

# Fiscal Year 2016 Recommended Budget

The Dubuque City Council is currently considering the Fiscal Year (FY) 2016 operating and capital improvement budgets. The public hearing to adopt the FY2016 budget will be held on March 12, 2015. The City's 2016 fiscal year begins July 1, 2015, which is when new utility user fees will go into effect. For detailed information on the FY2016 recommended budget, visit [www.cityofdubuque.org/FY2016budget](http://www.cityofdubuque.org/FY2016budget) or call 563-589-4110.

## Issues Impacting the City Budget

### Decreased Gaming Revenues

Gaming revenues generated from lease payments from the Dubuque Racing Association (DRA) have been decreased significantly (-\$555,123), based on revised projections from the DRA. This follows a \$907,612 decrease in FY2014 and an \$811,431 decrease in FY2015. The addition of video gaming in Illinois has significantly impacted the Dubuque gaming market, which impacts City revenues.

### Property Revaluation of Commercial and Industrial Properties

A property revaluation of commercial and industrial property was conducted and the appraising firm applied size discounts to large office buildings, large factories and distribution buildings due to the limited number of buyers. Most of Dubuque's large buildings are located within urban renewal areas so this property revaluation greatly reduced the taxable value of these properties by \$25.3 million (\$762,303 in revenue). It also resulted in reduced tax increment financing (TIF) revenue of \$172,110 for payments related to economic/community development projects, including parking-related projects.

### New Multi-residential Property Tax Classification

Beginning in FY2017, new State legislation requires a rollback, or assessment limitations order, on multi-residential property which will eventually equal the residential rollback. This loss in tax revenue of \$453,252 from multi-residential property when fully implemented in FY2022 will not be backfilled by the State. This change does not start until FY2017, but other revenue shortfalls will require increases in rental license and inspection fees beginning in FY2015, the current budget year, ending the subsidy of the rental inspection program by General Fund property taxes.

### 2013 State Property Tax Reform Legislation

Other elements of the property tax reform passed by the Iowa Legislature in 2013 have created a tremendous amount of uncertainty in the budget process. While the State has committed to provide some funding for the City revenue reductions caused by the decrease in taxable value for commercial and industrial properties, key legislators have been quoted in the media as casting doubt on the reimbursements.

### Water & Sanitary Sewer Utility Issues

Water usage and water department expenses vary from year to year based on several factors, especially the weather. Winter weather affects the number of water main breaks that must be repaired. Above or below average rainfall in spring and summer

dramatically impact water usage. When actual usage does not meet the usage projections, revenue projections are not met. Although there have been water rate increases, the actual revenue from those increases has been lower than projected and revenue is not meeting expenses. Sanitary sewer revenue is based on water usage so those projections and revenues are directly impacted by water. Beginning in FY2010, auditors began reclassifying some water fund capital expenditures as operating expenditures, which required a \$1 million shift from capital to operating expenditures. The City's water fund also has outstanding revenue bonds with covenants requiring debt service coverage of 1.25 times the annual debt service payment. The sewer fund has outstanding State Revolving Fund revenue loans that have bond covenants that require debt service coverage of 1.10 times the annual debt service payment. The debt service coverage for both funds must be calculated on accrual basis rather than cash basis, making it much more difficult to project because the City budgets and prepares projections on a cash basis.

### Need to Increase General Fund Reserve

Moody's Investors Service affirmed Dubuque's Aa2 bond rating in November 2014 with a negative outlook noting the decline of the City's general fund reserve. Dubuque's general fund reserve declined from 24 percent of general fund revenues in fiscal year 2013 to 17 percent in FY2014 and is projected to decline to 12 percent in FY2015. This decline in the general fund reserve is due to planned capital expenditures of \$5 million. Moody's prefers Aa2-rated organizations to have a general fund reserve greater than 20% while the City's fund reserves policies require a 10% general fund reserve and states the City may continue to add to the balance when additional funds are available until 20 percent is reached. It will be necessary for the City to begin increasing its general fund reserve which will impact the capital improvement program.

### Data Entry Error

The property lease for the ABC Building was inadvertently entered as \$455,894 instead of \$45,894 during the FY2015 budget process, which resulted in a revenue shortfall of \$410,000.

### Lower-Than-Projected Property Valuations

General fund valuations came in lower than projected and will generate \$120,000 less in property tax revenue.

