributed. These proceeds are then allocated for capital improvements, with the highest priority given to reducing the City's annual borrowing.

The Dubuque Racing Association provides the City with projections of future distributions. Since gaming is a highly volatile industry, the estimates are discounted prior to including them in the City's Five-Year CIP.

The February 2026 DRA distributions will be used in Fiscal Year 2026 to fund the implementation of the classification and compensation study and non-recurring improvement packages. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2026 operations. A change from past use of DRA distributions, 0% of the February 2026 projections of operating surplus have been anticipated as resources to support the Fiscal Year 2026 capital improvement projects. The estimates received from the DRA will be reduced by 5 percent for FY 2028 resources, 10 percent for FY 2029, and 15 percent for FY 2030 resources, to provide a margin of error in case the estimates are not realized.

GUIDELINE

\$1,258,831 of February 2026 DRA distributions will be used for FY2026 non-recurring improvement packages and implementation of the classification and compensation study. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2026 operations. In Fiscal Year 2026 and beyond, the City anticipates distribution of a significant amount of net cash proceeds for use in the Capital Improvement Program. These amounts will be budgeted in the Five-Year CIP in the year they are received and will be used to reduce required General Obligation borrowing. The three out-years will be discounted by 5 percent, 10 percent, and 15 percent respectively.

FF. EMPHASIS ON INITIATIVES THAT REDUCE FUTURE OPERATING BUDGET EXPENSE

GUIDELINE

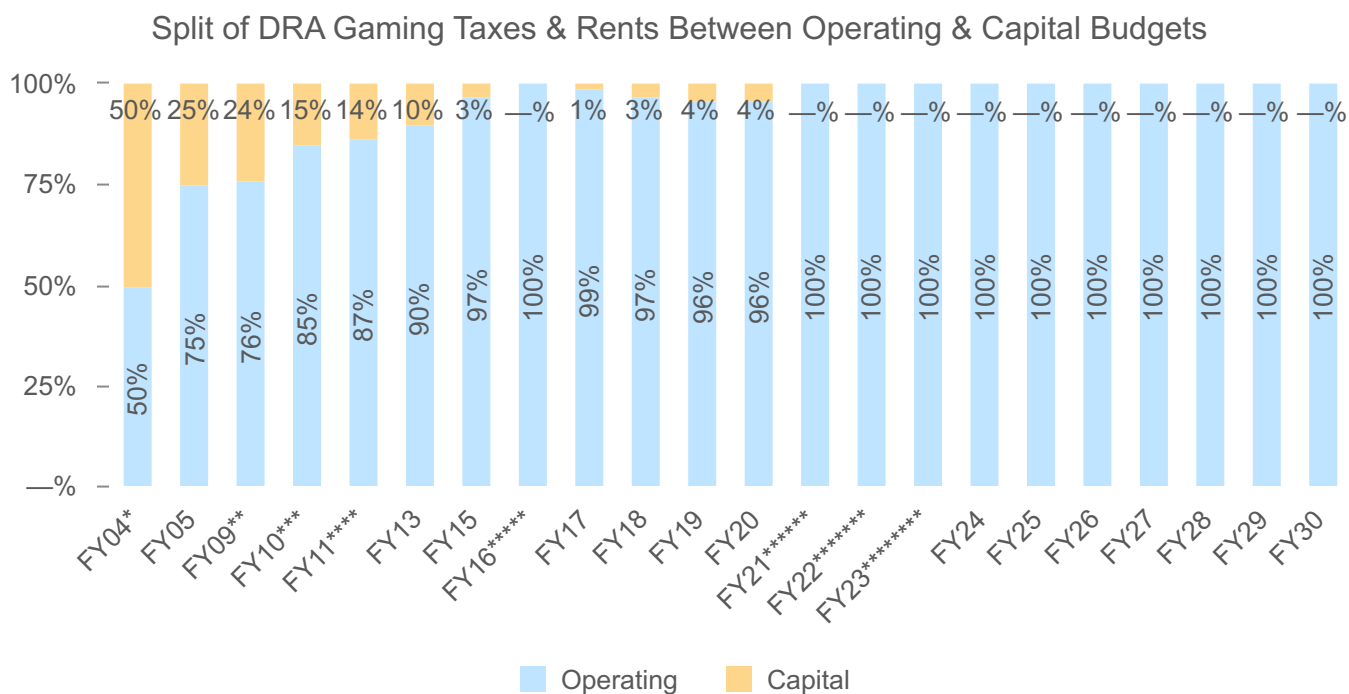
Capital improvement expenditures that will reduce future maintenance and operating expense will receive priority funding and these types of initiatives will be encouraged in all departments and funding sources as a means of maximizing the use of available resources. This emphasis reflects fiscally responsible long-range planning efforts.

GG. USE OF GAMING-RELATED RECEIPTS

DISCUSSION

On December 14, 2021, an amended lease took effect with the Dubuque Racing Association for lease of the Q Casino. This lease amendment raised the lease payment from 1% of coin-in to 1.5% of coin-in. The amendment increased the amount retained by the DRA for the operating budget reserve from 5% to 10%. The lease amendment eliminates the \$10,000 per month DRA payment to the Depreciation and Improvement Fund for facility maintenance. In addition, the distribution of net profit is now split three ways between the City, charities, and the Schmitt Island Master Plan Implementation from a two-way split between the City and charities. The amended lease has an expiration date of December 31, 2055.

The following shows the historical split of DRA gaming taxes and rents between the City's operating and capital budgets:



Notable Changes:

* **FY 2004** A new lease took effect with the Dubuque Racing Association for lease of the Dubuque Greyhound Park and Casino. This new lease was negotiated after the FY 2005 budget was approved and raised the lease payment from ½% of coin-in to 1% of coin-in. This new lease and the expansion of gaming at Dubuque Greyhound Park and Casino, from 600 gaming positions to 1,000 gaming positions, effective August 1, 2005, provided additional revenues to the City of Dubuque.

** **FY 2009** The Diamond Jo expanded to a land-based barge casino facility and increased to 1,100 slots on December 1, 2008. This expansion was projected to decrease the Q gaming market and correspondingly the coin-in by just over 21 percent. Based on the projected market share loss, the City did not receive a distribution of cash flows from the Dubuque Racing Association (DRA) in Fiscal Years 2009 and 2010.

*** **FY 2010** The operating portion of the split now includes the debt service required on the 2002 general obligation bonds for the America's River Project that was previously considered as part of the capital portion of the DRA lease. Debt obligations are considered a continuing annual expense and are more accurately reflected as part of the operating portion of the DRA lease.

