

TO: The Honorable Mayor and City Council Members
FROM: Michael C. Van Milligen, City Manager
SUBJECT: Fiscal Year 2017 Budget Transmittal Memo
DATE: January 27, 2016

The purpose of this memo is to transmit the recommended Fiscal Year 2017 operating and capital improvement budgets. My intent is to present a recommendation that is responsive to the Goals and Priorities of the Mayor and City Council. First, important context is provided by reflecting on the Fiscal Year 2016 budget and the significant actions the Mayor and City Council took to successfully deal with challenges at that time:

- Eleven full-time positions were eliminated. Six were eliminated through lay-offs (with two of these employees able to be placed in other vacant positions). Five of the eleven positions were eliminated due to the City not receiving the Federal Lead Paint Hazard Mitigation grant. Fortunately, the City applied for another Federal Lead Paint Hazard Mitigation Grant and was successful, so four of those positions are restored in the Fiscal Year 2017 budget.

Since 1981, the City has minimized the number of positions added. When the Fiscal Year 2016 staffing changes were approved, the City had reduced its full-time workforce by almost 4% since the 1980s. This was achieved in spite of all the new services that have been added in that time period including staff-intense activities like recycling and combined county-wide public safety dispatching. Also, the number of sworn Police Office positions has increased by 33 over that time period.

- A select hiring freeze the City Council had implemented in Fiscal Year 2015 of 11.98 full-time equivalent positions was modified after a contribution from the Library Board reinstated 2.68 FTE in May 2015, with the remaining frozen positions extended for Fiscal Year 2016. It is recommended that 7.60 remain frozen in Fiscal Year 2017.

- Non-bargaining unit employees did not receive a pay raise in Fiscal Year 2016; however, a wage increase of 2.5%, consistent with existing collective bargaining agreements, is recommended in Fiscal Year 2017.
- The Fiscal Year 2016 – Fiscal year 2020 Capital Improvement Program budget underwent significant modifications eliminating and delaying many projects and reducing future debt issuances.
- The organizations with which the City partners with through grants and purchase of service agreements were also asked to sacrifice in Fiscal Year 2016. Generally, they received a 10% funding reduction and that reduction is recommended to continue in Fiscal Year 2017, except for the Greater Dubuque Development Corporation, where their City contribution is funded in Fiscal Year 2017 from repayments from industrial park land sales.
- In Fiscal Year 2016, the City continued a freeze that began in Fiscal Year 2015 on certain training and travel for City Employees. Recognizing the value of continuing education to create an effective, efficient and innovative organization, that freeze is discontinued in Fiscal Year 2017.
- In Fiscal Year 2016, the Utility Franchise Fee on electricity and natural gas was increased from 3% to 5%.
- In Fiscal Year 2016, there were increases in parking and recreation fees.
- In Fiscal Year 2016, rental property owners were asked to pay the full cost of the Rental Licensing Inspection Program.

Along with enterprise fund fee increases, these actions of the Mayor and City Council, through last year's Fiscal Year 2016 budget process took the appropriate corrective action to compensate for the funding issues facing the City, at that time.

PROPERTY TAX

In January 2016, the Mayor and City Council adopted the Fiscal Year 2017 Budget Guidelines. The Property Tax Guidelines are as follows:

Residential	1.5% increase
Commercial	9.5% increase
Industrial	0.97% decrease
Multi-Residential	1.81% decrease

I am pleased to tell you that this Fiscal Year 2017 budget recommendation meets your residential guideline and exceeds the guideline for the other categories as follows:

Residential	1.5% increase
Commercial	2.22% increase
Industrial	6.88% decrease
Multi-Residential	2.52% decrease

Beginning in Fiscal Year 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 three or more units. Rental properties of two units or less 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 and lost revenue to the City will be:

86.25% (\$330,844) in Fiscal Year 2017
82.50% (\$421,074) in Fiscal Year 2018
78.75% (\$511,305) in Fiscal Year 2019
75.00% (\$601,535) in Fiscal Year 2020
71.25% (\$691,765) in Fiscal Year 2021
67.50% (\$781,995) in Fiscal Year 2022
63.75% (\$872,226) in Fiscal Year 2023
55.63% (\$1,067,604) in Fiscal Year 2024

This annual loss in revenue of \$1,067,604 from multi-residential property, when fully implemented in Fiscal Year 2024, will not be backfilled by the state. From Fiscal Year 2017 through Fiscal Year 2024, the City will lose \$5,278,348 in total, meaning rental property owners will have paid that much less in property taxes to the City. They will also have significant savings from reduced payments to other taxing bodies. The state did not require owners to charge lower rents or to make additional investment in their property.

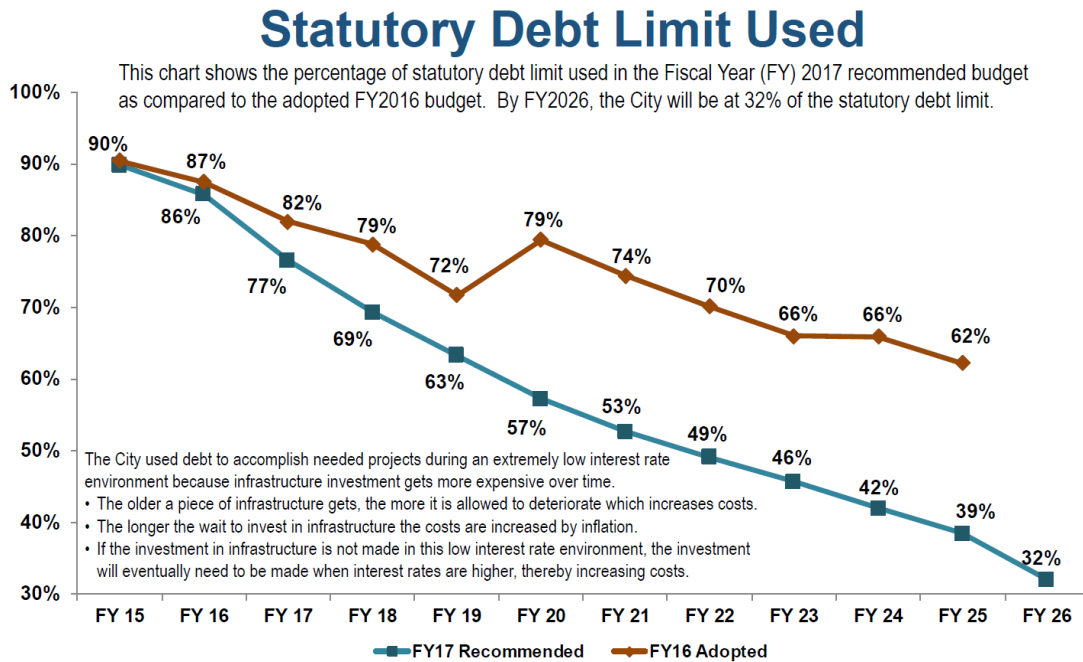
DEBT

In August 2015, at the annual Mayor and City Council Goal Setting Session the Mayor and City Council adopted debt reduction as a High Priority.

