CITY OF DUBUQUE

BUDGET & FISCAL POLICY GUIDELINES

FISCAL YEAR 2024

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 2022. 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, 2023 must be adopted by March 31, 2023.

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.

- **October:** Point Neighborhood Association.

- **October:** City staff participated in City Life presentations on the budget process and attendees had the opportunity to prioritize real City projects.

- **November:** The City Manager hosted an evening hybrid public budget input meeting. Participants could attend in person at the City Council Chambers or by phone or computer using GoToMeeting.

A total of 27 community members attended budget presentations. There have been 252 page views of the Balancing Act budget simulator tool and 8 budgets have been submitted by the public as of January 19, 2023. The input provided will be analyzed by City staff and evaluated by the City Manager for inclusion in the Fiscal Year 2024 budget recommendation as deemed appropriate.

Open Budget
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.

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
URL:http://bit.ly/fy22budgetsim
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
URL: http://bit.ly/taxpayerreceipt
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.

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 2024 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 2024 Budget. These documents will be available in mid-February.

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 2024 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. **The FY 2024 Residents Guide will be an abbreviated version due to time constraints and ongoing staffing shortages**

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, 2024
Dubuque Police Protective Association	June 30, 2024
International Union of Operating Engineers	June 30, 2024

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 than1,560 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 January 19, 2023, 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.

	Percent Self-Supporting			
Activity	**FY 2021 Actual**	**FY 2022 Actual**	**FY 2023 Adopted**	**FY 2024 Rec'd**
Adult Athletics	56.3%	68.8%	50.8%	53.3%
McAleece Concessions	130.1%	65.6%	127.6%	116.4%
Youth Sports	14.1%	20.2%	20.0%	15.2%
Therapeutic & After School	83.8%	76.0%	30.4%	22.2%
Recreation Classes	66.5%	76.8%	42.8%	50.1%
Swimming	47.8%	36.9%	49.4%	41.5%
Golf	109.0%	112.5%	100.3%	100.6%
Port of Dubuque Marina	80.6%	89.4%	63.3%	65.4%
Park Division	25.8%	18.9%	15.2%	15.7%
Library	1.8%	1.4%	1.3%	1.3%
Airport	103.4%	101.1%	91.3%	93.7%
Building Inspections	157.7%	144.7%	94.3%	99.3%
Planning Services	63.4%	53.7%	45.2%	58.4%
Health Food/Environmental Inspections	73.8%	71.8%	52.0%	47.8%
Animal Control	70.6%	69.8%	66.7%	56.7%
Housing - General Inspection	110.6%	71.0%	101.6%	93.7%
Federal Building Maintenance	92.6%	70.5%	69.2%	58.9%

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 GIS and Planning.

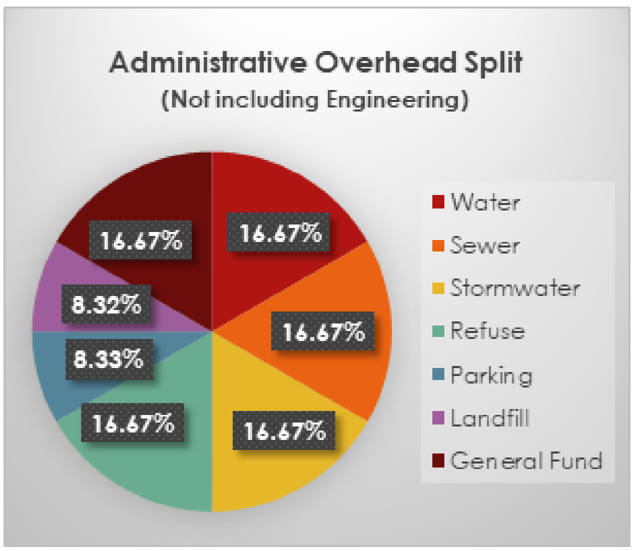
In Fiscal Year 2024, the general fund is recommended to support $6,840,376 in administrative overhead using the recharge method adopted in Fiscal Year 2013 and revised in Fiscal Year 2018.

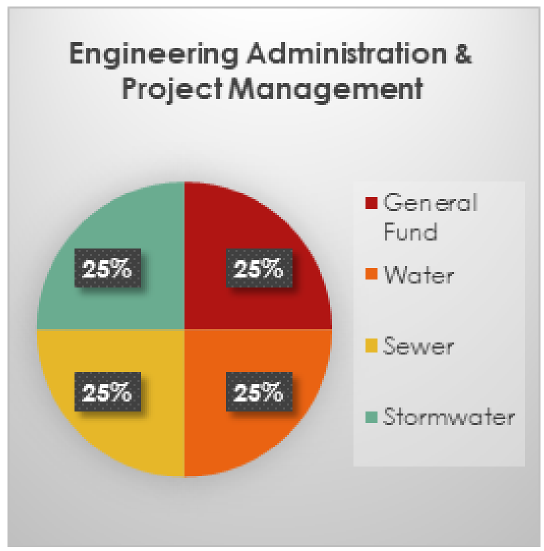
GUIDELINE

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.

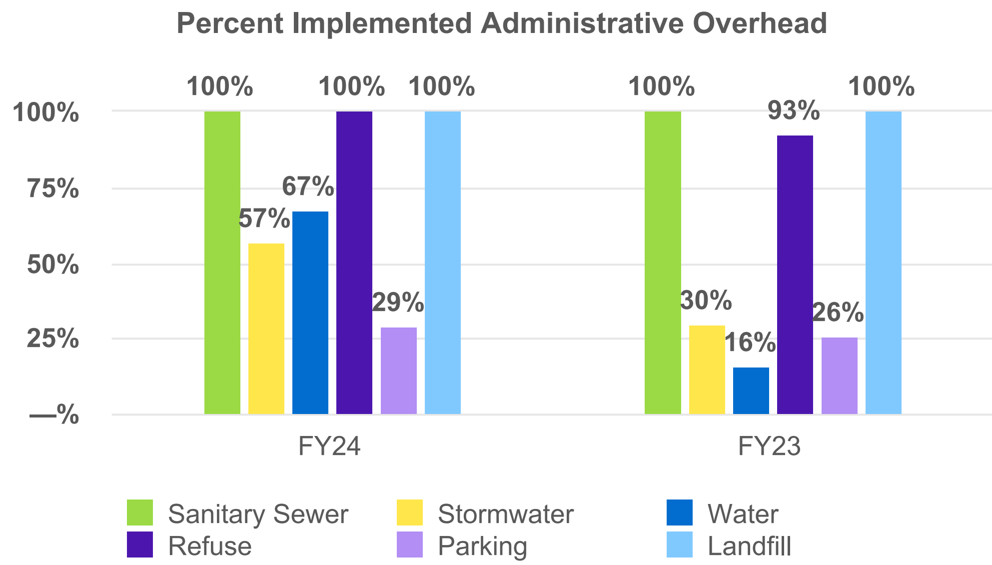
Beginning in Fiscal Year 2018, Neighborhood Development, Economic Development and Workforce Development expenses will not be recharged to utility funds. In addition, the Landfill will not be recharged GIS and Planning expenses.

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 2023 as compared to Fiscal Year 2024 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 20 percent for “AA” rated cities. In 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.

In November of 2022, Moody’s Investors Service (“Moodys”) 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.

Coincident with the release of its methodology, Moody’s reviewed the City of Dubuque. The City was assigned an issuer rating of Aa3, which is equivalent to the existing rating on its general obligation bonds. At that time, the rating agency did not take any additional action on the City’s bond rating, nor did it indicate a need for further review.

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.

Fiscal Year	Fund Reserve (As % of General Fund revenues)	New Moody's Calculation	Reason for change from previous FY
FY 2014	14.87%		
FY 2015	14.87%		Unchanged
FY 2016	17.52%		Increase due to capital projects not expended before the end of the FY and increase in general fund revenue
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	31.24%		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.

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.