**** **FY 2011** DRA distributions restarted in FY 2011 instead of the projected year of FY 2012.

***** **FY 2016** A reduction in revenue in the Greater Downtown TIF urban renewal area resulted in reduced revenues to make debt payments and it was necessary for the general fund to support \$84,104 in FY 2015 and \$78,242 in FY 2016 of debt service payments, which were funded by reducing the amount of gaming revenues from taxes and DRA lease that goes to capital recommended in FY 2016.

***** **FY 2021** A lease amendment took effect with the Dubuque Racing Association for the lease of the Q Casino. This lease amendment added a payment equal to ½% of monthly sports wagering conducted on Q Sportsbook retail or Q advance deposit sports wagering internet site.

***** **FY 2022** A lease amendment took effect with the Dubuque Racing Association for lease of the Q Casino. This lease amendment raised the lease payment from 1% of coin-in to 1.5% of coin-in. The amendment increased the amount retained by the DRA for the operating budget reserve from 5% to 10%. The lease amendment eliminates the \$10,000 per month DRA payment to the Depreciation and Improvement Fund for facility maintenance. In addition, the amended lease has an expiration date of December 31, 2036.

***** **FY 2023** A lease amendment took effect with the Dubuque Racing Association for lease of the Q Casino. This lease amendment extended the termination date from 2036 to 2055. The amendment allows \$1.5 million of cash reserve fund as a down payment of a construction loan in FY23.

The change in market share and changes in the lease agreement impacts the City's lease payment from the DRA. The new lease effective 1/1/22 requires the DRA to pay the City 1.5 percent of coin in from slot machines, 4.8 percent of gross revenue from table games, and 0.5 percent of sports wagering.

In calendar year 2024, the DRA saw a decline of -4.85% in gross gaming revenues, while Diamond Jo experienced a slight increase of +1.61% compared to 2023. The Dubuque market in 2024 was approximately \$122.6 million annually, showing a decrease of -0.8% from the \$123.6 million market in 2023. This decline was expected due to construction disruptions throughout the year. The DRA's gross gaming revenue was significantly impacted by redevelopment work on the property, which continued throughout the year. Additionally, the main highway leading to our facility was closed for extended repairs. An exit ramp that was initially scheduled for a brief closure ended up being closed for several months, further affecting traffic and access.

Despite these challenges, the DRA saw growth in other areas in 2023, including food and beverage sales, as well as new revenue from the opening of the Island Social (Family Entertainment Center) and the new banquet event space. However, total gross revenue for the DRA in 2024 was down -4.2% compared to 2023.

Looking ahead, the DRA has projected an increase of +11% in gross gaming revenue and +12% in total gross revenue for calendar year 2025. This growth is primarily attributed to the ongoing redevelopment efforts. Over the next five years, the DRA expects gaming revenue growth rates of +3.4% in FY 2026, +3.3% in FY 2027, a decline of -2.0% in FY 2028, and +2.1% in FY 2029. Total gross revenue projections include a +13% increase in FY 2026, +4% in FY 2027, a decline of -0.4% in FY 2028, and +2.5% in FY 2029. The expected growth in FY 2026 will be supported by the opening of the Key Hotel and rooftop restaurant.

In February 2025, the IRGC granted a casino license to Linn County (Cedar Rapids). Our five-year budget forecast indicates that the Linn County casino will become operational in calendar year 2027/2028.

Illinois passed legislation in 2019 allowing six additional casinos, sports betting, and increased Video Lottery Terminals (VLTs) throughout the state. The closest casino to our market is in Rockford. The Rockford City Council voted on October 7, 2019, to approve the Hard Rock Casino as the city's choice. On November 10, 2021, Hard Rock opened its temporary casino with 635 slot machines and Electronic Table Games. The permanent Hard Rock Casino in Rockford opened on August 29, 2024, featuring 1,300 slots and live table games. The 250-room hotel is projected to open in late 2025.

Additionally, the Ho-Chunk Nation plans to construct a \$405 million casino and hotel resort in Beloit, Wisconsin, in two stages. The casino is scheduled for completion by June 2026, with the 18-story, 312-room hotel and 75,000-square-foot conference center slated for completion in 2027.

The 50¢ per patron tax previously received from the Diamond Jo was replaced by a \$500,000 fixed payment based on their revised parking agreement which expires June 16, 2029.

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
RECURRING DECISION PACKAGE COSTS - General Fund						
Airport	Convert two Part-time 1.5 FTE NA-44 Customer Service Representative positions to one full-time FTE 1.0 G-25C Administrative Support Professional position	R		\$ (458)		\$ (458)
Airport	Additional costs for general advertising; currently entire advertising budget is for the State of Iowa Service Grant	R		\$ 10,000		\$ 10,000
Airport	Purchase of an airfield deice brining system. This portion is costs savings. Also includes a non-recurring portion	R		\$ (6,500)		\$ (6,500)
City Attorney	Creating Assistant Attorney I position (1.00 FTE, GE-37). Also includes a non-recurring portion of technology	R		\$ 131,484	\$101,322	\$ 30,162
City Manager's Office	Professional development for Employee Resource Groups, including speakers or conferences,	R		\$ 15,000	\$ 11,559	\$ 3,441
City Manager's Office	Professional development for the City Manager's Office Administrative Assistants (two positions). If approved, this package would allow each Administrative Assistant to travel to one annual training event	R		\$ 6,000	\$ 4,624	\$ 1,376
City Manager's Office	Upgrade Director of Strategic Partnerships from 0.75 FTE (GE-44) to 1.00 FTE (GE-44), This would be an increase of 0.25 FTE Combine two current positions--the Grant Analyst position (1.00 FTE, GE-27) and the ICMA Management Fellow position (1.00 FTE, GE-29)--into one new position, which would be the Management/Grant Analyst (1.00 FTE, GE-29). This would be a decrease of 1.00 FTE In total, this would be a net decrease of 0.75 FTE. In addition, the net cost is \$0 Cost of new position structure: \$300,524 Less cost of old position structure: \$285,353 Less other CMO funding identified to fill the gap (education and travel/conferences): \$15,171	R		\$ —	\$ —	\$ —
Communications Office	ArcGIS Indoor Maps software to model indoor spaces. Software needed to begin projects, including an existing CIP	R		\$ 18,500	\$ 12,715	\$ 5,785
Communications Office	Addition of 1.00 FTE (GE-33) GIS Developer to the GIS (Geographic Information System) Office. Also has a non-recurring component for technology (computer, etc.)	R		\$ 103,188	\$ 70,920	\$ 32,268
Communications Office	Addition of 1.00 FTE (GE-30) GIS Applications Specialist to the GIS (Geographic Information System) Office. Also has a non-recurring component for technology (computer, etc.)	R		\$ 89,993	\$ 61,851	\$ 28,142
Communications Office	Subscription to ArcGIS Hub Premium software	R		\$ 8,000	\$ 5,498	\$ 2,502
Communications Office	Addition of a 1.00 FTE (GE-30) GIS Data Analyst to the GIS (Geographic Information System) Office	R		\$ 89,993	\$ 61,851	\$ 28,142