You will see that while the City's debt was already projected to steadily decline into the future by issuing less debt each year than was retired, this 5-year CIP recommendation makes that debt reduction even more pronounced.

The Fiscal Year 2017 CIP budget recommendation of \$55,526,251 is a 30.52% decrease from the Fiscal Year 2016 CIP budget of \$79,982,948.

The following chart shows the percentage of statutory debt limit used in the Fiscal Year 2017 recommended budget as compared to the adopted current Fiscal Year 2016 budget. In the current Fiscal Year 2016 budget, the City is at 87% of the statutory debt limit. This chart shows that by the end of this recommended 5-year Capital Improvement Program (CIP) budget cycle in Fiscal Year 2021 the City will be at 53% of the statutory debt limit and by Fiscal Year 2026 will be at 32% of the statutory debt limit.



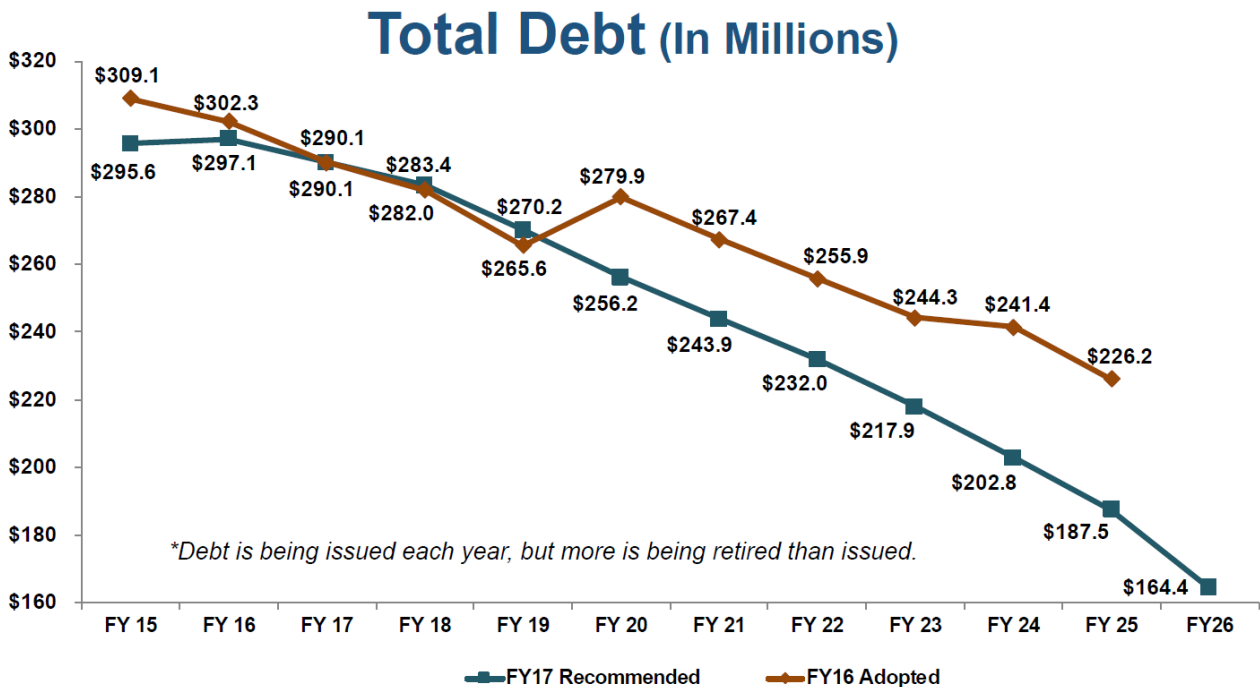
The following table shows how this compares with the other 11 cities in Iowa with a population greater than 50,000. The most recent information available for outstanding debt for the other large cities is Fiscal Year 2015.

FY 15 Legal Debt Limit Comparison for Eleven Largest Iowa Cities

Rank	City	Legal Debt Limit (5%)	Percentage of legal debt limit utilized
13	Dubuque (FY17)	207,195,845	76.52%
12	Cedar Rapids	498,708,641	71.78%
11	Des Moines	589,816,717	69.58%
10	Ankeny	231,095,971	61.31%
9	Sioux City	212,263,680	58.19%
8	Davenport	323,975,819	57.42%
7	Dubuque (FY21)	224,275,446	52.68%
6	Waterloo	190,031,330	49.89%
5	Ames	202,799,687	38.83%
4	W. Des Moines	348,085,969	31.83%
3	Dubuque (FY26)	247,618,215	32.05%
2	Council Bluffs	232,945,409	28.78%
1	Iowa City	287,512,185	24.00%

While I have not reviewed the future debt plans of each of these cities, I did see that Ames plans to issue over \$75 million in debt over the next five years.

The following chart shows the total amount of debt in the Fiscal Year 2017 budget as compared to the adopted Fiscal Year 2016 budget.



Part of the Fiscal Year 2016 debt issuance was refinancing previous debt, which will save the City over \$1 million in interest payments.