After all planned expenditures in FY 2023, the City of Dubuque will have a general fund reserve of 50.18% of general fund revenues as a percent of general fund revenues computed by the accrual basis or 45.25% 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 $37,014,317 on June 30, 2023 as compared to the general fund reserve balance on an accrual basis of $35,459,518. The general fund reserve balance on an accrual basis exceeds 22% in FY 2023, which is the margin of error used to ensure the City always has a general fund reserve of at least 20% 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 20% (22% to maintain a margin of error of 2%) in FY 2023 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
FY2017	$600,000	$14,172,661	20.09 %	
FY2018	$1,700,000	$16,460,491	23.81 %	
FY2019	$1,050,000	$20,945,090	29.06 %	
FY2020	$	$21,744,160	31.24 %	
FY2021	$	$31,089,468	40.72 %	
FY2022	$	$41,259,518	49.16 %	45.09 %
FY2023	$	$35,459,518	50.18 %	45.25 %
FY2024	$	$29,659,518	41.97 %	40.21 %
FY2025	$	$23,859,518	33.76 %	35.17 %
FY2026	$	$18,059,518	25.56 %	30.14 %
FY2027	$	$18,059,518	25.56 %	30.14 %
FY2028	$	$18,059,518	25.56 %	30.14 %

* 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 22% 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 2023 General Fund budget, which went into effect July 1, 2022, anticipated a "carryover balance" of $200,000 or approximately 2 percent of the General Fund. For multi-year budget planning purposes, these guidelines assume a carryover balance of $200,000 in FY 2024 through FY 2028.

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 2023 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 2024 and each succeeding year to support the operating budget.

b. Interest Revenue. Interest revenue increased from $461,015 in FY 2023 to $1,500,016 in FY 2024. The FY 2024 budget is based on current general fund cash balance and an interest rate of 4.00%.

b. Sales Tax Revenue. By resolution, 50% of sales tax funds must be used in the General Fund for property tax relief in FY 2024. Sales tax receipts are projected to decrease 3.67% ($477,972) under FY 2023 budget and 2.98% over FY 2023 actual of $12,166,014 based on FY 2023 revised revenue estimate which includes a reconciliation payment from the State of Iowa of $742,777 received in November 2022, and then increase at an annual rate of 2.00% percent per year beginning in FY 2025.

The following chart shows the past four years of actual sales tax funds and projected FY 2024 for the General Fund:

Sales Tax Funds	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
PY Q4	$ 355,027	$ 380,549	$ 419,551	$ 475,037	$ 508,289
Quarter 1	$ 1,124,105	$ 1,252,896	$ 1,361,526	$ 1,177,196	$ 1,259,600
Quarter 2	$ 1,149,881	$ 1,274,904	$ 1,425,968	$ 1,613,587	$ 1,726,538
Quarter 3	$ 971,871	$ 1,072,643	$ 1,211,388	$ 1,370,747	$ 1,466,700
Quarter 4	$ 700,312	$ 839,102	$ 950,069	$ 1,075,051	$ 1,150,305
Reconciliation	$ 219,332	$ 805,052	$ 945,466	$ 371,388	$ 152,971
Total	$ 4,520,528	$ 5,625,146	$ 6,313,968	$ 6,083,006	$ 6,264,403
% Change	**+0.87%**	**+19.64%**	**+12.25%**	**-3.66%**	**+2.98%**

c. Hotel/Motel Tax Revenue. Hotel/motel tax receipts are projected to increase 3.00% ($85,223.00) over FY 2023 budget and 3.00% over FY 2023 re-estimated receipts of $2,840,773, and then increase at an annual rate of 3.00% per year.

d. FTA Revenue. Federal Transportation Administration (FTA) transit operating assistance increased from $562,033 in FY 2023 to $570,300 in FY 2024. The FY 2024 budget is based on the revised FY 2023 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 $1,174,894 in FY 2023 to $2,324,377 in FY 2024. GEMT is a federally-funded supplement to state Medicaid payments to EMS providers transporting Medicaid patients which began in FY 2022. Fiscal Year 2023 was based on a four year average of Medicaid transports and Fiscal Year 2024 is based on the first four months of Fiscal Year 2023 Medicaid transports annualized (1,311) increased by 11% (1,455). The actual rate of reimbursement from Medicaid increased from $1,579.13 in FY 2023 to $1,597.51 in FY 2024 based on the cost report filed. This line item is offset by GEMT Pay to Other Agency expense for local match of $438,000 resulting in net revenue of $1,886,377.

Ambulance Fees increased from $1,379,294 in FY 2023 ($332 per call) to $1,917,275 in FY 2024 ($345 per call). FY 2022 actual was 1,894,062. In FY 2024, it is currently estimated that there will be 5,557 calls with $345 per call average. Fiscal Year 2024 is based on Fiscal Year 2023 actual transport volume for the first four months annualized (5,160) increased by 7.7% five-year average growth rate (5,557).

f. Miscellaneous Revenue. Miscellaneous revenue has been estimated at 2% growth per year over budgeted FY 2023.

g. Building Fee Revenue. Building fees (Building Permits, Electrical Permits, Mechanical Permits and Plumbing Permits) are anticipated to increase $61,535 from $745,335 in FY 2023 to $806,870 in FY 2024.

h. DRA Revenue.

Gaming revenues generated from lease payments from the Dubuque Racing Association (DRA) are estimated to decrease $429,640 from $7,512,677 in FY 2023 to $7,083,037 in FY 2024 based on revised projections from the DRA. This follows a $2,283,319 increase from budget in FY 2023 and a $43,621 increase from budget in FY 2022.

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

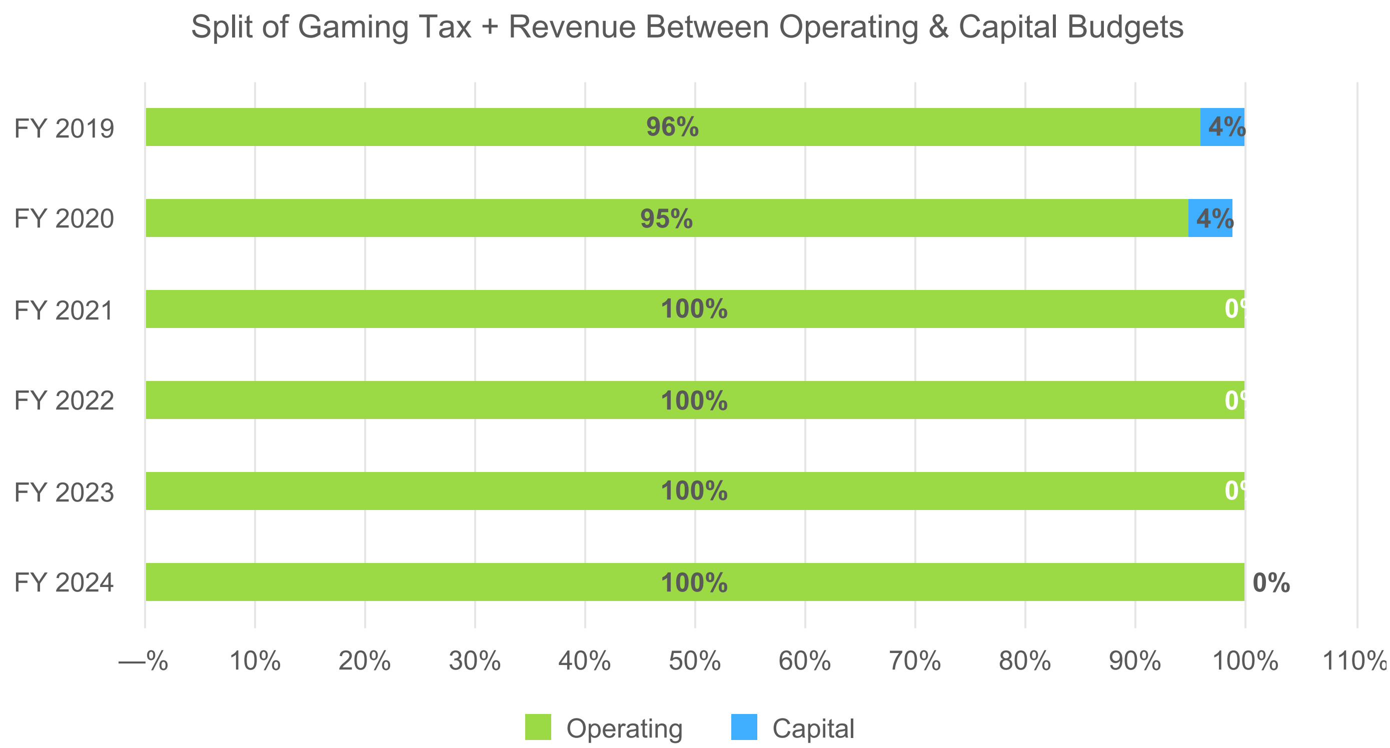
Fiscal Year	DRA Lease Payments	$ Change	% Change
FY 2024 Projected	$7,083,037	-$7,275	0%
FY 2023 Revised	$7,090,312	-$422,365	-6%
FY 2023 Budget	$7,512,677	$905,146	14%
FY 2022 Actual	$6,607,531	$1,534,718	30%
FY 2021 Actual	$5,072,813	$1,110,817	28%
FY 2020 Actual	$3,961,996	-$1,187,192	-23%
FY 2019 Actual	$5,149,188	$293,177	6%
FY 2018 Actual	$4,856,011	$18,879	0%
FY 2017 Actual	$4,837,132	-$195,083	-4%
FY 2016 Actual	$5,032,215	-$155,297	-3%
FY 2015 Actual	$5,187,512	-$158,104	-3%
FY 2014 Actual	$5,345,616	-$655,577	-11%
FY 2013 Actual	$6,001,193	-$819,090	-12%

The Diamond Jo payment related to the revised parking agreement increased from $597,905 in FY 2023 to $624,377 in 2024 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 2024 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 FY2019– FY2024:



j. Diamond Jo Revenue. The Diamond Jo Patio lease ($25,000 in FY 2024) and the Diamond Jo parking privileges ($624,377 in FY 2024) 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 54.1302% in 2023 to 54.6501% or a 0.96% increase in FY 2024. The rollback has been estimated to remain the same from Fiscal Years 2025 through 2028.