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Communications Office	This improvement package request is for a online form solution to accept electronic form submittals for grant and assistance applications, some licenses and permits, resident feedback, and more through the City website. Also includes a non recurring portion of \$5,000 for one time implementation fees	R		\$ 15,000		\$ 15,000
Communications Office	This improvement package request is integrate an artificial intelligence (AI)-based chat solution into the City website to offer the option of automated customer service. This service would provide smart text messaging, web chat, and interactive text alerts for residents and stakeholders. Also includes a non-recurring portion of \$7990 for implementation	R		\$ 16,650		\$ 16,650
Communications Office	This improvement package request is integrate an artificial intelligence (AI)-based chat solution into the City website to offer the option of automated customer service. This service would provide smart text messaging, web chat, and interactive text alerts for residents and stakeholders. Also contains a non-recurring portion for implementation costs	R		\$ 16,650		\$ 16,650
Community Impact	Establishes the first program in the Equitable Fine and Fee initiative by providing the resources to launch the Community Impact Service Program, will focus on utility billing fines and fees, allow customers to preform service in lieu of financial payment for utility bills	R		\$ 30,000		\$ 30,000
Community Impact	Increasing the City's funding for salary and benefits for the Community Impact Full-Time Administrative Assistant position (increase of 0.37 FTE). The position currently exists as a full time position (1.00 FTE, GE-25). This position was partially funded by a grant that is no longer available due to no fault of the City	R		\$ 26,497		\$ 26,497
Community Impact	Create a new part time AmeriCorps Program Supervisor position (0.75 FTE, GE-25). This position will work directly with other host site supervisors to help strengthen relationships with community partners to ensure proper compliance and support is provided to our members in relation to the AmeriCorps Grant.	R		\$ 39,166		\$ 39,166
Economic Development	Addition of an Economic Development Financial and Project Specialist 1.00 FTE GE-31. Includes a non-recurring portion for technology	R		\$ 86,215	\$ 64,661	\$ 21,554
Economic Development	Addition of an Economic Development Project Coordinator 1.00 FTE GE-30. Includes a non-recurring portion for technology	R		\$ 82,486		\$ 82,486
Economic Development	An increase in the stipend paid to artists who are chosen to display sculptures on the riverfront. Raising the stipend will directly affect the ability of artists to secure materials, resulting in an increased number of diverse and minority artist participants.	R		\$ 2,200		\$ 2,200
Economic Development	Purchase of additional printing costs for the Art on the River brochures and translation services. This includes translation from English to Spanish and Marshallese for both the brochures as well as the Otocast recordings with the intent to be more inclusive of Dubuque's diverse population	R		\$ 1,454		\$ 1,454
Emergency Communications	Remove two vacant part-time Dispatcher positions (0.47 FTE each for a total of 0.94 FTE, OE-15) and replace them with a full-time Dispatcher position (1.00 FTE, OE-15).	R		\$ 16,142	\$ 8,071	\$ 8,071

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Emergency Communications	Purchase a paid version of a program called Prepared Assist - Unlimited, which would include features like two way text for dispatchers, the ability to received live video and pictures, and live auditor translation in 19 languages and texting translation in 140 languages. Includes recurring cost of \$25,350 and non-recurring cost of \$5,000 for one time implementation	R		\$ 25,350		\$ 25,350
Engineering	Department reorganization. Combine 2 0.73 FTE Inflow & Infiltration part-time positions into a 1.0 FTE Inflow & Infiltration full-time position and add 0.73 FTE Sidewalk Inspector	R		\$ 52,575		
Engineering	Funding to allow the Engineering Department to serve as a host site for an AmeriCorps member through the AmeriCorps program administered by the City of Dubuque. The Engineering department has hosted an AmeriCorps member in the past, but a dedicated budget has not existed for it	R		\$ 15,000		\$ 15,000
Engineering	Fund request from East Central Intergovernmental Association (ECIA) for an additional \$20,000 in local match funding for STREETS project. These matching planning funds are utilized to aid the engineering department with special projects and grants.	R		\$ 20,000		\$ 20,000
Finance	A bilingual, self-service payment kiosk providing residents with an around the clock bill payment solution. The kiosk can be installed indoors or outdoors. Also includes a non-recurring portion of \$40,000	R		\$ 8,000	\$ 8,000	\$ —
Fire	Software for property preplanning to use for fire responses.	R		\$ 5,250		\$ 5,250
Fire	Data analytics software solution to analyze risk data to support risk reduction and risk management plans	R		\$ 20,000		\$ 20,000
Fire	Add a Firefighter position, 1.00 FTE, F-01 to reach appropriate staff levels for frontline fire suppression vehicles (two positions requested in FY26, this is request 1 of 2)	R		\$ 100,646		\$ 100,646
Fire	Add a Firefighter position, 1.00 FTE, F-01 to reach appropriate staff levels for frontline fire suppression vehicles (two positions requested in FY26, this is request 2 of 2)	R		\$ 100,646		\$ 100,646
Health Services	Microchip implantation program for animals brought to the Humane Society	R		\$ 5,000		\$ 5,000
Health Services	Low cost rabies vaccinations for low income pet owners	R		\$ 5,000		\$ 5,000
Health Services	2 staff to attend NEHA Conference	R		\$ 2,063		\$ 2,063
Health Services	1 employee to attend the Emergency Preparedness Summit	R		\$ 4,810		\$ 4,810
Health Services	1 employee to attend the IAEM (Intl Assoc of Emergency Managers) Conference	R		\$ 2,100		\$ 2,100
Housing & Community Development	Increase financial assistance to ensure Community Solutions of Eastern Iowa (CSEI) is able to continue to staff and manage the Housing Hotline	R		\$ 35,000		\$ 35,000
Housing & Community Development	1 employee to attend the AACE Conference.	R		\$ 2,000		\$ 2,000
Human Resources	Establish a Leadership Institute for City of Dubuque employees. A series of courses designed to build and strengthen skills necessary to perform at the highest levels of the City of Dubuque Universal Competencies and behave consistently with the City's values as set forth in the SPIRIT statement.	R		\$ 20,000	\$ 15,412	\$ 4,588
Human Resources	Increase the amount of annual funding available through the City's Tuition Reimbursement Program. This will allow for accepting new applicants into the program in FY 2026.	R		\$ 25,000	\$ 19,265	\$ 5,735