GENERAL FUND RESERVES

The City maintains a general fund reserve, or working balance, to allow for unforeseen expenses that may occur. The Fiscal Year 2017 budget recommendation anticipates the following contributions to the general fund reserve:

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Contribution	\$608,480	\$596,288	\$500,000	\$500,000	\$500,000	\$500,000
City's Spendable General Fund Cash Reserve Fund Balance	\$8,328,643	\$8,924,931	\$9,424,931	\$9,924,931	\$10,424,931	\$10,924,931

PROPERTY TAXES AND FEE COMPARISONS

I am recommending the City portion of the residential property tax rate increase by 1.72% from \$11.0259 to \$11.2152, translating into the 1.5% property tax increase for the average homeowner. The City of Dubuque property tax rate had remained the same in Fiscal Year 2014, Fiscal Year 2015 and Fiscal Year 2016, three consecutive years. Dubuque's property tax rate in Fiscal Year 1987 was \$14.58, 23.1% higher than the Fiscal Year 2017 recommended rate of \$11.2152. Over that time period, the average homeowner has had an average annual increase in the city portion of their property tax bill of 1.32%, most of those increased costs is caused by the years the State of Iowa underfunded the homestead property tax credit. The increases passed by the City Council would have only created an average annual increase in the city portion of the property tax bill of 0.72% from Fiscal Year 1987 to Fiscal Year 2017.

Property Tax Rate Comparison for Eleven Largest Iowa Cities

Rank	City	Tax Rate FY 16
11	Waterloo	\$17.76
10	Council Bluffs	\$17.75
9	Des Moines*	\$17.66
8	Davenport	\$16.78
7	Iowa City	\$16.65
6	Sioux City	\$16.11
5	Cedar Rapids	\$15.22
4	West Des Moines*	\$12.76
3	Ankeny*	\$12.47
2	Dubuque (FY 2017)	\$11.22
1	Ames	\$10.63
	AVERAGE w/o Dubuque	\$15.38

*Includes the transit tax levy adopted by the Des Moines Area Regional Transit Authority for comparability.

Dubuque is the SECOND LOWEST in the state for property tax rate. The highest rate (Waterloo) is 58.39% higher than Dubuque's rate, and the average is 37.13% higher than Dubuque.

Taxable Value per Capita Comparison for Eleven Largest Iowa Cities

Rank	City	Taxes Per Capita
11	West Des Moines	\$913
10	Iowa City	\$772
9	Cedar Rapids	\$720
8	Council Bluffs	\$702
7	Davenport	\$674
6	Ankeny	\$577
5	Waterloo	\$576
4	Des Moines	\$567
3	Dubuque (FY17)	\$458
2	Sioux City	\$443
1	Ames	\$441
	AVERAGE w/o Dubuque	\$639

Dubuque has the THIRD LOWEST taxes per capita in the state. The highest rate (West Des Moines) is 99% higher than Dubuque's taxes per capita, and the average is 39% higher than Dubuque.

In Fiscal Year 2017, the water rate is recommended to increase by 3%.

Water Rate Comparison for Largest Iowa Cities with Water Softening

Rank	City	Water Rate (FY 17) (6,000 Gallons/residence avg.)
7	West Des Moines	\$32.44
6	Iowa City	\$30.24
5	Council Bluffs	\$28.82
4	Ames	\$28.22
3	Des Moines	\$27.81
2	Dubuque	\$27.60
1	Cedar Rapids	\$26.62
	Average w/o Dubuque	\$29.03

Dubuque's water is ranked as some of the best in the world! The highest rate (West Des Moines) is 17.40% higher than Dubuque's rate, and the average is 4.37% higher than Dubuque.

In Fiscal Year 2017, the Sanitary Sewer rate is projected to increase 3%.

Sanitary Sewer Rate Comparison for Eleven Largest Iowa Cities

Rank	City	Sanitary Sewer Rate (Based on 6,000 Gallons/month)
11	Ankeny	\$58.42
10	Des Moines (FY 17)	\$44.18
9	Dubuque (FY 17)	\$38.04
8	West Des Moines (FY17)	\$37.50
7	Iowa City	\$36.08
6	Davenport	\$34.62
5	Sioux City	\$31.88
4	Ames (FY 17)	\$31.08
3	Council Bluffs (FY 17)	\$28.42
2	Waterloo	\$25.75
1	Cedar Rapids	\$22.58
	Average w/o Dubuque	\$35.05

The highest rate (Ankeny) is 55.38% higher than Dubuque's rate, and the average is 6.21% lower than Dubuque.

In Fiscal Year 2017, the Solid Waste Collection rate is recommended to increase 6.26%.

Solid Waste Collection Rate Comparison for Eleven Largest Iowa Cities

Rank	City	Monthly Rate
11	Ames	\$26.25
10	Cedar Rapids	\$20.31
9	Council Bluffs	\$18.00
8	Sioux City (FY17)	\$16.30
7	Ankeny	\$16.11
6	Iowa City (FY17)	\$15.90
5	Dubuque (FY17)	\$14.77
4	Waterloo (FY17)	\$12.00
3	Davenport (FY17)	\$11.91
2	Des Moines (FY17)	\$11.00
1	West Des Moines	\$10.55
	Average w/o Dubuque	\$15.83

The highest rate (Ames) is 78% higher than Dubuque’s rate, and the average is 6% higher than Dubuque.

The stormwater rates were established by City Council in 2014 and will increase in Fiscal year 2017 by 6.74%, as scheduled.

Stormwater Rate Comparison for Largest Iowa Cities with Stormwater Fees

Rank	City	Stormwater Rate (FY 17)
10	Des Moines	\$11.50
9	Dubuque	\$6.81
8	Cedar Rapids	\$5.17
7	Ankeny	\$5.50
6	Waterloo	\$2.75
5	West Des Moines	\$4.25
4	Iowa City	\$4.50
3	Ames	\$3.45
2	Davenport	\$2.56
1	Sioux City	\$1.84
	Average w/o Dubuque	\$4.61

The highest rate (Des Moines) is 69% higher than Dubuque’s rate, and the average is 32% lower than Dubuque.

If the Fiscal Year 2017 budget recommendation is approved, there will be tax and fee increases. Taking into consideration the impact on the average homeowner calculating property taxes, water fee, stormwater fee, sanitary sewer fee, solid waste collection fee, and utility franchise fee, since Fiscal Year 1987, the average annual increase in the cost of City service is \$40.88. The Fiscal Year 2017 increase on the average homeowner would be \$49.80.

There is also a recommendation to increase building permits and fees to generate an additional \$69,000 to better cover operating expenses for these services.

STAFFING

The recommended operating budget includes an increase in staffing of 2.5 full-time and 2.36 FTE seasonal employees, with a reduction of part-time of .33 FTE. The full-time equivalent calculation is an increase of 4.53 FTE. This includes the full-time Public Safety Dispatcher position that was funded for six months in the current Fiscal Year 2016 budget and will now need to be funded for the entire Fiscal Year 2017 budget. The remainder of the staffing increase is triggered mostly by the fact that the City was awarded a Federal Lead Paint Reduction Grant after adoption of the Fiscal Year 2016 budget, which required the addition of four full-time positions to implement the program

for the next three years. Should the grant not be renewed in three years, the City will do as has been done in the past and evaluate the feasibility of continuing the program. In Fiscal Year 2015, the City was at first denied a new grant through a highly competitive national grant competition and chose to drop the program and eliminate the positions.