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 2024, 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 ($86,339 taxable value in FY 2023 and $87,169 taxable value in 2024) 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 54.6501 percent in Fiscal Year 2024. 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 2023, the City's tax rate would have been $6.84 per $1,000 of assessed value instead of $9.72 in FY 2023.

I. State Equalization Order/Property Tax Reform. There was not an equalization order for commercial, industrial or multi-residential property in Fiscal Year 2024. 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 2024 State backfill for property tax loss is estimated to be $969,905 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
2024	-$113,840
2025	-$113,840
2026	-$113,840
2027	-$113,840
2028	-$113,840
2030	-$113,840
Total	**-$683,040**

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 2024 is estimated to be $619,735.

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 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**

*54.65% = Current residential rollback

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.

Iowa Legislative Change to Fiscal Year 2024 Residential Rollback Calculation

At the time residential rollback was calculated by the Iowa Department of Revenue for Fiscal Year 2024, the multi-residential property class values were not excluded from the calculation. House File 418, which combined the residential and multi-residential property classes, intended to have the residential rollback calculated separately without the inclusion of multi-residential property, and then assign that calculated residential rollback to all properties classified as multi-residential.

Due to the multi-residential property tax not being excluded at the time the residential rollback was calculated, the residential rollback was computed as 56.4919%. The State Legislature has indicated that they will pass a bill that will correct this error which will result in excluding multi-residential property from the residential rollback calculation and a rollback calculation of 54.6501%.

The reduction in residential rollback from 56.4919% to 54.6501% results in a tax revenue loss of $627,641 in FY24.

State Shared Revenue Eliminations

In addition, the State of Iowa eliminated the:

a. Machinery and Equipment Tax Replacement in FY 2003 (-$200,000)
b. Personal Property Tax Replacement in FY 2004 (-$350,000)
c. Municipal Assistance in FY 2004 (-$300,000)
d. Liquor Sales Revenue in FY 2004 (-$250,000)
e. Bank Franchise Tax in FY 2005 (-$145,000)
f. 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 2024 will reflect the following impacts of taxable values of various property types:

Property Type	Percent Change in Taxable Value
Residential (Includes Multi-Residential)	+8.74 %
Commercial	(5.01)%
Industrial	+3.11 %
Multi-Residential (Reported with Residential)	(100.00)%
Overall	(0.48)%

*Overall taxable value increased (0.48)% percent after deducting Tax Increment Financing values

Assessed valuations were increased 2 percent per year beyond FY 2024.

o. Riverfront Property Lease Revenue. Riverfront property lease revenue is projected to increase by $80,577 in FY 2024 to $3,897,839 due to the estimated consumer price index increase.

3. Fees, Tax Rates & Services

p. Franchise Fees. Natural Gas franchise fees have been projected to increase zero percent over FY 2022 actual of $1,757,326. Also, Electric franchise fees are based on FY 2022 Actual of $4,140,518. The franchise fee revenues are projected to increase at an annual rate of 4 percent per year from FY 2025 through FY 2028.

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 increase 47% over 2023 budget of $53,263 and Electric franchise fee rebates have been projected to decrease 7.35% under 2023 budget of $628,000.

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 2024.

r. Police & Fire Protection. FY 2024 reflects the twelfth year that payment in lieu of taxes is charged to the Water and Sanitary Sewer funds for Police and Fire Protection. In FY 2024, 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 decreased from 23.90% percent in FY 2023 to 22.98% percent in FY 2024 (general fund savings of $19,303 for Police and $74,660 for Fire or a total of $55,356).

- The **Iowa Public Employee Retirement System (IPERS)** City contribution is unchanged from the FY 2023 contribution rate of 9.44% (no general fund impact). The IPERS employee contribution is unchanged from the FY 2023 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. The already approved collective bargaining agreements for Dubuque Police Protective Association, Teamsters Local Union No. 120 Bus Operators, and Teamsters Local Union No. 120 in FY 2024 include a 3.00% employee wage increase, however a 5.00% wage increase is recommended for all collective bargaining agreements except the Dubuque Police Protective Association and Dubuque Professional Fire Fighters Association, which a 6.00% wage increase is recommended. In addition, the Dispatchers that are part of the International Union of Operating Engineers include a 6.00% wage increase. Non-represented employees include a 5.00% wage increase, with the exception of Police and Fire command staff excluding the Police and Fire Chief include a 6.00% wage increase, and the Lead Dispatchers include a 6.00% wage increase. Total cost of the wage increase is $1,230,187 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 637 contracts) in FY 2024 (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 2023 actual experience, Fiscal Year 2024 is projected to have a 5.27% increase in health insurance costs. Estimates for FY 2025 were increased 5.27%; FY 2025 were increased 5.27%; FY 2026 were increased 5.27%; and FY 2027 were increased 5.27%.

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 2023 was $246,947 as compared to FY 2024 of $290,242, 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 2023 was $124,693 as compared to FY 2024 of $119,167, based on FY 2023 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 2022. A 2% increase is estimated in succeeding years.

g. Electricity. Electrical energy expense is estimated to have no increase over FY 2022 actual expense, then 2% per year beyond.

h. Natural Gas. Natural gas expense is estimated to have no increase over FY 2022 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 2024 are estimated to decrease 22.46% under FY 2023 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 $43,846 in FY 2023 to $27,653 in FY 2024 based on estimated premium for FY23.

m. Motor Vehicle Fuel. Motor vehicle fuel is estimated to increase 5.14% over the FY 2023 budget, then increase 2.0% per year beyond.

n. Motor Vehicle Maintenance. Motor vehicle maintenance is estimated to increase 9% from the FY 2023 budget based onFY22 actual, then increase 2.0% per year and beyond.

o. Public Transit. The decrease in property tax support for Transit from FY 2023 to FY 2024 is $126,874, which reflects an increase in Federal Transportation Administration Operating revenue ($8,267); an increase in Federal Transportation Administration Capital ($233,133), an increase in employee expense ($211,973); increase in supplies and services ($90,303); a reduction in equipment replacements ($24,245), an increase in passenger fare revenue ($6,770).

p. Public Transit (continued):

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

Fiscal Year	Amount	% Change
2024 Projection	$1,579,811	(5.62)%
2023 Budget	$1,673,923	4.54 %
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	30.33 %
2014 Actual	$833,302	(20.19)%
2013 Actual	$1,044,171	45.51 %

q. Shipping & Postage. Postage rates for FY 2024 are estimated to increase 2% over FY 2022 actual expense and proposed cost increases by United States Postal Service. A 2.0 percent increase is estimated in succeeding years.

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

- Workers Compensation is decreasing (11)% based on rate change.
- General Liability is increasing based on FY 2024 actual plus 2%.
- Damage claims is increasing 16% based on a five year average.
- Property insurance is increasing based on FY 2024 actual plus 2%.

s. Housing. The Housing Choice Voucher subsidy payment from the General Fund is estimated to increase $69,393 in FY 2024. The City of Dubuque is authorized to use up to 1,108 vouchers; however, the annual budget provided by the U.S. Department of Housing and Urban Development (HUD) only supports approximately 900 vouchers. The city is utilizing 760 vouchers as of October 2022. HUD has based the Section 8 administrative fees for FY 2024 on the number of vouchers held in FY 2023 which has increased the amount of administrative revenue received by the Section 8 program in FY 2024, however administrative expenses also increased.