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Human Resources	Additional branding supplies and outreach giveaways for the City of Dubuque at recruitment fairs, job fairs, and other city-wide events to help promote career opportunities and the overall City of Dubuque brand.	R		\$ 1,000	\$ 771	\$ 229
Human Resources	Establish a conferences budget (enough for two conferences) for the Employee Relations Manager Positions. Currently no conference budget for that position.	R		\$ 5,000	\$ 3,853	\$ 1,147
Human Resources	Employment Specialist position from 0.75 FTE to 1.0 FTE	R		\$ 31,481	\$ 24,259	\$ 7,222
Human Resources	Funding to allow the Administrative Assistant position to attend the Office Dynamics International conference each year	R		\$ 2,000	\$ 1,541	\$ 459
Information Technology	Purchase of 100 licenses of Microsoft Copilot to enhance productivity	R		\$ 36,000		\$ 36,000
Information Technology	Hire an additional User Technology Specialist 1.0 FTE. Also includes a non-recurring portion for technology	R		\$ 85,494		\$ 85,494
Information Technology	To provide ongoing training annually for help desk and user technology specialist staff at the Tyler Conference, Neogov HRIS conference and local training conferences.	R		\$ 13,000		\$ 13,000
Information Technology	To provide ongoing training for two Senior Network/System Administrators and Chief Information Technology Security Officer	R		\$ 21,000		\$ 21,000
Information Technology	Purchase compact rapid deployable system (CRD system), which delivers cellular and high speed internet anywhere communications are needed. Also includes a non-recurring portion for initial purchase	R		\$ 3,000		\$ 3,000
Library	Replace the 0.5 FTE NA-38 intern position with a 0.5 FTE G-25 Library Assistant to be added to the Information Technology activity to support increased usage of the Maker Space	R		\$ 5,587		\$ 5,587
Library	Replace 1.0 FTE G-30 Library Aide-Adult Services to 1.0 FTE G-32 Librarian I	R		\$ 10,416		\$ 10,416
Library	Replace 1.0 FTE G-30 Library Aide-Youth Services to 1.0 FTE G-32 Librarian I	R		\$ 10,416		\$ 10,416
Library	Replace 1.0 FTE G-30 Library Aide-Teen Services to 1.0 FTE G-32 Librarian I	R		\$ 10,416		\$ 10,416
Multicultural Family Center	Create a new part-time Teen Night Specialist position at the Multicultural Family Center (0.75 FTE, NA-25). This position will provide support to the teen program and is critical to ensuring a structured, engaging, and secure environment for the growing number of teens participating in these popular evening programs.	R		\$ 40,197		\$ 40,197
Parks	Addition of 1.00 FTE Full Time Maintenance Technician (GD-06) for the Bee Branch Greenway, which would be partially offset by the elimination of 0.11 FTE Temporary Groundskeeper position (NA-12) and elimination of 0.50 FTE Temporary Landscape Crew position (NA-12). Contains parts in the Stormwater Fund as well	R		\$ (20,490)		\$ (20,490)
Parks	Addition of 1.00 FTE Full Time Forestry Technician (GD-06), which is offset by eliminating a 0.50 FTE Temporary Forestry Laborer Position (GD-06)	R		\$ 43,638		\$ 43,638
Parks	Addition of 1.0 FTE GD-06 Parks Maintenance position, which would be partially offset by the elimination of 0.96 FTE Temporary Parks Groundkeeper position	R		\$ 42,791		\$ 42,791
Parks	Addition of 1510 hours 0.72 FTE for Temporary Park Rangers during the park season	R		\$ 38,233		\$ 38,233
Parks	Funding to send Park Division Forestry staff to an out of town conference	R		\$ 1,731		\$ 1,731
Police	Costs to send 1/3 of each ERG to conferences annually.	R		\$ 20,000		\$ 20,000
Police	Recurring subscription cost of virtual driving training software	R		\$ 5,400		\$ 5,400
Police	Upgrade of 7 gas only cars to hybrid cars	R		\$ 52,668		\$ 52,668

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Planning	Zoning Enforcement Officer to attend the Iowa Association of Code Enforcement Officials (lowACE) Conference Annually.	R		\$ 800	\$ 550	\$ 250
Planning	Funds for an additional planner position to attend the National American Planning Association Conference (APA).	R		\$ 3,000	\$ 2,062	\$ 938
Planning	This improvement package request is to increase fees for multiple Planning and Zoning Applications by 2% to accurately reflect the cost of service after deep analysis of current costs. These changes will create an additional \$1,533 in revenue each year. This improvement package furthers the City Council goal of Financially Responsible, High-Performance City Organization: Sustainable, Equitable, and Effective Service Delivery.	R		\$ —	\$ 1,533	\$ (1,533)
Public Works	Centralize and expand camera/Automatic Vehicle Location (AVL) capabilities to the entire city-wide fleet. AVL systems allow for real-time GPS tracking of all fleet vehicles, providing complete visibility over vehicle locations, routes, and status. This enables fleet managers to optimize route planning, reduce fuel consumption, and improve delivery times. The cost of this package is in the garage fund, with cost savings in the general fund, road use tax fund, sanitary sewer fund, and stormwater fund	R		\$ (4,080)		\$ (4,080)
Public Works	Purchase single point operation point monitoring. These devices can be utilized on construction sites, snow and ice operations, flood monitoring, and more. This allows for notifications to be sent if an unexpected operational concern arise and also allows for remote monitoring resulting in a decrease in overtime costs for certain operations as it relates to security of job sites and other operations	R		\$ (2,250)		\$ (2,250)
Public Works	This improvement package would provide funding to recognize Public Works employees, such as City SWAG, additional leave time, etc.	R		\$ 1,249		\$ 1,249
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 961		\$ 961
Public Works	Centralize and expand camera/Automatic Vehicle Location (AVL) capabilities to the entire city-wide fleet. AVL systems allow for real-time GPS tracking of all fleet vehicles, providing complete visibility over vehicle locations, routes, and status. This enables fleet managers to optimize route planning, reduce fuel consumption, and improve delivery times. The cost of this package is in the garage fund, with cost savings in the general fund, road use tax fund, sanitary sewer fund, and stormwater fund	R		\$ (23,160)		\$ (23,160)
Public Works	Purchase single point operation point monitoring. These devices can be utilized on construction sites, snow and ice operations, flood monitoring, and more. This allows for notifications to be sent if an unexpected operational concern arise and also allows for remote monitoring resulting in a decrease in overtime costs for certain operations as it relates to security of job sites and other operations	R		\$ 7,605		\$ 7,605
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 3,512		\$ 3,512
Public Works	Add two full-time Utility Worker Positions (2.00 FTE, GD-05). These positions would provide flagger safety to street and sewer maintenance operations. y hiring 2.00 FTEs, this would allow the city to take on more hauling, and the Port of Dubuque parking lots internally, instead of outsourcing.	R		\$ 113,630		\$ 113,630