In further attempts to operate more efficiently, there are three full-time positions being eliminated, including the frozen Park Ranger position, a Water & Resource Recovery Center Plant Operator position and a Parking Division Parking Meter Service Worker. Several other positions are being reclassified as departmental needs have changed.

IMPROVEMENT PACKAGES

There were 144 improvement level decision packages requested for Fiscal Year 2017, with 99 recommended for funding. Of the 99 recommended for funding, \$213,999 represents recurring General Fund expenditures and \$356,784 represents one-time, or non-recurring, General Fund expenditures. The remaining \$317,100 is funded by non-property tax funds.

BEE BRANCH WATERSHED FLOOD MITIGATION PROJECT

The Bee Branch Watershed Flood Mitigation Project continues the City's efforts to save our friends, neighbors and family from experiencing devastating flooding. Over 50% of the people in Dubuque either live or work in the Bee Branch Watershed. There have been six Presidential Disaster Declarations in the Bee Branch Watershed since 1999. The Bee Branch Watershed Flood Mitigation Project is a multi-phased, fiscally responsible investment to mitigate flooding, improve water quality, stimulate investment, and enhance water quality of life within the community. Most of the funding for this \$219 million project comes from \$159 million in federal and state grants. The project requires debt issuances to expedite the flood protection, because the \$98.5 million from the Iowa Flood Mitigation Board comes in the form of state sales tax increment financing spread over 20 years. These grants and subsequent debt enables the City to implement the comprehensive flood mitigation plan much sooner than previously anticipated and also lower costs to Dubuque citizens and businesses.

While the Fiscal Year 2017 budget recommendation does not take into account the recently announced \$31.5 million HUD Resiliency grant, my description of the Bee Branch Watershed Flood Mitigation Project in the chart below, and the previous paragraph, do include the impact:

Flood Mitigation Improvement	Status	Cost
Carter Road Detention Basin	Completed in 2003	\$1,076,315
West 32nd Street Detention Basin	Completed in 2009	\$4,158,589
Lower Bee Branch Creek Restoration	Completed in 2011	\$21,274,685
Historic Millwork District Complete Streets	Completed in 2012	\$7,977,311
Flood Mitigation Gate Replacement	Est. Completion - 2017	\$2,099,000
Upper Bee Branch Creek Restoration	Est. Completion - 2017	\$60,974,636
22nd Street Storm Sewer Capacity Improvements	Est. Completion - 2017	\$3,906,000
North End Storm Sewer Capacity Improvements	Est. Completion - 2017	\$1,341,000
Flood Mitigation Maintenance Facility	Est. Completion - 2018	\$4,660,000
Bee Branch Creek Railroad Culverts	Est. Completion - 2019	\$18,249,000
Kaufmann Avenue Storm Sewer Capacity Improvements	Est. Completion - 2019	\$11,500,000
Bee Branch Healthy Homes Resiliency Program (Assistance to over 300 homes)	Est. Completion - 2021	\$8,427,665
17th Street Storm Sewer Capacity Improvements	Est. Completion - 2021	\$8,681,000
West Locust Street Storm Sewer Capacity Improvements	Est. Completion - 2021	\$2,600,000
Water Plant Flood Protection	Est. Completion - 2023	\$4,397,000
Impervious Surface Reduction (Green Alleys)	Est. Completion - 2038	\$57,420,000
Total Cost, excluding interest on debt:		\$218,742,201

Through the State Revolving Loan Fund (SRF) debt, the Iowa Finance Authority authorized the City to reallocate \$1.4 million that was to be paid in interest on the loan associated with the Upper Bee Branch Creek Restoration to instead be used to make improvements in the Catfish Creek Watershed to protect the water quality of the Catfish Creek and prevent soil erosion.

The Iowa Department of Natural Resources and the Iowa Finance Authority (the sponsor of the SRF Program) also forgave almost \$6 million of the City SRF loans.

Individually, the multiple phases of the project may each provide some incremental benefit; however, flash flooding can be expected to occur until all of the improvements are implemented. It is also true that, with the completion of each subsequent phase, the threat of flash flood damage is lessened and the resulting damage will be mitigated.

THE JULE

The increase in property tax support for The Jule transit system from Fiscal Year 2016 to Fiscal Year 2017 is \$154,334, which reflects reduced revenue due to the Iowa Clean Air Attainment grants ending for the Nightrider (March 2016) and the Midtown Loop and Feeder routes (January 2017). In Fiscal Year 2016, the Transit Division reconfigured bus routes, modified the summer trolley service and changed to City management, for a savings of \$374,236.

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

FY 2017	\$1,172,885	Projection
FY 2016	\$896,852	Budget
FY 2015	\$1,086,080	
FY 2014	\$833,302	
FY 2013	\$1,044,171	
FY 2012	\$717,611	
FY 2011	\$1,078,726	
FY 2010	\$1,161,393	
FY 2009	\$1,253,638	
FY 2008	\$1,070,053	
FY 2007	\$923,384	
FY 2006	\$710,453	

The Jule continues to see increases in transit ridership for a sixth consecutive year. The Jule's crosstown Express service, west-end Shopping Circulator routes, Nightrider evening service, and service from downtown to Senior High School have led to significant increases in ridership for Fiscal Year 2015. The Express route is the spine of the Jule's route system, transporting passengers across town in 15 minutes, serving 32,431 passengers in just the first six months of Fiscal Year 2016.

Transit ridership in Dubuque has increased from 373,376 to 548,794, over 175,000 rides or 47% in the past six years. Routes were restructured in January 2014, and again with the opening of the Intermodal Facility in August 2015.

HEALTH INSURANCE

The City portion of health insurance expense will increase from \$1,040 per month per employee contract to \$1,325 per month, a 27.4% increase. 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.