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. 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. 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 2024, with $26,500 for True North strategy paid from the Greater Downtown TIF. In FY 2025 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 2024 property tax rate increased 1.96% and will have the following impact:

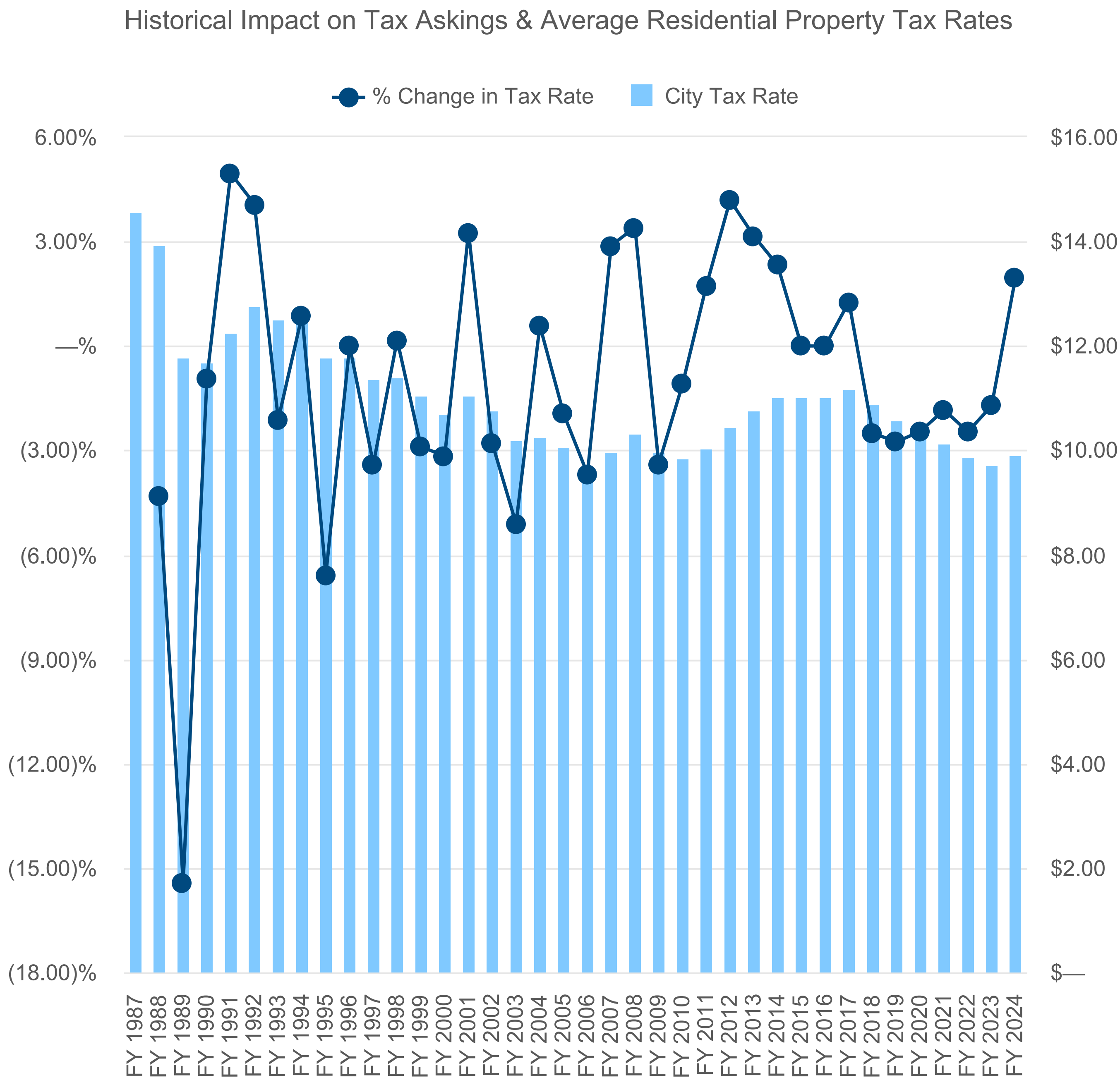
	FY 2024	FY 2023	% Change	$ Change
Property Tax Rate	$9.90755	$9.71686	1.96%	$0.19
Average Residential Payment	$815.57	$791.82	3.00%	$23.75
Average Commercial Payment	$3,330.95	$3,060.34	8.84%	$270.61
Average Industrial Property	$4,820.27	$4,521.00	6.62%	$299.27

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 1987–2024 is -0.97%. The average annual change over the last five years is -1.31%.

The following pages show historical and projected property tax impacts.

Historical Impacts on Tax Askings & Average Residential Property Tax Rates:

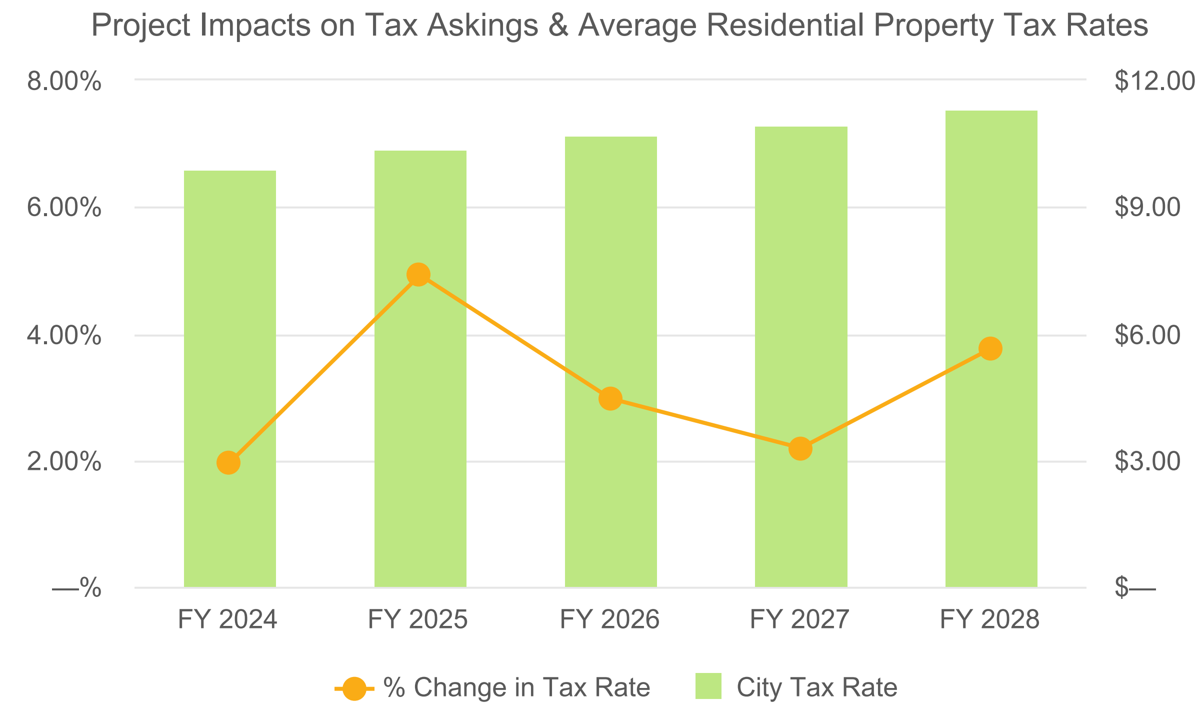


Historical City tax rates and % change in tax rate:

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	9.9075	+1.96%
1987 - 2024 Average Change		**-0.97%**
2020-2024 Average Change		**-1.31%**

From Fiscal Year 1987 through Fiscal Year 2024, the average annual change in the property tax rate is a decrease of 0.97%. Over the last five years, the average annual change in the property tax rate is a decrease of 1.31%.

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 2024	9.9075	1.96%
FY 2025	10.3954	4.92%
FY 2026	10.7046	2.97%
FY 2027	10.9393	2.19%
FY 2028	11.3513	3.77%

*Significantly impacted by the budget projection that the State of Iowa began eliminating the property tax backfill payments beginning in FY 2023.

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
Average FY1989-FY2023 with Homestead Adj.			**+1.31%**		+$7.98
Average FY2019-FY2023 with Homestead Adj.			**+0.95%**		+$7.22
Average FY1989-FY2023 without Homestead Adj.				**+0.79%**	**+$5.16**

The average annual dollar change in residential property tax from 1989-2023 is an increase of $7.98. The average annual dollar change over the last five years is an increase of $7.22.