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Public Works	This improvement package would purchase vehicle safety kits (first aid, thermal blankets, sunscreen, etc.) for each vehicle in the Public Works fleet.	N		\$ 6,600		\$ 6,600
Public Works	Centralize and expand camera/Automatic Vehicle Location (AVL) capabilities to the entire city-wide fleet. AVL systems allow for real-time GPS tracking of all fleet vehicles, providing complete visibility over vehicle locations, routes, and status. This enables fleet managers to optimize route planning, reduce fuel consumption, and improve delivery times. The cost of this package is in the garage fund, with cost savings in the general fund, road use tax fund, sanitary sewer fund, and stormwater fund	R		\$ 125,000		\$ 125,000
Public Works	Increase the tool allowance for each Fleet Maintenance Technician. The fleet operations assessment recommends the best practice is to provide a \$750 annual tool allowance for mechanics required to provide and keep their own tools at work.	R		\$ 4,500		\$ 4,500
Public Works	Funding for the purchase of steel toe boots for Fleet Maintenance staff, increasing safety. The fleet operations assessment recommends providing an annual boot allowance for mechanics' safety. With this shoe allowance, a policy on shoe specifications will be developed utilizing partnerships with private and other public entities' requirements.	R		\$ 880		\$ 880
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 287		\$ 287
Public Works	Extend the asphalt overlay program from 8 miles to 10 miles.	R		\$ 256,170	\$ 20,000	\$ 236,170
Recreation	\$700 increase in education funding for two supervisor level positions and the addition of \$2,200 in education funding for the new Business Development Manager position	R		\$ 3,600		\$ 3,600
Recreation	As hiring is still expected to be a challenge in future years, this request seeks to increase the Recreation advertising line item by \$25,000 on a recurring basis.	R		\$ 25,000		\$ 25,000
Recreation	Option 1 of 2 for Four Mounds Summer Camp: Permanent funding to continue to support the Four Mounds Adventure Day Camp--CDBG funding is no longer available. Option 2 of 2 is in the non-recurring section.	R		\$ 57,000		\$ 57,000
Recreation	Increase of \$1 in golf fees and cart rentals	R			\$ 48,000	\$ (48,000)
Recreation	Increase the Golf Pro Position from 0.94 FTE to 1.00 FTE. The current Part Time position already has Health Care and Life Insurance as the position was contracted. This requests changes the position to be a normal City Employee	R		\$ 4,278		\$ 4,278

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Transportation Services	Funding to create a new part-time Bus Attendant Position (0.50 FTE, GE-23A). This position is needed due to safety concerns with student on the afternoon buses. Student ridership continues to increase, which also results in increases in safety concerns and distractions for driver.	R		\$ 25,484		\$ 25,484
TOTAL GENERAL FUND RECURRING PACKAGES				\$2,315,144	\$548,318	\$1,714,251
NON-RECURRING DECISION PACKAGE COSTS						
Airport	Purchase of 4 column lifts to provide a safe lifting environment when repairing large snow removal equipment/vehicles.	N		\$ 59,950		\$ 59,950
Airport	Purchase of an airfield deice brining system. This portion is for initial purchase of system	N		\$ 11,330		\$ 11,330
Airport	Purchase of a second terminal belt loader.	N		\$ 28,000		\$ 28,000
City Attorney	Creating Assistant Attorney 1 position. 1.0 FTE. This is the technology portion	N		\$ 5,590	\$ 4,308	\$ 1,282
City Manager's Office	Funding to update the 2011 Urban Foresti Evaluation	N		\$ 37,500	\$ 28,898	\$ 8,603
City Manager's Office	Establishing bike infrastructure policies, executing a cross-departmental implementation agenda, and creating and executing an alternative transportation education and communication campaign. If improvement package for permanent Climate Action Coordinator Position is not funded, then this package is not needed as there will not be capacity to implement	N		\$ 26,450	\$ 20,382	\$ 6,068
City Manager's Office	Make the Climate Action Coordinator position permanent, or at least extend one more year, which is currently limited term and set to expire at the end of FY25. This reflected non-recurring funding to help offset the cost in FY26 (\$12,000 through a grant, and \$48,911 in FY25 carryovers related to vacancy savings from the time period that the position was not filled).	N		\$ 46,148	\$ 38,315	\$ 7,833
Communications Office	Addition of 1.00 FTE (GE-33) GIS Developer to the GIS (Geographic Information System) Office. This is non-recurring technology (computer, etc.)	N		\$ 5,308	\$ 3,648	\$ 1,660
Communications Office	Addition of 1.00 FTE (GE-30) GIS Applications Specialist to the GIS (Geographic Information System) Office. This is non-recurring technology (computer, etc.)	N		\$ 5,308	\$ 3,648	\$ 1,660
Communications Office	Addition of a 1.00 FTE (GE-30) GIS Data Analyst to the GIS (Geographic Information System) Office. This is non-recurring technology (computer, etc.)	N		\$ 5,308	\$ 3,648	\$ 1,660
Communications Office	Office space remodeling to accommodate new GIS (Geographic Information System) Office positions requested	N		\$ 25,000	\$ 17,183	\$ 7,818
Communications Office	Online form solution to accept electronic form submittals for grant and assistance applications, some licenses and permits, resident feedback, and more through the City website. This is non-recurring implementation fees	N		\$ 5,000		\$ 5,000
Communications Office	This improvement package request is integrate an artificial intelligence (AI)-based chat solution into the City website to offer the option of automated customer service. This service would provide smart text messaging, web chat, and interactive text alerts for residents and stakeholders. This is non-recurring portion for implementation	N		\$ 7,990		\$ 7,990