Cities that self-fund in their group insurance plans are required by state law to maintain a reserve for incurred but not yet paid claims. The amount of the reserve is determined by the actuary. The 27% increase in health insurance costs in Fiscal Year 2017 is the increase in the amount the City needs to budget in order to maintain an adequate

reserve. It does not represent the increase in claims costs. Since 2001, the expected average annual trend increase in health insurance costs per employee was 7%. The actual average annual cost increase was 7.2%. Based on six months of claims for this fiscal year, lower claims costs are expected in Fiscal Year 2016 than the previous fiscal year.

The Health Care Committee approved implementing two additional prescription drug programs offered by Express Scripts, the City's pharmacy benefit manager. The programs are Step Therapy and enhanced Prior Authorization. Step Therapy manages drug costs within specific therapy classes by assuring that patients try a frontline or step one drug (usually generics) before a higher cost back-up or step two brand name drug is covered. This program focuses on more traditional drugs, such as drugs used for treating high blood pressure and high cholesterol. Prior Authorization is a program that targets high cost medications and medications with the highest potential for inappropriate use. These drugs will need a prior authorization, which means that more information will be needed to determine whether or not the plan will cover the drug. These programs went into effect in June 2012. As of March 2015, the cost savings related to these programs is approximately \$193,000.

The Health Actuarial Division of Gallagher Benefit Services Inc., Healthcare Analytics, developed a fixed reimbursement in-patient hospital discount arrangement for both Finley and Mercy hospitals. Both Mercy and Finley agreed to convert from a percent of billed charges to a flat rate, or per admission rate, for certain in-patient and out-patient services. The new pricing arrangement will provide an annual estimated savings of \$100,000.

The City's actuarial and benefit consultant, Gallagher Benefit Services, recently successfully negotiated discounts and rebates that will save the City over \$750,000 in prescription drug costs over the next three years.

I was reading a recent Associated Press newspaper article on Medicare's prescription drug program that said, "Government spending on the program has risen significantly, driven by pricey new drugs, notably for hepatitis C infection. The cost for the hepatitis drugs in the Medicare program is expected to be \$9.2 billion this year, a near doubling from 2014.

The City of Dubuque Employee Healthcare Committee manages the health insurance plan. Committee membership is comprised of City employee representatives from each of the five bargaining units and two non-bargaining unit employees. The City benefit consultant has recommended changes to the health insurance plan and the committee has implemented some of the recommendations. Some of the recommendations have not been implemented. Many changes to the health insurance plan must be negotiated as part of the collective bargaining agreements. Discussions will continue to identify additional saving opportunities.

CITY COUNCIL PRIORITIES

In August 2016, the Mayor and City Council completed their annual goal setting process, establishing the following priorities. I have made my best effort in this budget recommendation to implement them:

Top Priority (in alphabetical order)

- East-West Corridor Study Implementation
- Environmental Stewardship Commission (Community Resiliency Commission)
- Historic Millwork District Parking (470 Spaces)
- Inclusive Dubuque Action Plan
- Street Maintenance Program

High Priority

- Central Iowa Water Association
- Citywide Flower-Planting Program
- Comprehensive Plan
- Debt Reduction Policy
- Methane Gas Plan
- Surveillance Camera Funding

East-West Corridor Study

The US Highway 20 corridor is the primary east-west route in the City of Dubuque and future traffic volume projections indicate US Highway 20 alone will not provide sufficient capacity for east-west travel in the City. Capacity along alternate east-west corridors will need to be improved to provide connectivity between the western growth areas and the downtown urban core. In February 2012, the City Council formally adopted the East-West Corridor Connectivity Study - Final Report and directed City staff to begin implementation plans for the recommendations contained in the East-West Corridor Connectivity Report. The adopted East-West Corridor Connectivity Study report will act as the City's Master Plan for both short-term and long-term capacity improvements or corridor modifications to support growing east-west traffic flow in the City. The study included recommended improvements supporting complete street concepts, multi-modal transportation, vehicle, pedestrian, bicycle, and recreational improvements.

The section of University Avenue, from Pennsylvania Avenue to Loras Boulevard, referred to as the "Overlap Section" was recommended for converting the three intersections along University Avenue to roundabouts. With funds programmed in Fiscal Year 2016 - 2018, the next steps in the design development process are to begin the preliminary engineering and environmental (NEPA) study phase for the Overlap Section. Once the preliminary engineering and environmental (NEPA) study are completed, corridor impacts will be identified and property acquisition could begin in approximately Fiscal Year 2018

and would take approximately three years to complete. Once property acquisition is completed within the “Overlap Section”, construction to convert the three intersections along University Avenue to roundabouts could begin in Fiscal Year 2020 and would take approximately three years to complete.

Funding for the East-West Corridor Capacity Improvements will come from an allocation of local DMATS STP funds (\$7,152,000) and local City matching funds (\$1,138,000). Once the preliminary engineering and environmental (NEPA) study is completed, the City anticipates that the proposed East-West Corridor Capacity Improvements will be eligible for future Iowa DOT grant funding, such as Traffic Safety funds or Clean Air Attainment funds, which are reflected in the CIP’s anticipated funding in future years.

Although not included in the East-West Corridor Connectivity Study - Final Report, the existing Grandview Avenue and Delhi Street intersection was identified as having safety and/or operational concerns. Based on the results of a traffic study, vehicles at this intersection experience a high level of delay during peak travel times and included a recommendation for a roundabout as a possible solution. Based on the findings of the traffic study completed for this intersection, the City submitted an application to the Iowa DOT for a Traffic Safety Improvement Grant, and in January 2015 was awarded \$500,000 in funding. The adopted Fiscal Year 2016 budget includes funding in the amount of \$700,000 to convert the Grandview Avenue and Delhi Street intersection to a roundabout intersection, which is scheduled to begin in the summer of 2016.

Environmental Stewardship Commission (Community Resiliency Commission)

A recommendation to begin the public engagement process was submitted to the City Council on February 1, 2016, with an ordinance recommendation to be provided to City Council in May 2016.

Historic Millwork District Parking

Over the past several years, the City has met several times with developers, business owners, citizens and participated in multiple open forums to receive input relative to the anticipated needs within the district for parking. It was important to everyone that sufficient parking was available to promote an active area for business and residential activities.

At one point in time, the City asked Desman Associates, a parking consultant/engineering firm that designed the Central Avenue Ramp, to facilitate a meeting and study the parking needs using multiple calculations to assess the area. Initially, it was estimated that the need for the district would be approximately 510 off-street spaces. Within the past year or so, we have had an opportunity to evaluate the current usage and developers themselves have

lowered their estimated needs, and the overall estimated need is now 470 spaces.