Projected impact on average residential property:

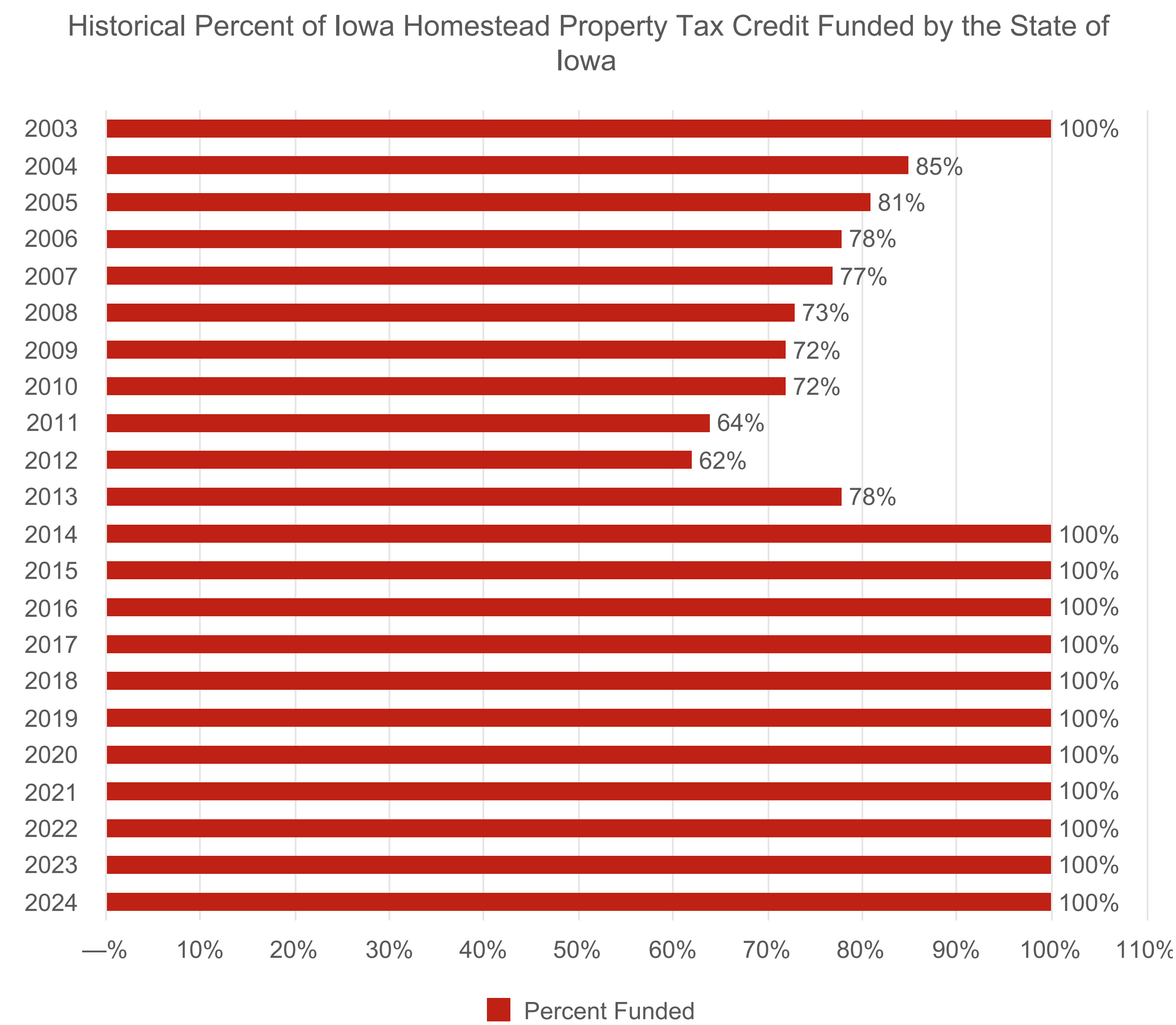
PROJECTION		CITY TAX CALCULATION	PERCENT CHANGE	DOLLAR CHANGE
FY 2024	“City” Property Tax	$815.57	+3.00%	+$23.75
FY 2025 (4)	“City” Property Tax	$855.74	+4.93%	+$40.17
FY 2026	“City” Property Tax	$881.19	+2.97%	+$25.45
FY 2027	“City” Property Tax	$900.50	+2.19%	+$19.31
FY 2028	“City” Property Tax	$934.42	+3.77%	+$33.92

* 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.
(4) The City Assessor has estimated a 20% increase in assessed value for Residential property. Residential property is restricted to a maximum growth rate of 3% in taxable value.

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.



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 1989-2023 Average Change				**+$16.28**	**+0.79%**
2019-2023 Average Change				**-$44.02**	**-1.37%**

*Net of Business Property Tax Credit

The average annual dollar change in commercial property taxes from 1989-2023 is a increase of $16.28. The average annual dollar change over the last five years is a decrease of -$44.02.

Projected impact on average commercial property:

PROJECTED		CITY TAX CALCULATION	BUSINESS PROPERTY TAX CREDIT (11)	DOLLAR CHANGE	PERCENT CHANGE
FY 2024	"City" Property Tax	$3,330.95	$0.00	+$270.61	+8.84%
FY 2025	"City" Property Tax	$3,494.98	$0.00	+$164.03	+4.92%
FY 2026	"City" Property Tax	$3,598.92	$0.00	+$103.94	+2.97%
FY 2027	"City" Property Tax	$3,677.82	$0.00	+$78.90	+2.19%
FY 2028	"City" Property Tax	$3,816.34	$0.00	+$138.52	+3.77%

(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 2022.
(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 1989-2023 Average Change				**-$70.11**	**-1.09%**
2019-2023 Average Change				**-$79.36**	**-1.66%**

*Net of Business Property Tax Credit

The average annual dollar change in industrial property taxes from 1989-2023 is a decrease of $70.11. The average annual dollar change over the last five years is a decrease of $79.36.

Projected impact on average industrial property:

PROJECTED		CITY TAX CALCULATION	BUSINESS PROPERTY TAX CREDIT (11)	DOLLAR CHANGE	PERCENT CHANGE
FY 2024	“City” Property Tax	$4,521.00	$0.00	-$138.06	-0.77%
FY 2025	“City” Property Tax	$4,820.27	$0.00	+$299.27	+6.62%
FY 2026	“City” Property Tax	$5,057.64	$0.00	+$237.37	+4.92%
FY 2027	“City” Property Tax	$5,208.06	$0.00	+$150.42	+2.97%
FY 2028	“City” Property Tax	$5,322.23	$0.00	+$114.17	+2.19%

(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%
Average FY 2016-FY 2023			**-$90.47**	**-4.36%**

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**

*54.65% = Current residential rollback

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	$26,205,437	+0.01%	0.00%
FY 2023	$26,205,437	0.00%	+2.96%
Average FY 1989-2023		**+2.64%**	**+0.79%**

**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 2023	$26,205,437			
FY 2024	$26,623,475	+1.60%	+3.00%	+$23.75
FY 2025	$28,643,682	+7.59%	+4.93%	+$40.17
FY 2026	$30,085,098	+5.03%	+2.97%	+$25.45
FY 2027	$31,360,194	+4.24%	+2.19%	+$19.31
FY 2028	$33,191,610	+5.84%	+3.77%	+$33.92

GUIDELINE

The recommended guideline is a 3.00% or $23.75 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 $260,687.

These guidelines include $711,000 for recurring funded by property taxes and $711,586 for non-recurring improvement packages funded by FY2024 DRA Distribution.

Iowa Senate File 634 passed during the 2019 legislative sessions, makes changes to Iowa city and county budgets and taxes for Fiscal Year 2021 and later. Additional steps have been added to the budget approval process:

1. Determine a maximum amount of taxes that the municipality will certify to be levied as property taxes from certain levies in the next fiscal year (called the “total maximum property tax dollars”), and prepare a resolution that establishes that amount of “total maximum property tax dollars” for the next fiscal year.

   The “total maximum property tax dollars” includes taxes for city government purposes under section 384.1 (general fund levy), for the city’s trust and agency fund for pensions under section 384.6, subsection 1, for the city’s emergency fund under section 384.8, and for the levies authorized under certain subsections of section 384.12: subsection 8 (certain bridges), subsection 10 (maintenance of a municipal transit system or regional transit district), subsection 11 (leases of buildings to be operated as civic centers), subsection 12 (operating and maintaining a civic center), subsection 13 (planning a sanitary disposal project), subsection 17 (premiums for various insurance types), and subsection 21 (support of a local emergency management commission), but excludes additional approved at election under section 384.12, subsection 19.