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Communications Office	This improvement package request is integrate an artificial intelligence (AI)-based chat solution into the City website to offer the option of automated customer service. This service would provide smart text messaging, web chat, and interactive text alerts for residents and stakeholders. This is one time implementation costs	N		\$ 7,990		\$ 7,990
Community Impact	Four public computers to enhance the Office of Community Impact's ability to connect residents with critical resources.	N		\$ 10,600		\$ 10,600
Conference Center	The addition of 10 cameras in the public areas of the Grand River Center. No security cameras are in the public space, entrances or exits. This project includes cameras, cabling and installation.	N		\$ 50,000		\$ 50,000
Economic Development	Addition of an Economic Development Financial and Project Specialist 1.00 FTE GE-31. This is non-recurring portion for technology	N		\$ 4,590	3442.5	\$ 1,148
Economic Development	Addition of an Economic Development Project Coordinator 1.00 FTE GE-30. This is non-recurring portion for technology	N		\$ 4,590		\$ 4,590
Emergency Communications	Purchase a paid version of a program called Prepared Assist - Unlimited, which would include features like two way text for dispatchers, the ability to received live video and pictures, and live auditor translation in 19 languages and texting translation in 140 languages. This portion is non-recurring cost of \$5,000 for one time implementation	N		\$ 5,000		\$ 5,000
Emergency Communications	Purchas a laptop, mouse, and backpack for Public Safety dispatchers to use for required courses/certifications that are now offered online and require a quiet space/location	N		\$ 2,500		\$ 2,500
Engineering	Upgrade an existing smaller 2 Wheel Drive truck (unit 911) to a full size 4 Wheel Drive pickup truck. The current smaller truck struggles to get around with poor or wet project site conditions and not safe when trying to navigate snow-packed roads for sidewalk inspections in the winter on Dubuque's hills and side streets.	N		\$ 19,000		\$ 19,000
Finance	A bilingual, self-service payment kiosk providing residents with an around the clock bill payment solution. The kiosk can be installed indoors or outdoors. This is the one time portion for implementation cost	N		\$ 40,000	\$ 40,000	\$ —
Fire	Funding to accommodate the Center for Public Safety Excellence (CPSE) site visit. Includes lodging/accommodations, flight, per diem, transportation, and other minor costs associated with the site visit.	N		\$ 9,800		\$ 9,800
Health Services	Hire a company to wrap the Animal Control truck with graphics/design to make the truck more vibrant and welcoming.	N		\$ 2,500		\$ 2,500
Housing & Community Development	Purchase of a computer kiosk and scanner at the Federal Building for Inspection & Construction Services for residents to submit permit applications online	N		\$ 5,400		\$ 5,400
Housing & Community Development	Switch to laptop computers with docking stations as opposed to desktop computers for inspectors.	N		\$ 2,000		\$ 2,000
Human Resources	The purchase of City of Dubuque shirts. The shirts consist of polos and long sleeve shirts with an embroidered "City of Dubuque Masterpiece on the Mississippi" logo and the text "Human Resources Department."	N		\$ 875	\$ 674	\$ 201
Human Resources	Provide Crucial Conversations training (including lunch) to all City Staff. This would train 108 employees a year for five years. There would be four four-hour classes and includes course materials as well.	N		\$ 25,488	\$ 19,641	\$ 5,847

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Information Technology	Hire an additional User Technology Specialist 1.0 FTE. Technology for the position. This is the technology portion	N		\$ 2,900		\$ 2,900
Information Technology	Purchase of a fluke optical time domain reflectometer (ODTR) tester. An OTDR tester is necessary for analyzing fiber optic cable performance from end to end by testing components along the cable, including connection points, bends, and splices. The device would also indicate strength of the signal to distance intended.	N		\$ 29,000		\$ 29,000
Information Technology	Provide for secure storage for the new offices at the Chavenelle site. The existing site has little to no storage included.	N		\$ 10,000		\$ 10,000
Information Technology	Purchase compact rapid deployable system (CRD system), which delivers cellular and high speed internet anywhere communications are needed. This is the portion for initial purchase	N		\$ 34,997		\$ 34,997
Office of Equity & Human Rights	Purchase a bus wrap and implement a social media campaign to advertise the existence of this department.	N		\$ 5,875		\$ 5,875
Office of Equity & Human Rights	Implement a new program called "Bridge Building for a New Dubuque"	N		\$ 8,750		\$ 8,750
Parks	Installation of network switches and additional equipment at Veterans Memorial Park and the Eagle Point Park tollbooth.	N		\$ 25,000		\$ 25,000
Parks	Equipment trailer for the Park Division. This trailer will be used to transport the Park Division's mini excavator. Currently the Park Division has to borrow a trailer from the Public Works Department when it is available to transport the mini excavator.	N		\$ 24,000		\$ 24,000
Planning	The purchase of bike gear to be distributed to youth through the Dubuque Safe Routes to School committee. This is a partnership between the City of Dubuque, Dubuque Community School District, Dubuque Metropolitan Area Transportation Study (DMATS), the Bike Coop, and the Iowa Safe Routes to School program	N		\$ 563	\$ 387	\$ 176
Planning	Sending the Assistant Planner to Leadership Dubuque.	N		\$ 1,525	\$ 1,048	\$ 477
Planning	Sending the Planning Technician to Dale Carnegie training.	N		\$ 2,350	\$ 1,615	\$ 735
Planning	Purchase of City of Dubuque shirts	N		\$ 480	\$ 330	\$ 150
Police	Purchase of car cameras for patrol vehicles	N		\$ 16,148		\$ 16,148
Police	Keep two squad cars for driver training instead of trading in	N			\$ (22,000)	\$ 22,000
Public Works	Replace the current asphalt roller, powered by diesel, with an electric roller.	N		\$ 40,000		\$ 40,000
Public Works	Funding to support and build reliability and trust within the Public Works Team utilizing Dale Carnegie team building consultant and resources.	N		\$ 26,000		\$ 26,000

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Public Works	Funding to support and team building within the Public Works Team utilizing Dale Carnegie team building consultant and resources.	N		\$ 26,000		\$ 26,000
Recreation	Option 2 of 2 for Four Mounds Summer Camp: One time funding to continue to support the Four Mounds Adventure Day Camp through the summer 2025 season--CDBG funding is no longer available	N		\$ 47,745		\$ 47,745
TOTAL GENERAL FUND NON-RECURRING PACKAGES				760,548	165,168	595,380
ENTERPRISE FUNDS						
Stormwater Fund						
Engineering	Increase the available operating stormwater repair funds due to increased construction costs, increase backlog of deferred maintenance, additional identification of high-risk stormwater management infrastructure requiring immediate repairs, and the observed increase in more intense wet weather events that have further deteriorated existing stormwater infrastructure	R		\$ 50,000		\$ 50,000
Engineering	Upgrade the scheduled FY26 replacement of a current Engineering staff computer from a desktop to a laptop. The City does not allow the use of personal computers and personal mobile phones to remotely access resources directly on the City's network.	N		\$ 1,200		\$ 1,200
Engineering	Delay the scheduled FY 2025 replacement of a current Engineering staff desktop computer and upgrade it to a laptop in FY 2026. To offset the cost of the increase, the staff member has elected to forego their assigned tablet (and tablet data plan) that was also scheduled for replacement in FY 2025.	N		\$ 260		\$ 260
Engineering	Delay the scheduled FY 2025 replacement of a current Engineering staff desktop computer and upgrade it to a laptop in FY 2026. To offset the cost of the increase, the staff member has elected to forego their assigned tablet (and tablet data plan) that was also scheduled for replacement in FY 2025.	R		\$ (480)		\$ (480)
Engineering	Department reorganization. Combine 2 0.73 FTE Inflow & Infiltration part-time positions into a 1.0 FTE Inflow & Infiltration full-time position and add 0.73 FTE Sidewalk Inspector	R		\$ (2,695)		\$ (2,695)
Parks	Addition of 1.00 FTE Full Time Maintenance Technician (GD-06) for the Bee Branch Greenway, which would be partially offset by the elimination of 0.11 FTE Temporary Groundskeeper position (NA-12) and elimination of 0.50 FTE Temporary Landscape Crew position (NA-12). This is the portion in the Stormwater Fund, other portion is in the general fund	R		\$ 77,628		\$ 77,628
Public Works	Centralize and expand camera/Automatic Vehicle Location (AVL) capabilities to the entire city-wide fleet. AVL systems allow for real-time GPS tracking of all fleet vehicles, providing complete visibility over vehicle locations, routes, and status. This enables fleet managers to optimize route planning, reduce fuel consumption, and improve delivery times. The cost of this package is in the garage fund, with cost savings in the general fund, road use tax fund, sanitary sewer fund, and stormwater fund	R		\$ (960)		\$ (960)