Over the past several years, a grant was received from the Federal Transportation Administration for \$8 million to build a new Intermodal Transportation Center that included a parking ramp in the district. The transit center and ramp are at the current time 99% complete and have been in use since August 2015. The parking ramp has an overall capacity of 290 spaces, of which 92 have certain restrictions placed on them as they are partially paid for by the Federal Transportation Administration, with the remaining spaces for residential, commercial and retail parking in the district. At the current time, the Federal Transportation Administration is requiring that anyone that parks in the 92 Federal Transportation Administration restricted spaces ride some part of the transit system ten times per month.

In addition to the parking ramp, within the past year the City has constructed a surface parking lot located at the southeast corner of 11th and Elm. This is currently a monthly only parking lot with 85 spaces. The City also has a parking lot located on 10th Street between Washington and Elm Streets with a capacity of 55 spaces. This lot is available for both monthly and hourly parking.

In 2011, the City constructed and opened a 469 space parking ramp located at 10th and Central, only two blocks from the boundary of the Historic Millwork District. At the time discussions were being held concerning the potential locations of this facility, members of the Historic Millwork District agreed that this ramp would also be used to meet the parking demands in the district for special events and employees of the retail facilities, but would not supplant the need for the 470 spaces.

Currently, the City has a total of 430 available off-street parking spaces to accommodate the needs of the district. However, 92 of those have the Federal Transportation Administration restrictions, but are still available to anyone. At the current time, there is room for 100 additional parkers in the Central Avenue Ramp.

The City is evaluating options as parking needs increase. The City owns the property located at the northeast corner of 11th and Elm. Initial plans would indicate 85 parking spaces in this lot. Construction costs are estimated at \$450,000.

The City is in negotiations with the owners of property that would accommodate 67 spaces.

Additional property within the district is also being evaluated for parking.

The City also has 90 on-street metered parking spaces for customer parking that does not count towards the 490 off-street parking total.

Inclusive Dubuque Action Plan

Inclusive Dubuque is a peer-learning network of partners from business, nonprofits, education, government, philanthropy and the faith community formed in 2012 to support an equitable and inclusive culture to meet the economic and cultural needs of our diverse community.

The network organizes people, identifies opportunities and takes action to challenge and change social and economic structures.

Sixty-three partners make up the Inclusive Dubuque.

Key Strategies

Equity Profile:

In February of 2015, Inclusive Dubuque began collecting data to discover how diverse groups are affected by various systems within our community. Dubuque's Equity Profile focused on seven areas: economic wellbeing, housing, safe neighborhoods, health, education, transportation, and arts and culture. The Equity Profile identifies areas of strength and opportunity, helping the network and our community set priorities and take action.

Hundreds of Dubuque citizens participated in the Equity Profile:

- 60 community dialogues held
- 1,995 online surveys completed
- 584 participants attended dialogues
- 41 facilitators trained
- 305 community members have signed up to stay connected

Working Groups:

Working groups have formed to understand and tackle challenges related to equity in Education, Arts and Culture, Neighborhoods, Housing, Health and Economic Wellbeing. Using information gleaned from the Equity Profile, these groups are meeting monthly to identify priorities, measurable indicators, and engage partners and programs that can effect change. Working groups continue to grow as members identify other voices that should be at the table. Data will continue to be gathered and actions measured using Results-Based Accountability and Scorecard.

Since December 2015 more than 91 people have joined the following groups:

- Education Working Group
- Arts and Culture Working Group
- Thriving/Safe Neighborhoods
- Housing Working Group

- Health Working Group
- Economic Wellbeing Working Group

Peer-Learning Opportunities:

An important priority for Inclusive Dubuque is to offer regular peer-learning opportunities and training to the network and the community at large in order to deepen our collaborative understanding of social justice, and what it means to be an equitable and inclusive community.

Peer-learning opportunities since 2015:

- Monthly Inclusive Dubuque Network Partner meetings – 40-45 partners attend each mtg.
- Julie Nelson, Government Alliance on Race and Equity and Haas Institute: Structural Racism Training – attended by more than 50 partners
- Madeleine Taylor, PhD., author of *Connecting to Change the World: Harnessing the Power of Networks for Social Impact* – attended by more than 50 partners
- Chad Simmons: Diversity Focus – attended by more than 30 partners
- Results-Based Accountability and Scorecard Training – 32 partners trained and using RBA
- Restorative Strategies – 50+ partners attended

As a network partner, the City contributed the following in 2015:

- Several staff worked with other network partners to develop the Community Equity Profile by serving on the steering committee, collecting data, facilitating dialogue sessions, and assisting working groups in beginning to create shared outcomes and measures. This was the first major collaborative project of the network.
- Several staff established a core team within the organization that met with leadership in each department, began to identify ways in which the organization is already contributing towards the Inclusive Dubuque vision, and identified areas for improvement. The team researched approaches to equity and inclusion within local government, developed a draft of an equity toolkit, and created a template for department level plans to help examine the progress around diversity, equity, and inclusion in: 1) developing the City workforce; 2) engaging the community in government; 3) allocating City resources; and 4) delivering City services.

As a network partner, the City plans to do the following in 2016:

- Continue staff collaboration with network partners through cross-organizational working groups that will finalize shared outcomes, measures, strategies, and action plans.
- Continue the work to develop equity plans within each City department detailing the ways in which departments are contributing towards Inclusive Dubuque efforts through partnerships at a community level and through delivery of services as City government.

Street Maintenance Program

The Public Works Department has repaved approximately 200 centerline miles, almost two-thirds of Dubuque's 310 miles of streets, over the past 21 years through Dubuque's annual asphalt overlay program. Each year, old asphalt is ground off the streets to be paved and is recycled into the new asphalt. Not only are streets made safer and smoother, but property owners are not assessed for any of the costs, unlike street reconstruction projects. This program is funded instead with monies from Iowa's Road Use Tax Fund (gas and diesel fuel tax.)

In calendar year 2015, the Public Works Department completed 6.2 miles of asphalt overlays on 34 streets, along with completing 17 full depth concrete section repair projects on 15 streets. The total investment in maintaining the street system related to asphalt paving, concrete section repairs and other pavement maintenance activities in 2015 was \$1,304,476. The overall condition index (OCI) rating for all pavements in the street system is currently 75.21, which is considered a good rating. The rating is based on the Iowa Department of Transportation's 2013 condition inspection and improvements made to the system since the inspection.