# Actions to Address Budget Issues

## Position Eliminations

Department	Position	FTE	Type	Status
Economic Development	Assistant Economic Development Director	1.00	FT	Vacant
Economic Development	Economic Development Coordinator	1.00	FT	Laid Off
Housing & Community Development	Lead Paint Assistant	1.00	FT	Laid Off
Housing & Community Development	Lead Paint Inspector	1.00	FT	Laid Off
Housing & Community Development	Lead Paint Program Supervisor	1.00	FT	Vacant
Housing & Community Development	Healthy Homes Supervisor	1.00	FT	Laid Off
Housing & Community Development	Healthy Homes Program Inspector	1.00	FT	Laid Off
Parking	Iowa Street Ramp Cashier	0.33	PT	Vacant
Recreation	Recreation Classes Custodian	0.32	PT	Vacant
Recreation	Recreation Supervisor	0.65	Seasonal	Vacant
Recreation	Concession Worker	0.21	Seasonal	Vacant
Recreation	Pro Shop Attendant	0.47	Seasonal	Vacant
Transit (The Jule)	Bus Operators (Route Reconfiguration)	1.50	PT	Vacant
Transit (The Jule)	Bus Operators (Summer Trolley Modification)	0.42	PT	Vacant
Water	Secretary	1.00	FT	Vacant
Water & Resource Recovery Center	Plant Operator	1.00	FT	Vacant
Water & Resource Recovery Center	Plant Operator	1.00	FT	Vacant
<b>TOTAL</b>		<b>13.90</b>		

## Frozen Positions

Department	Position	FTE	Type	Status
City Manager's Office	Management Intern	0.60	PT	Vacant
City Manager's Office	Secretary	1.00	FT	Vacant
Engineering	Traffic Engineering Assistant	1.00	FT	Vacant
Information Services	Information Services Help Desk	1.00	FT	Vacant
Library	Library Aide	0.50	PT	Vacant
Library	Library Assistant	0.50	PT	Vacant
Library	Library Assistant	0.75	PT	Vacant
Library	Library Assistant	0.75	PT	Vacant
Library	Library Clerks	0.18	PT	Vacant
Park	Assistant Horticulturalist	1.00	FT	Vacant
Park	Maintenance Worker	1.00	FT	Vacant
Park	Park Ranger/Maintenance Worker	1.00	FT	Vacant
Park/Public Works	Assistant Horticulturalist	1.00	FT	Vacant
Park/Recreation	Custodian	0.20	PT	Vacant
Police	Records Clerk	1.00	FT	Vacant
Water	Secretary	0.50	PT	Vacant
<b>TOTAL</b>		<b>11.98</b>		

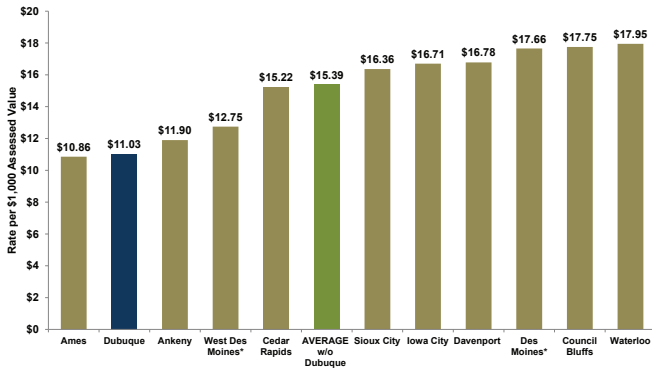
## Additional Actions & Recommendations

- Frozen employee travel, reducing opportunities for continuing education
- Non-bargaining unit employees will not receive a pay raise
- 10% reduction in most City purchase of service contracts and grant programs
- Delayed and canceled capital improvement projects
- Other efficiencies like eliminating contracting out for Jule Transit management services, saving over \$50,000 per year
- Current budget year amendment to reduce expenditures
- Parking fee increases
- Rental licensing and inspection fee increases
- Recreation program fee increases (swimming pool admission)
- Increasing electric and gas utility franchise fees from 3% to 5%
- Other recommended rates and fees are detailed on the next two pages of this document.