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 611		\$ 611
Subtotal Stormwater Fund				\$ 125,564	\$ —	\$ 125,564
Water Fund						
Water	Secure funding for valve maintenance needs that arise due to long periods of time between valve exercising	R		\$ 80,000		\$ 80,000
Subtotal Water Fund				\$ 80,000	\$ —	\$ 80,000
Sanitary Sewer Fund						
Engineering	Add an additional \$128,000 to the available operating sanitary sewer repair funds due to increased construction costs, increase backlog of deferred maintenance, and additional identification of high-risk sewer main requiring immediate repairs through the Asset Management Program	R		\$ 128,000		\$ 128,000
Public Works	Centralize and expand camera/Automatic Vehicle Location (AVL) capabilities to the entire city-wide fleet. AVL systems allow for real-time GPS tracking of all fleet vehicles, providing complete visibility over vehicle locations, routes, and status. This enables fleet managers to optimize route planning, reduce fuel consumption, and improve delivery times. The cost of this package is in the garage fund, with cost savings in the general fund, road use tax fund, sanitary sewer fund, and stormwater fund	R		\$ (1,440)		\$ (1,440)
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 790		\$ 790
WRRRC	Ongoing training for the Industrial Pretreatment Coordinator position within the WRRRC Department.	R		\$ 300		\$ 300
WRRRC	The addition of an intern position at the WRRRC (0.40 FTE, . This intern position would assist the WRRRC director with managing large Capital Improvement Plan (CIP) projects. This internship will charge their time to CIP projects	R		\$ 19,767		\$ 19,767
WRRRC	funding for the City to join the National Association of Clean Water Agencies. NACWA offers strong advocacy and representation at the federal level, ensuring that the city's interests are considered in the development of national regulatory and legislative policies, especially on emerging issues such as PFAS (per- and polyfluoroalkyl substances) and microplastics.	R		\$ 1,100		\$ 1,100
WRRRC	Funding for the WRRRC Director, WRRRC Plant Manager, Industrial Pretreatment Coordinator, and Administrative Support Professional to attend the annual Growing Sustainability Conference held annually in Dubuque.	R		\$ 1,220		\$ 1,220

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
WRRC	Allows for the WRRC Industrial Pretreatment Coordinator to attend the National Association of Clean Water Agencies' annual National Pretreatment Workshop & Training event.	R		\$ 2,850		\$ 2,850
WRRC	The purchase and implementation of SwiftComply, a cloud-based compliance management platform designed to enhance the efficiency and effectiveness of the City of Dubuque's Industrial Pretreatment Program.	R		\$ 18,500		\$ 18,500
WRRC	The purchase and implementation of SwiftComply, a cloud-based compliance management platform designed to enhance the efficiency and effectiveness of the City of Dubuque's Industrial Pretreatment Program.	N		\$ 5,000		\$ 5,000
Subtotal Sanitary Sewer Fund				\$ 176,087	\$ —	\$ 176,087
Solid Waste Fund						
Public Works	Purchase additional 96-Gallon Recycling Carts to support customer requests, and expansion of the Commingled Recycling Diversion Program	N		\$ 31,515		\$ 31,515
Public Works	Purchase additional 65-Gallon Yard Waste and 13-Gallon Food Scraps carts to support expansion of the Organics Diversion Activity	N		\$ 11,600		\$ 11,600
Public Works	Purchase spill cleanup kits for each of the vehicles in the Resource Management fleet. As operations moves toward Automated Curbside Collection, the vehicles require more hydraulic lines which leak. To prevent these leaks from entering the storm water system, we are recommending spill kits be added to all vehicles for drivers to apply to hydraulic leaks, in the field, as they occur.	N		\$ 5,100		\$ 5,100
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 3,243		\$ 3,243
Subtotal Solid Waste Fund				\$ 51,458	\$ —	\$ 51,458

SUMMARY OF ALL IMPROVEMENT PACKAGES						
FISCAL YEAR	2026					
Department	Description	Recurring/Non-Recurring	MVM Y/N	ADDL Expense	ADDL Revenue	Net Tax Impact
Landfill						
Public Works	Increase the number of uniform shirts (short sleeve and long sleeve) from three (3) to six (6) annually and add funding for two (2) stocking caps per employee.	R		\$ 748		\$ 748
Subtotal Landfill Fund				\$ 748	\$ —	\$ 748
TOTAL NON-PROPERTY TAX FUND PACKAGES				\$433,857	\$—	\$433,857
TOTAL IMPROVEMENT PACKAGES ALL FUNDS				\$433,857	\$—	\$433,857

**STATE OF IOWA
DUBUQUE COUNTY**

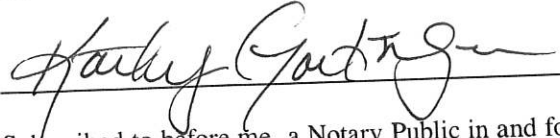
SS:

CERTIFICATE OF PUBLICATION

I, Kathy Goetzinger, a Billing Clerk for Woodward Communications, Inc., an Iowa corporation, publisher of the Telegraph Herald, a newspaper of general circulation published in the City of Dubuque, County of Dubuque and State of Iowa; hereby certify that the attached notice was published in said newspaper on the following dates:

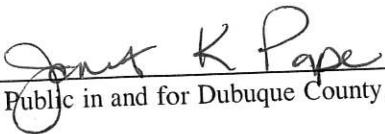
03/07/2025

and for which the charge is 95.93

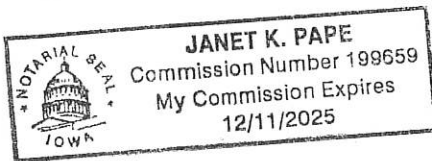


Subscribed to before me, a Notary Public in and for Dubuque County, Iowa,

this 7th day of March, 2025



Notary Public in and for Dubuque County, Iowa.