The requested Public Works Department's Fiscal Year 2017 street maintenance operating budget includes funds to complete a five mile asphalt paving program, concrete section repair program, along with other pavement related maintenance programs

Central Iowa Water Association

Litigation is scheduled for trial in spring 2016.

City-Wide Flower Planting Program

A Park Division Review was completed by Leisure Services staff. This review covered all work areas of the Division. The review was to include a plan of how the flowers could all come back with the hiring freeze that equals 7,713 hours of staff time continuing. A decision of how this could happen had to be made in December, as that is when ordering and growing begin for the calendar year. The following make up the plan to bring back the flowers:

- A \$29,000 contract services line item in the Fiscal Year 2016 budget will be used to purchase Port of Dubuque Hanging baskets from a contractor. Previously they were grown in the City greenhouse. This recaptures 192 hours of full-time labor. Grass push mowing and line trimming of 16 miscellaneous areas will be contracted out, recapturing 1,248 hours of seasonal staff labor. Contract weed control will recapture 250 hours of full-time labor.

- In calendar year 2016, the park patrol would convert to a fully seasonal labor park patrol. The hours of coverage went from 3,570 in 2014 to 2,442 in 2015 because of the frozen position. It is proposed that the coverage will now be 1,620 hours. Both full-time Park Ranger positions will be eliminated, with one being reclassified to a full-time Maintenance Worker. One full-time Park Ranger position will be permanently eliminated. This recaptures 1,128 hours of a full-time Maintenance Worker.
- It is proposed that the lower Bee Branch flower baskets will be contract grown, recapturing 288 hours of full-time labor.
- Currently there is a vacancy of a part-time Secretary in the Leisure Services office. This will be temporarily frozen so the funds can be used to hire seasonal labor to assist with the flowers and contract weed spraying. This allows for 1,000 hours of seasonal labor and recaptures 215 hours of full-time labor.

Comprehensive Plan

The City Code defines the Comprehensive Plan as: “The community's principle tool to guide its future development, public policies and decision making.” The Comprehensive Plan outlines the vision for the future growth and development of the City. It is built with ideas and input from City residents, and reflects a consensus of community values. The plan provides a roadmap to guide the environmental integrity, social/cultural vibrancy, and economic prosperity of the City. Input from the community is critical to developing a community vision and updating the Comprehensive Plan.

The Dubuque Comprehensive Plan's goals help focus the major policy decisions of what services City government will provide, with direct correlation to CIP projects. The Comprehensive Plan is built on the Sustainable Dubuque model, and directly supports the sustainability principle of Community Knowledge. A significant update of the City's Comprehensive Plan is needed to include recommended and required elements of Iowa Smart Planning law. A robust and inclusive community engagement process centered on the Sustainable Dubuque model is needed to enrich the update.

The City Council approved the Community Engagement process for the Comprehensive Plan Update in February 2014. The Community Engagement Process is needed to solicit public input in an innovative and inclusive way, reaching out to stakeholders, residents, and business owners through a variety of media and interaction types. This outreach will be done with online engagement, as well as print media and face-to-face interaction. The Community Engagement Process is a framework to better involve residents, especially those who were under-represented in past updates of the Comprehensive Plan.

Substantial funding is needed to undertake the approved Community Engagement process and update the Comprehensive Plan. Fiscal Year 2017

CIP budget request of \$323,300 to fund the Comprehensive Plan update and Community Engagement process is comparable to similar updates recently undertaken by the City of Davenport and the City of Cedar Rapids.

Methane Gas Plan

Research continues on potential beneficial reuse of excess methane gas at both the Water & Resource Recovery Center and the Dubuque Metropolitan Area Solid Waste Agency.

Surveillance Camera Funding

On October 5, 2015 the City Council approved the installation of up to ninety-nine (99) cameras in the Greater Downtown Urban Renewal District and CDBG funding area.

During the fall / winter there was a mixture of pulling in Cat 6 and installing the cameras. The pulling of Cat 6 is important because the conduits can freeze up during the winter months, which impede the progress of installing the cameras. The following 24 cameras have been installed to date:

Washington from 15 th to 19 th – 10 Cameras	White 17 th & White & 20 th – 3 Cameras
Bluff & 9 th – 2 Cameras	Central & 24 th – 3 Cameras
Main & 14 th – 1 Camera	Iowa & 5 th – 1 Camera
5 Points – 1 Camera	Central & 18 th – 1 Camera
Central & 22 nd – 1 Camera	Harrison St – 1 Camera

The eight camera locations for Comiskey Park are in the process of being designed, installed or upgraded by Racom. Additional locations that are being prepared for cameras include Central & 7th, Iowa & 7th, White Street & Fulton School, Locust & 16th and Asbury & University.

In addition to the 24 cameras that were installed, an additional 17 cameras were also installed this fall in the following areas:

Grandview & University – 3 Cameras	Hwy 20 – 6 cameras
NW Arterial – 4 Cameras	JFK – 4 Cameras

Currently there are 402 traffic/security cameras recorded through the Traffic Operations Center in City Hall.

Tree trimming by the Park and Recreation Department is performed as necessary in several downtown areas to improve camera visibility.

Also, there is \$90,000 budgeted in the proposed 5 year CIP that would provide for the installation of additional security and surveillance cameras within the Port of Dubuque. The locations identified for surveillance coverage include; the

northerly end of the Riverwalk, Riverwalk shade structures, the Alliant Amphitheatre, the Historic Shot Tower, the Bell Street corridor and along Ice Harbor Drive.

There is \$195,000 in the CIP for Fiscal Year 2017 budgeted for the installation of fiber optic conduit and cable to the north end City facilities including Sutton Pool, the Water Department and the City Park shop. Communications and security camera equipment would also be installed at key locations to facilitate police, traffic and would be an important asset for 4th of July operations.

The 5 year CIP includes \$90,000 for funding to provide the installation of additional security and surveillance cameras within the Downtown Urban Renewal District.

There is \$180,000 in the 5 year CIP for funding the installation of a new video management system that is located in the Traffic Operations Center. It would include software and hardware that would connect the 400 plus cameras that feed into the Traffic Operations Center and allow for recording and distribution. This fund would cover additional licenses and equipment.