The maximum property tax dollars calculated and approved by resolution includes those amounts received by the municipality as replacement taxes under chapter 437A or 437B.

2. Set a time and place for a public hearing on the resolution.

3. Publish notice of the public hearing on the resolution in the newspaper(s) for official notices between 10 and 20 days prior to the public hearing.

   Additionally, if the municipality has a website, the notice must be posted on the website, and if the municipality maintains social media accounts, then the notice (or a link to the notice) must be posted on each social media account by the day of publication in the newspaper(s).

   Notice of the public hearing on the resolution must include:
   a. The sum of the current fiscal year's actual property taxes certified for levy under identified levies.
   b. The "effective tax rate" as defined in the code for those levies.
   c. The proposed maximum property tax dollars that may be certified for levy for the budget year under the identified levies.
   d. If the proposed maximum property tax dollars exceeds the current fiscal year's actual property tax dollars certified, a statement of the major reasons for the increase.

4. Hold a public hearing on the resolution, at which residents and property owners may present oral or written objections.

5. Following the public hearing, the governing body may decrease the proposed "maximum property tax dollars" amount but may not increase the amount.

6. Adopt the resolution. If the "total maximum property tax dollars" amount is greater than 102% of the current fiscal year's actual property taxes from the identified levies, then the resolution must pass the governing body by a two-thirds majority of the full City Council.

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, 2023 the City will be at 43.39%. 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, 2023, it is projected the City will be at 8.40%.

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 November of 2022, Moody's Investors Service ("Moodys") 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.

Coincident with the release of its methodology, Moody's reviewed the City of Dubuque. The City was assigned an issuer rating of Aa3, which is equivalent to the existing rating on its general obligation bonds. At that time, the rating agency did not take any additional action on the City's bond rating, nor did it indicate a need for further review.

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.

General Obligation Debt

Fiscal Year 2023 Debt

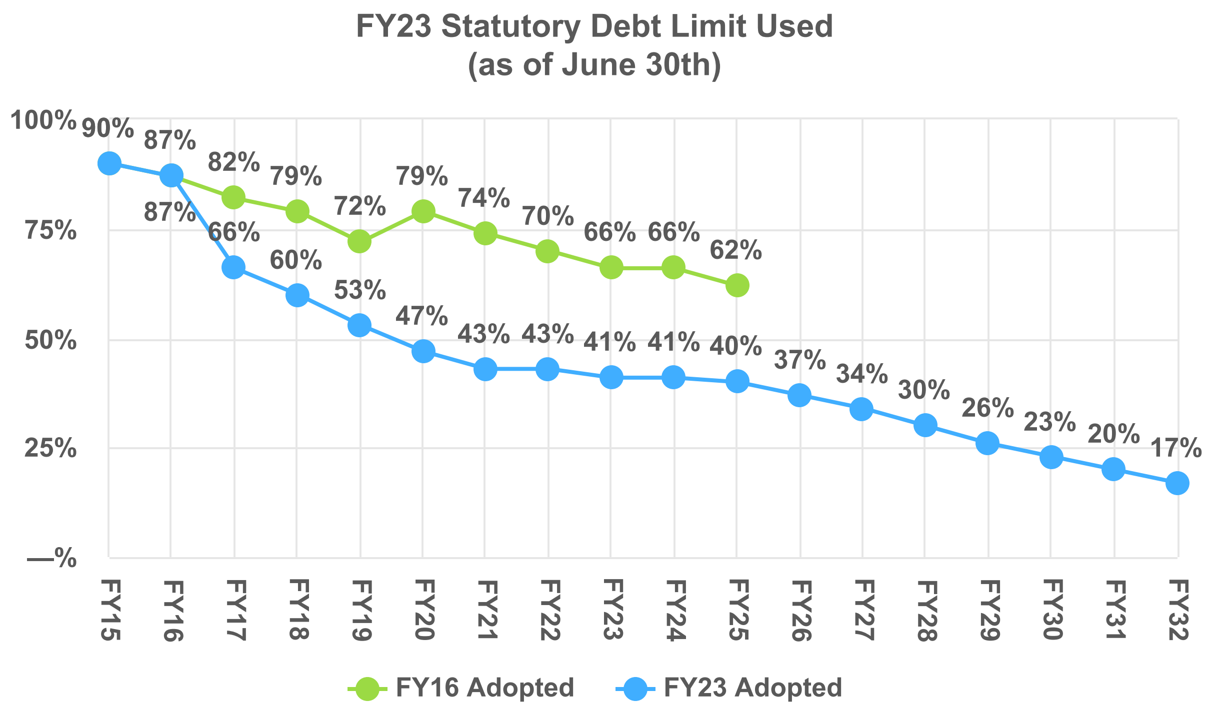
FY 2023 Debt Limit: The FY 2021 assessable value of the community for calculating the statutory debt limit is $5,185,945,799, which at 5%, indicates a total General Obligation debt capacity of $259,297,290.

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, 2023 will be $104,181,408 (40.75% of the statutory debt limit) leaving an available debt capacity of $155,115,882 (59.25%). In FY 2022 the City was at 43.21% of statutory debt limit, so 40.75% in FY 2023 is a 5.70% decrease in use of the statutory debt limit.

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 $76,700 in FY 2023 and one issuance for the franchise fee litigation settlement in the amount of $2,800,000 with debt service of $140,000 in FY 2023. Included in the debt is $3,466,272 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
2022	$241,616,084	$105,875,471	43.21%
2023	$259,297,290	$105,657,516	40.75%

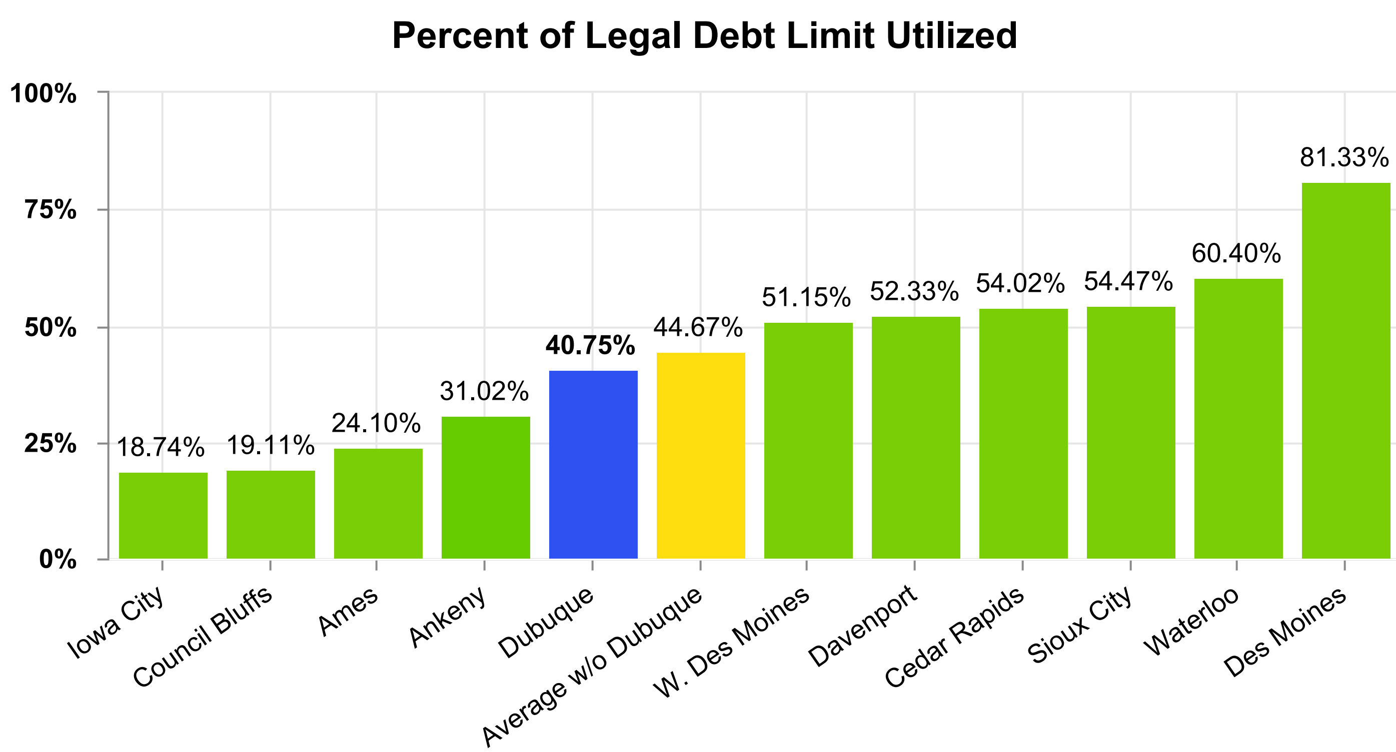


The City also has debt that is not subject to the statutory debt limit. This debt includes revenue bonds. Outstanding revenue bonds payable by water, sewer and stormwater fees on June 30, 2023 will have a balance of $148,546,235. The total City indebtedness as of June 30, 2023, is projected to be $251,517,642. The total City indebtedness as of June 30, 2022, was $252,137,581. **In FY 2023, the City will have a projected** $619,939 **or 1.90% less in debt.** The City is using debt to accomplish necessary projects and to take advantage of the attractive interest rates in the current market.