# Recommended FY2016 City Portion of Property Taxes

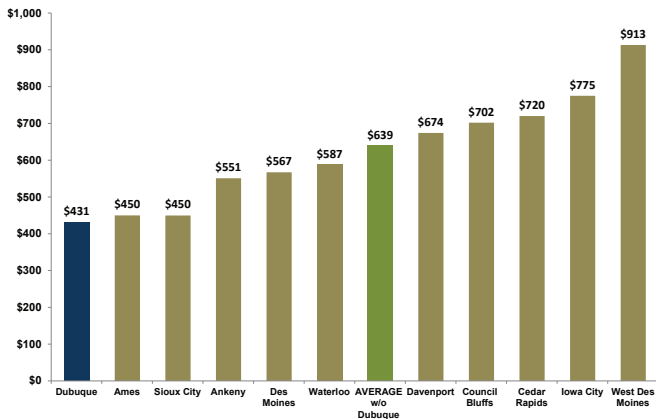
## PROPERTY TAX RATES

(DUBUQUE'S RECOMMENDED FY2016 RATE VS. ADOPTED FY2015 RATES)



## PROPERTY TAXES PER CAPITA

(DUBUQUE'S RECOMMENDED FY2016 RATE VS. ADOPTED FY2015 RATES)



## Where do your property taxes go?

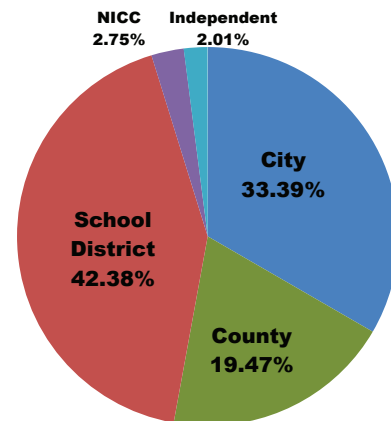
Property taxes are collected by the County and distributed monthly to the City of Dubuque and other taxing bodies. Property taxes are distributed among the Dubuque Community School District (42.38%), City of Dubuque (33.39%), Dubuque County (19.47%), Northeast Iowa Community College (2.75%), and independent authorities\* (2.01%).

Property taxes are certified July 1 with the first half due on or before September 30 and the second half due on or before March 31. For more information, contact the City Assessor at 563-589-4416.

\* "Independent Authorities" includes City Assessor, County Hospital (Sunnycrest Manor), Dubuque County Agriculture Extension, and the Tuberculosis and Brucellosis Eradication Fund.

- Recommended Tax Rate = \$11.03 per \$1,000 assessed value
- No increase in property tax rate and 2.63% increase in property tax cost for the average homeowner from FY2015
- Provides a property tax decrease for industrial properties (-6.68%) and commercial properties (-7.49%).
- Dubuque's rate is the **SECOND LOWEST** of the 11 cities in Iowa with a population over 50,000. The highest rate (Waterloo, \$17.95) is 62.7% higher than Dubuque's rate, and the average (\$15.39) is 39.5% higher.
- Dubuque's tax rate in FY1987 was \$14.58, 24.39% higher than the recommended FY2016 rate of \$11.03. The City is an efficient operation and has reduced its full-time workforce by 3.8% since the 1980s.
- Dubuque would have the **LOWEST** taxes per capita in the state for the city portion of property tax rate
- The highest city (West Des Moines, \$913) would be 112% higher than Dubuque, and the average (\$639) would be 48.3% higher.

## PROPERTY TAX SPLIT (FY2014–FY2015)



## Dubuque's Rankings among Iowa's 10 Largest Cities

Category	Dubuque's Rank
Property Tax Rate Per Capita	Lowest
City Portion of Property Tax Rate	Second Lowest
Water Rate	Third Lowest
Curbside Collection Rate	Fifth Lowest
Sanitary Sewer Rate	Fourth Highest
Stormwater Rate	Second Highest

## Assistance Available to Low-Income Residents

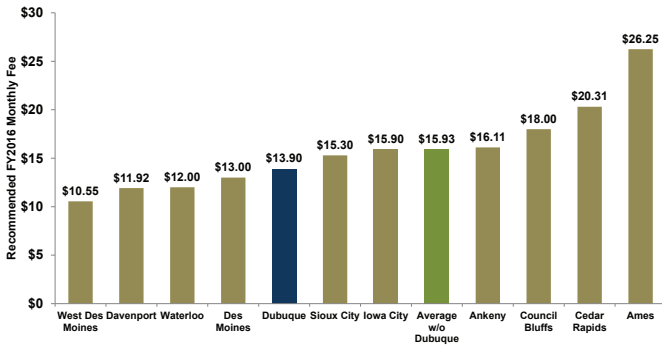
A 50% discount in refuse and stormwater fees is available for qualified residents. Eligibility guidelines include:  
**Age & Annual Income:** Head of the household is 65 years of age or older, and annual gross household income is \$24,300 or less for a one-person household or \$27,800 or less for a two person household.