CITY NAME:
DUBUQUE

NOTICE OF PUBLIC HEARING - CITY OF DUBUQUE -
PROPOSED PROPERTY TAX LEVY
Fiscal Year July 1, 2025 - June 30, 2026

CITY #: 31-288

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:
Meeting Date: 3/25/2025 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)
www.cityofdubuque.org

City Telephone Number
(563) 589-4398

Iowa Department of Management	Current Year Certified Property Tax 2024 - 2025	Budget Year Effective Property Tax 2025 - 2026	Budget Year Proposed Property Tax 2025 - 2026
Taxable Valuations for Non-Debt Service	2,768,051,830	2,893,074,400	2,893,074,400
Consolidated General Fund	21,981,598	21,981,598	22,523,944
Operation & Maintenance of Public Transit	1,913,222	1,913,222	1,901,878
Aviation Authority	0	0	0
Liability, Property & Self Insurance	1,405,063	1,405,063	1,513,396
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)	1,946,134	1,946,134	2,943,009
Other Employee Benefits	0	0	0
Capital Projects (Capital Improv. Reserve)	0	0	0
Taxable Value for Debt Service	3,410,562,613	3,480,914,961	3,480,914,961
Debt Service	284,236	284,236	280,179
CITY REGULAR TOTAL PROPERTY TAX	27,530,253	27,530,253	29,162,406
CITY REGULAR TAX RATE	9.92637	9.49932	10.06372
Taxable Value for City Ag Land	3,420,763	3,458,250	3,458,250
Ag Land	10.275	10.275	10.388
CITY AG LAND TAX RATE	3.00375	2.97116	3.00375
Tax Rate Comparison-Current VS. Proposed			
Residential property with an Actual/Assessed Valuation of \$100,000/\$110,000	Current Year Certified 2024/2025	Budget Year Proposed 2025/2026	Percent Change
City Regular Residential	460	525	14.13
Commercial property with an Actual/Assessed Valuation of \$300,000/\$330,000	Current Year Certified 2024/2025	Budget Year Proposed 2025/2026	Percent Change
City Regular Commercial	2,030	2,346	15.57

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 through \$150,000 of actual/assessed valuation.

Reasons for tax increase if proposed exceeds the current:

Essential wage adjustments for current agreements, upcoming negotiations, and non-represented staff. Also implementation of a classification and compensation study to ensure fair pay and strengthen our workforce, ultimately enhancing the quality of services we provide to the community.

1t 3/7

adno=428970

CITY NAME: NOTICE OF PUBLIC HEARING - CITY OF DUBUQUE - PROPOSED PROPERTY TAX LEVY
DUBUQUE Fiscal Year July 1, 2025 - June 30, 2026

CITY #: 31-288

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date: 3/25/2025 **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)
 www.cityofdubuque.org

City Telephone Number
 (563) 589-4398

Iowa Department of Management	Current Year Property Tax	Certified 2024 - 2025	Budget Year Property Tax	Effective 2025 - 2026	Budget Year Property Tax	Proposed 2025 - 2026
Taxable Valuations for Non-Debt Service		2,768,051,830		2,893,074,400		2,893,074,400
Consolidated General Fund		21,981,598		21,981,598		22,523,944
Operation & Maintenance of Public Transit		1,913,222		1,913,222		1,901,878
Aviation Authority		0		0		0
Liability, Property & Self Insurance		1,405,063		1,405,063		1,513,396
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)		1,946,134		1,946,134		2,943,009
Other Employee Benefits		0		0		0
Capital Projects (Capital Improv. Reserve)		0		0		0
Taxable Value for Debt Service		3,410,562,613		3,480,914,961		3,480,914,961
Debt Service		284,236		284,236		280,179
CITY REGULAR TOTAL PROPERTY TAX		27,530,253		27,530,253		29,162,406
CITY REGULAR TAX RATE		9.92637		9.49932		10.06372
Taxable Value for City Ag Land		3,420,763		3,458,250		3,458,250
Ag Land		10,275		10,275		10,388
CITY AG LAND TAX RATE		3.00375		2.97116		3.00375
Tax Rate Comparison-Current VS. Proposed						
Residential property with an Actual/Assessed Valuation of \$100,000/\$110,000		Current Year 2024/2025		Budget Year 2025/2026		Percent Change
City Regular Residential		460		525		14.13
Commercial property with an Actual/Assessed Valuation of \$300,000/\$330,000		Current Year 2024/2025		Budget Year 2025/2026		Percent Change
City Regular Commercial		2,030		2,346		15.57

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 through \$150,000 of actual/assessed valuation.

Reasons for tax increase if proposed exceeds the current:

Essential wage adjustments for current agreements, upcoming negotiations, and non-represented staff. Also implementation of a classification and compensation study to ensure fair pay and strengthen our workforce, ultimately enhancing the quality of services we provide to the community.

Adrienne Breitfelder

From: Citizen Support Center <dubuqueia@mycusthelp.net>
Sent: Wednesday, March 5, 2025 1:34 PM
To: Adrienne Breitfelder
Subject: "Contact Us" inquiry from City of Dubuque website

This sender is trusted.

Contact Us

Name: DAVID

Address: 2105 EMBASSY WEST DR

Ward: 1

Phone: 5645649674

Email: Davesoat@gmail.com

City Department: City Council

Message: Dear Mayor and council members,
I'm sure you're all getting feedback on proposed property tax hikes. My feelings are when are the homeowners going to benefit? As in street repair, etc. It's great to see the city progress but it also seems our tax dollars are mostly supportive of certain companies adding to their coffers. (Example Gronen, etc.). How about spreading property tax dollars across the city instead of ,as it seems, the Millwork and downtown area. Would be awesome if all these so called investments would LOWER property taxes.

Adrienne Breitfelder

From: Citizen Support Center <dubuqueia@mycusthelp.net>
Sent: Tuesday, March 25, 2025 10:26 AM
To: Adrienne Breitfelder
Subject: "Contact Us" inquiry from City of Dubuque website

This sender is trusted.

Contact Us

Name: Latisha McKnight

Address: 2060 WASHINGTON ST

Ward: 3

Phone: 563 207 6715

Email: latishamcknight41@yahoo.com

City Department: City Council

Message: In regards to the proposed increase for property taxes, I am completely against it. Please do not pass this proposal. Homeowners are already taxed enough! Have some consideration for people who are working for the same pay, but everything keeps increasing! Give us a break.
Thank you.