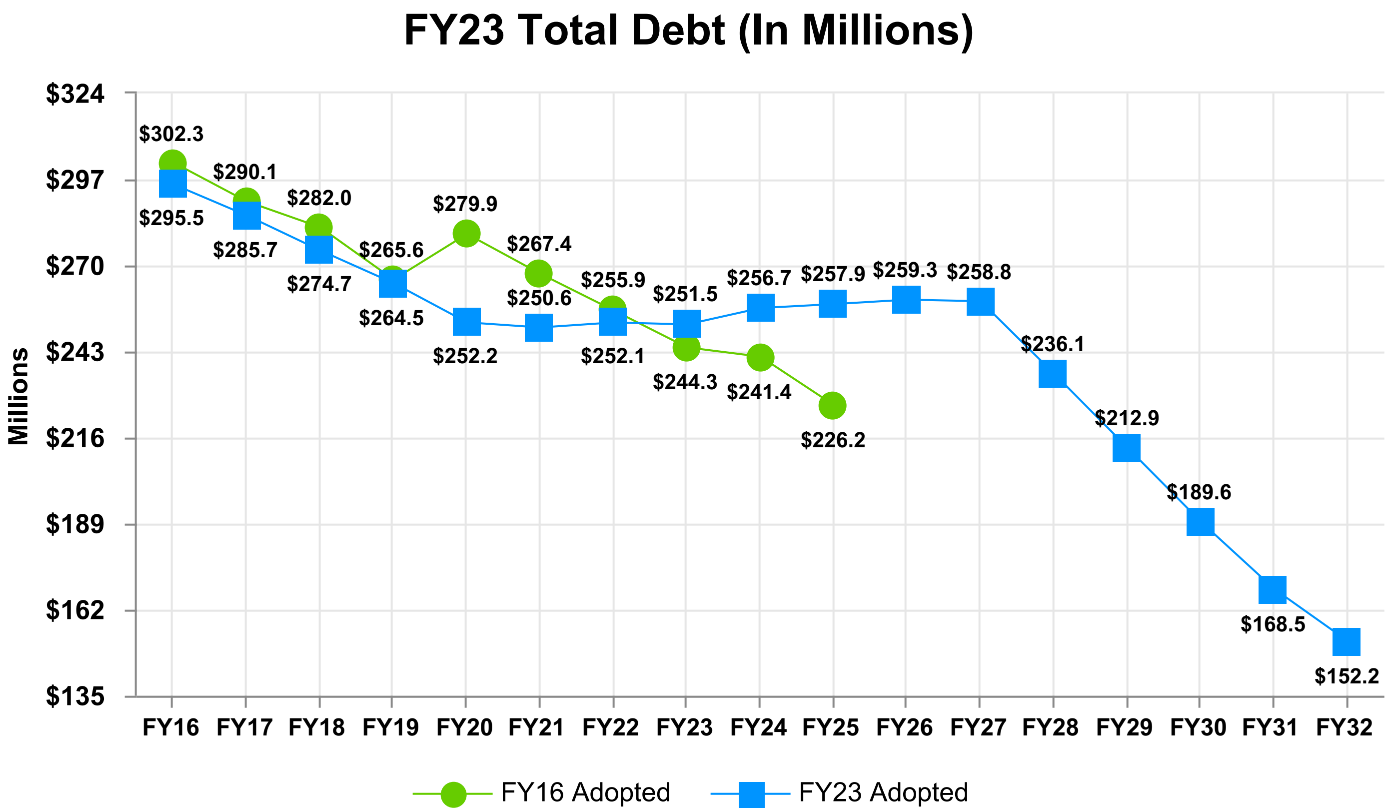
The following chart shows Dubuque's relative position pertaining to use of the statutory debt limit for Fiscal Year 2023 compared to the other cities in Iowa for Fiscal Year 2022 with a population over 50,000:

Fiscal Year 2022 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	$ 718,164,068	$ 584,079,175	81.33 %
10	Waterloo	$ 204,491,592	$ 123,519,127	60.40 %
9	Sioux City	$ 268,884,360	$ 146,463,622	54.47 %
8	Cedar Rapids	$ 619,108,725	$ 334,460,000	54.02 %
7	Davenport	$ 386,405,519	$ 202,220,000	52.33 %
6	W. Des Moines	$ 468,115,757	$ 239,455,000	51.15 %
5	**Dubuque (FY23)**	**$ 259,297,290**	**$ 105,657,516**	**40.75 %**
4	Ankeny	$ 354,600,527	$ 110,000,000	31.02 %
3	Ames	$ 259,576,468	$ 62,570,000	24.10 %
2	Council Bluffs	$ 309,959,314	$ 59,243,902	19.11 %
1	Iowa City	$ 350,967,316	$ 65,775,000	18.74 %
	Average w/o Dubuque	**$ 394,027,365**	**$ 192,778,583**	**44.67 %**



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 slightly above the average of the other Cities.



By the end of the Fiscal Year 2023 5-Year Capital Improvement Program (CIP) budget the total amount of debt for the City of Dubuque would be $258.8 million (34% of the statutory debt limit) and the projection is to be at $152 million (17% of statutory debt limit) within 10 years.

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 FY 2024-2028 Capital Improvement Program is currently being reviewed and balanced, so there are no revised Fiscal Year 2024 debt projections yet.

As we approach the preparation of the FY 2024-2028 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.

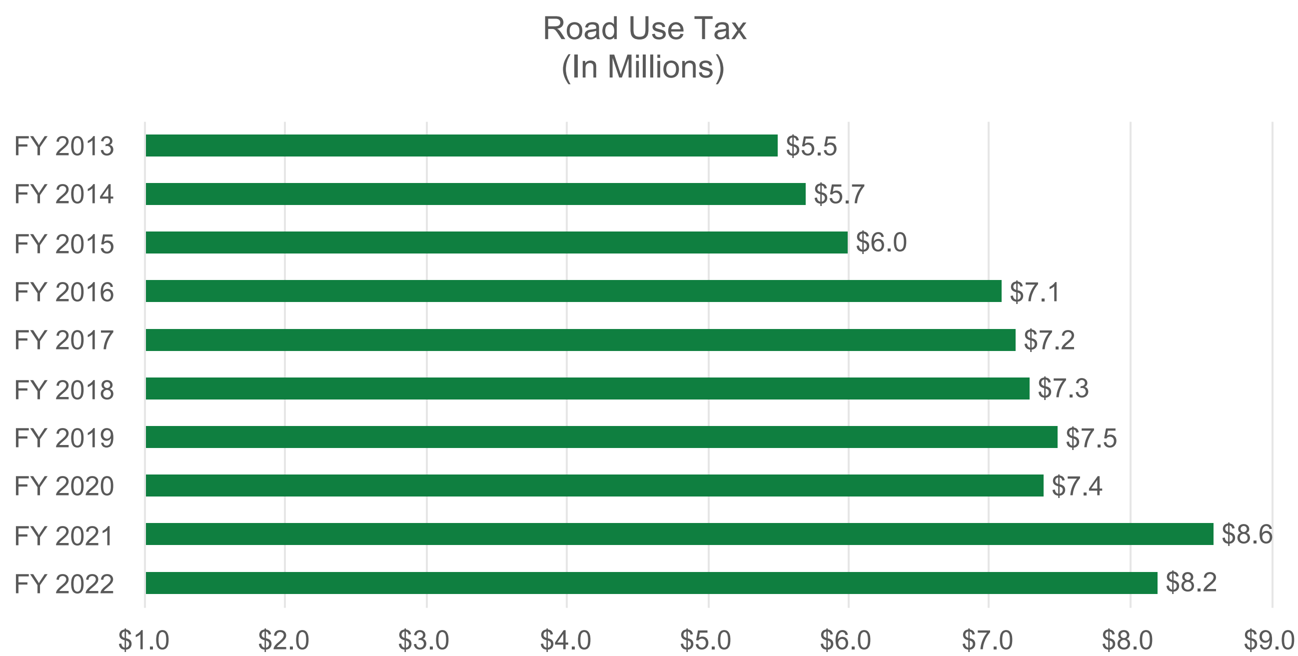
GUIDELINE

There are many high priority capital improvement projects which must be constructed during the FY 2024 - FY 2028 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 2023 budget was based on receiving $7,600,000 in Road Use Tax funds. In FY 2023, 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

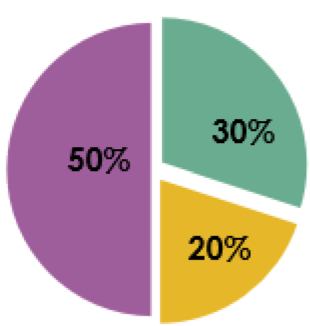
GUIDELINE

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.