There is currently \$125,000 in the 5 year CIP for equipment on the head-end of the City-wide camera system and will allow for the continued expansion of cameras in the field. This covers the immediate need for network switch and storage upgrades, and future years will cover the continued expansion of the camera system.

Additional security camera projects in the proposed 5 year CIP include:

- Pennsylvania and University
- Asbury and St. Ambrose
- Delhi and University
- Loras and Grandview
- Grandview Street Lighting

As part of this item, I also want to provide an update on enhanced street lighting.

On October 5, 2015, the City Council approved the installation of up to 195 LED lights in the Greater Downtown Urban Renewal District and CDBG funding area.

Engineering staff performed night-time inspections of the 195 tentative locations, which resulted in 122 recommended installations. The difference in proposed 195 locations and actual 122 was the result of finding existing lights that were not mapped or surrounding private security lights which contributed to the overall area lighting. These 122 lights were to be or are installed on existing Alliant Energy poles. There are 103 of these lights currently installed as of this date, 99 are 80 watt LED and 4 are 135 watt LED. Nine lights are on hold until spring due to ground conditions and the need to get equipment for installation off-road.

All that remain to be installed are 10 lights, which will be installed as soon as the Alliant mast-arm supply is replenished.

Also, there is \$125,000 budgeted in the proposed 5 year CIP for another 130 mid-block street lights within the Downtown Urban Renewal District and CDBG funding area. These additional street lights would be installed on new Alliant poles. Also, the City would provide LED lights to be installed on either a commercial building or residential if the property owner agrees to install and pay for the electrical costs.

Another \$50,000 is budgeted in the proposed 5 year CIP for the addition of 39 mid-block lights between Elm Street and Central Avenue from 11th Street to 22nd Street. Twenty-nine of these street lights would require new poles and ten street lights would be placed on existing poles.

Fifty Thousand Dollars (\$50,000) is budgeted in the proposed 5 year CIP to provide for additional mid-block street lights outside the Downtown Urban Renewal District/TIFF district.

Three Hundred Seventy-Five Thousand Dollars (\$375,000) is budgeted in the proposed 5 year CIP to replace 60 concrete streetlights along Grandview Avenue with historic LED fixtures and poles beginning in Fiscal Year 2019. In Fiscal Year 2017 and Fiscal Year 2018 funding is added to cover the addition of 10,000 feet of fiber optics and 20 security cameras to this project.

Two Hundred Thirty One Thousand Dollars (\$231,000) is budgeted in the proposed 5 year CIP to initiate a scheduled replacement of older street lights throughout the City, and will also include the installation of new street lights when conditions warrant. Currently, the City owns approximately 2,200 street lights. In many older subdivisions the entire light fixture, base, pole and conduits, need replacing. Currently there are around 60 lights in 24 locations that are in need of replacement.

Fifty Thousand Dollars (\$50,000) is budgeted in the proposed 5 year CIP to replace LED luminaires throughout the City. Currently, when street light fixtures burn out they are replaced with matching style high pressure sodium street lights.

WATER

Nationally, and in the State of Iowa, there has been a great deal of discussion about the availability of potable water. I have heard that water will be the gold of the future. When that happens, Dubuque will be synonymous with California during the Gold Rush of the 1800's.

Recent concerns on the Cambrian-Ordovician (Jordan) Aquifer's ability to provide sufficient amount of water to meet demands prompted informational studies throughout

the State of Iowa. As a response to these concerns, the Iowa Department of Natural Resources has placed restrictions on Linn County, Johnson County, and parts of Webster County for the additional withdrawal of water from the Jordan Aquifer. Some of the cities that these restrictions effect are Marion, Cedar Rapids, Iowa City, and Fort Dodge, Iowa. There are no restrictions in place for Dubuque's use of the Jordan Aquifer for its water needs.

Based on information provided from the United States Geological Survey and the Iowa Department of Natural Resources, there are no perceived threats and/or issues pertaining to the Jordan Aquifer's ability to meet the demand needs for the City of Dubuque. There has been no change in elevation of the Jordan Aquifer in the area of our wells since 1977.

It is also important to note that the City of Dubuque water is only partially supplied by the Jordan; the City also draws water from the Mt. Simon and Alluvial Aquifers. Of the nine wells currently in use, there are four deep wells (1,000 ft.-1800 ft.), two that draw from the Jordan and two from the Mt. Simon aquifer and five shallow wells (200 ft.) drawing from in the Alluvial.

The four deep wells that draw water from the Jordan and Mt. Simon aquifers are able to yield up to 9,599,040 gallons of water per day or 3.5 billion gallons annually and the five shallow wells that draw from the Alluvial are able to yield up to 14,150,860 gallons of water per day or 5.17 billion gallons annually. The water permit issued from the IDNR allows us to withdraw up to 4.8 billion gallons of water annually from the Jordan and poses no restrictions on withdrawal from the Mt. Simon or Alluvial aquifers.

The City's water treatment facility is rated to produce 18 million gallons of water per day (6.57 billion gallons annually) and the current daily average use is 6.6 million gallons per day (2.4 billion gallons annually). The total combined amount of water available from these three aquifers through the City's nine wells is estimated at 8.67 billion gallons annually. The water treatment plant has the capacity to process 6.57 billion gallons annually, leaving approximately 2.1 billion gallons in reserve to support plant expansion for growth.

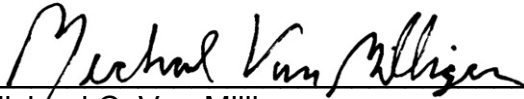
The facts provided from the United States Geological Survey and the Iowa Department of Natural Resources shows that the Jordan, Mt. Simon, and Alluvial Aquifers are in excellent condition in our area to provide the raw water needed for the City's current and future applications.

CONCLUSION

I want to thank the citizens and businesses of Dubuque for deciding that they prefer the price of progress over the higher price of stagnation and decline. None of the progress this community is experiencing would be possible without the citizens' determination, the business investment, the leadership of Mayor Roy Buol and the City Council, the

tremendously talented City employees, and the robust partnerships with local not-for-profits and different levels of government.

I want to thank Budget Director Jennifer Larson, Assistant City Manager Cindy Steinhauser, Senior Budget Analyst Alexis Steger, Public Information Officer Randy Gehl, Office Manager Juanita Hilkin, Secretary Stephanie Valentine and Communications Assistant Natalie Riniker, for all their hard work and dedication in preparation of this budget recommendation.


Michael C. Van Milligen

MCVM:jh