**Family Size & Annual Income:** Family households of 5 or more people that meet current Section VIII Housing guidelines.  
**Extreme Financial Hardship:** Under the discretion of the City Manager or designee. For more information, or to apply, visit [www.cityofdubuque.org/utilitybilling](http://www.cityofdubuque.org/utilitybilling) or call 563.589.4144.

# Recommended FY2016 Rates & Fees

## Curbside Collection

Basic Rate = \$13.90/month

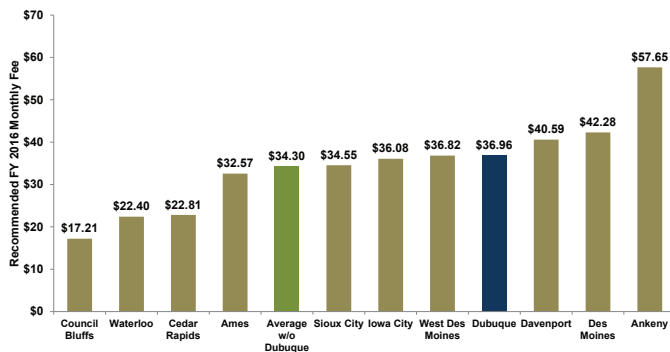


- 5% increase from FY2015 (was \$13.24)
- Average monthly impact = \$0.66

Dubuque would have the fifth-lowest refuse collection rate when ranked among similar communities. The highest-ranked city (Ames, \$26.25) would be 89% higher than Dubuque's rate, and the average (\$15.93) would be 14.6% higher than Dubuque.

## Sanitary Sewer

Avg. Household Rate\* = \$36.96/month



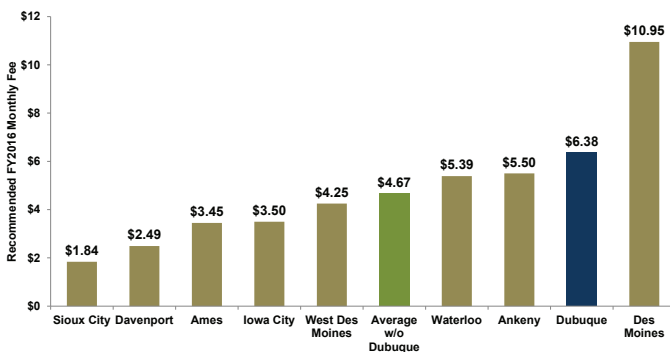
- 10% increase from FY2015 (was \$33.58)
- Average monthly impact = \$3.38

Dubuque would have the fourth-highest sanitary sewer rate among these communities. The highest-ranked city (Ankeny, \$57.65) is 56% higher than Dubuque's rate, and the average (\$34.30) is 7.2% lower than Dubuque.

\*Average household rate based on 6,000 gallons per month at \$0.0061633 per gallon

## Stormwater

Avg. Household Rate\* = \$6.38/month



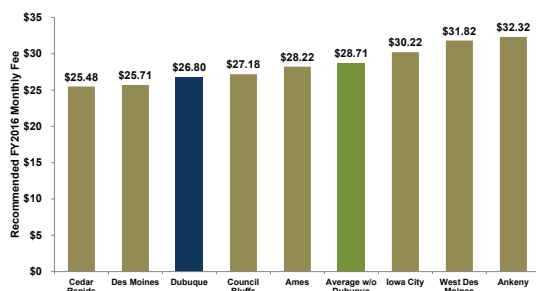
- 6.79% increase from FY2015 (was \$5.98)
- Average monthly impact = \$0.40
- Not-for-profit businesses automatically receive 50% discount

Dubuque is in the midst of a \$180 million project to protect 1,373 properties from stormwater flooding. The Bee Branch Watershed Flood Mitigation Project will prevent an estimated \$582 million in damages over the 100-year design life of the project, with a return on investment of \$6 for each \$1 spent. The highest rate (Des Moines, \$10.95) would be 71.6% higher than Dubuque's rate, and the average (\$4.67) would be 26.8% lower than Dubuque.

\*Monthly rate for majority of Dubuque households based on usage of 1 SFU [single family unit]

## Water

Avg. Household Rate\* = \$26.80/month



- 10% increase from FY2015 (was \$24.36)
- Average monthly impact = \$2.44

Dubuque would have the third-lowest water rate among these communities. The highest rate (Ankeny, \$32.32) would be 20.6% higher than Dubuque's rate, and the average (\$28.71) would be 7.1% higher.

\*Average household rate based on 6,000 gallons per month at \$0.0045 per gallon