A portion of the prior year February 2023 DRA distributions will be used in Fiscal Year 2024 to offset DRA rent loss of $541,398. In addition, of the February 2024 projections of operating surplus, $210,055 will be used to offset the new State legislation which reduced the residential rollback and reduced City resources by $627,000, $291,349 will be used for the purchase of Solid Waste tipper carts, and the balance will be used for non-recurring improvement packages. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2024 operations. A change from past use of DRA distributions, 0% of the February 2024 projections of operating surplus have been anticipated as resources to support the Fiscal Year 2024 capital improvement projects. The estimates received from the DRA will be reduced by 5 percent for FY 2026 resources, 10 percent for FY 2027, and 15 percent for FY 2028 resources, to provide a margin of error in case the estimates are not realized.

GUIDELINE

$541,398 of prior year February 2023 DRA distributions will be used in the Fiscal Year 2024 operating budget to offset DRA rent loss. In addition, of the February 2024 projections of operating surplus, $210,055 will be used to offset the new State legislation which reduced the residential rollback and reduced City resources by $627,000, $291,349 will be used for the purchase of Solid Waste tipper carts, and the balance will be used for FY2024 non-recurring improvement packages. This is a change from past use of DRA distributions because all funds will be used for Fiscal Year 2024 operations.In Fiscal Year 2025 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

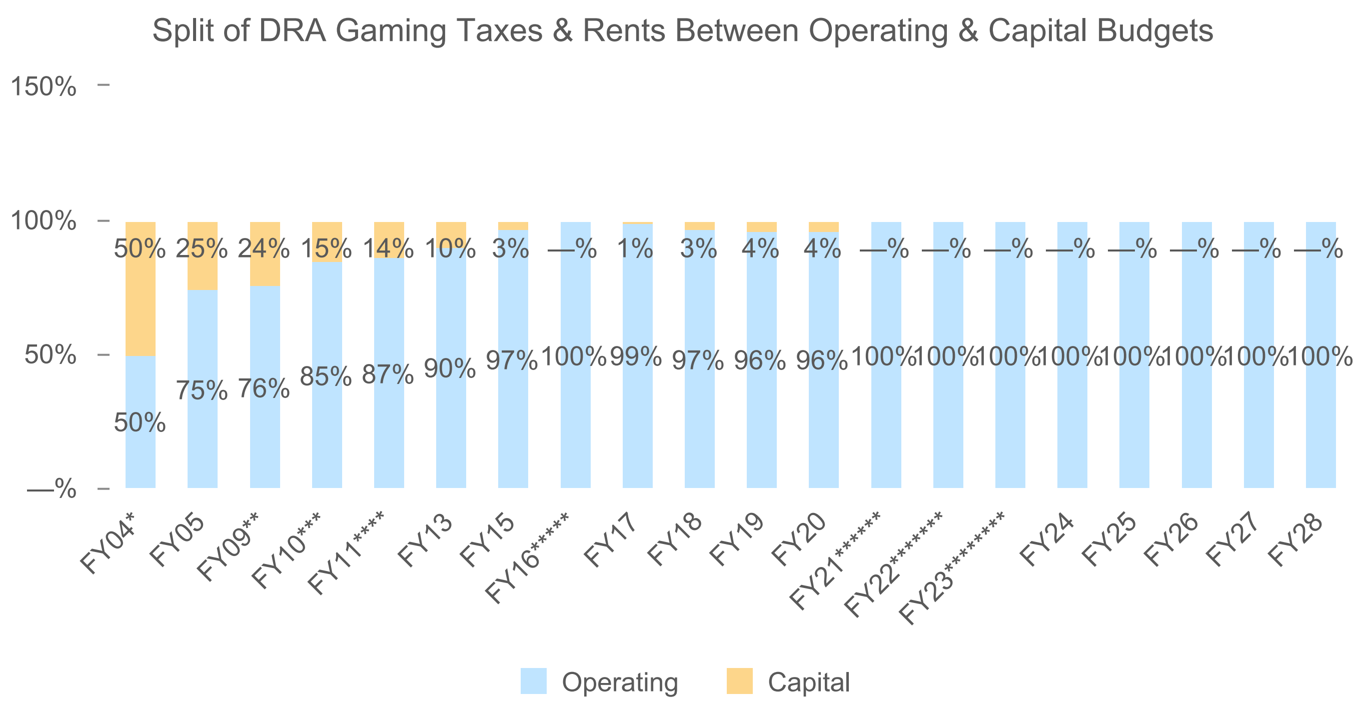
Capital improvement expenditures that will reduce future maintenance and operating expense will receive priority funding and these types of initiatives will be encouraged in all departments and funding sources as a means of maximizing the use of available resources. This emphasis reflects fiscally responsible 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, 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 (previously 1 percent),4.8 percent of gross revenue from table games, and 0.5 percent of sports wagering.

In calendar year 2022, gross gaming revenues were down -3.9% for the DRA and the Diamond Jo was down -3.4% as compared to calendar year 2021. As compared to calendar year 2019 (pre-COVID), gross gaming revenues were up 4.1% for the DRA and the Diamond Jo was up 4.8%. In calendar year 2022, the DRA showed increases, up 14.9%, in sports betting revenue, hotel room revenue, food and beverage sales, and other revenue as compared to calendar year 2021. This resulted in calendar year 2022 total gross revenue being slightly down at -0.9% as compared to calendar year 2021.

The current Dubuque market is approximately $126 million annually in 2022 down from the $130 million market in 2021 and up from the $120 million market in 2019. DRA share of the market was 41.1% in 2022, 41.2% in 2021 and 41.2% in 2019. The DRA has projected a -6.2% decrease in gross gaming revenue and a -6.0% decrease in total gross revenue for calendar year 2023. The DRA gaming projections include growth in gaming revenues over the next five years with a growth rate of 4.7% in FY 2024, a growth rate of 1.9% in FY 2025, a growth rate of 4.0% in FY 2026, and a growth decline of -4.0% in FY 2027. Two key factors to note for the five-year forecast budget are 1.) it is derived from the feasibility study done by the consultants Global Market Advisers and 2.) it takes into consideration potential disruption caused by construction, the opening of remodeled or new assets on our campus and potential new competition in calendar year 2027.

During 2022, Iowa passed legislation that put a moratorium on new casino licenses for a two-year period. This law came as Linn County (Cedar Rapids) was preparing to get a casino license approved by the IRGC. Our five-year budget forecast that Linn County will pursue a casino license after the moratorium expires and a new casino will be operational in calendar year 2027.

During 2019, Illinois passed legislation regarding six additional casinos, Sports Betting and increased Video Lottery Terminals (VLT) through the state. The casino license issued for Rockford will be the closest. The Rockford City Council voted on October 7, 2019 to certify the Hard Rock Casino as the city's choice for a new casino. On November 10, 2021, Hard Rock Casino Rockford opened its temporary casino which includes 635 slot machines and Electronic Table Games. The Hard Rock Casino plans construction of a permanent $310M casino and hotel. Construction will last approximately 18 to 24 months with a projected opening date of 2024.

Ho-Chunk Nation is planning to break ground in the spring of 2023 on the construction of $405 million casino and hotel resort in Beloit Wisconsin pending final federal approval. Construction will last approximately 18 to 24 months.

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.