



Recommended Fiscal Year 2026 Budget

March 31, 2025

Five-Year Goals: 2023-2025

- ***Vibrant Community: Healthy and Safe***
- ***Financially Responsible, High-Performance City Organization: Sustainable, Equitable, and Effective Service Delivery***
- ***Robust Local Economy: Diverse Business and Jobs with Economic Prosperity***
- ***Livable Neighborhoods & Housing: Great Place to Live***
- ***Sustainable Environment: Preserving and Enhancing Natural Resources***
- ***Connected Community: Equitable Transportation, Technology Infrastructure, and Mobility***
- ***Diverse Arts, Culture, Parks, and Recreation Experiences & Activities***
- ***Partnerships for a Better Dubuque: Building Our Community that is Viable, Livable, and Equitable***

2024-2026 Top Priorities *(in alphabetical order)*

- Air Service: Future Strategy & Action Plan – Major Airline Hub Connections
- Central Avenue Revitalization Plan Implementation
- Construction of 14th St. Railroad Overpass & 16th St. Corridor Complete Street
- Improvements: RAISE Grant and Matching Funds
- Police Department Staffing and Hiring
- Street Maintenance/Rehabilitation Program

2024-2026 High Priorities *(in alphabetical order)*

- Catfish Creek Sanitary Sewer Project: Old Mill Road Lift Station Project
- Chaplain Schmitt Island Development
- City Workforce Retention and Attraction
- Comprehensive Study of Fire Station Locations and Staffing
- Parks Maintenance/Refresh Action Plan.



Creating an Equitable Community (and Organization) of Choice

A High-Performance Organization (and Community) with
Engaged Employees and Residents that is Data-Driven and
Outcome-Focused built on the five pillars of:



Resiliency Sustainability Equity Transparency Compassion

Through Partnerships, Planning, & People

www.cityofdubuque.org

Adopted by City Council on January 16, 2024

CM024-013024



Budget Recommendation Built On City Council Goals & Priorities:

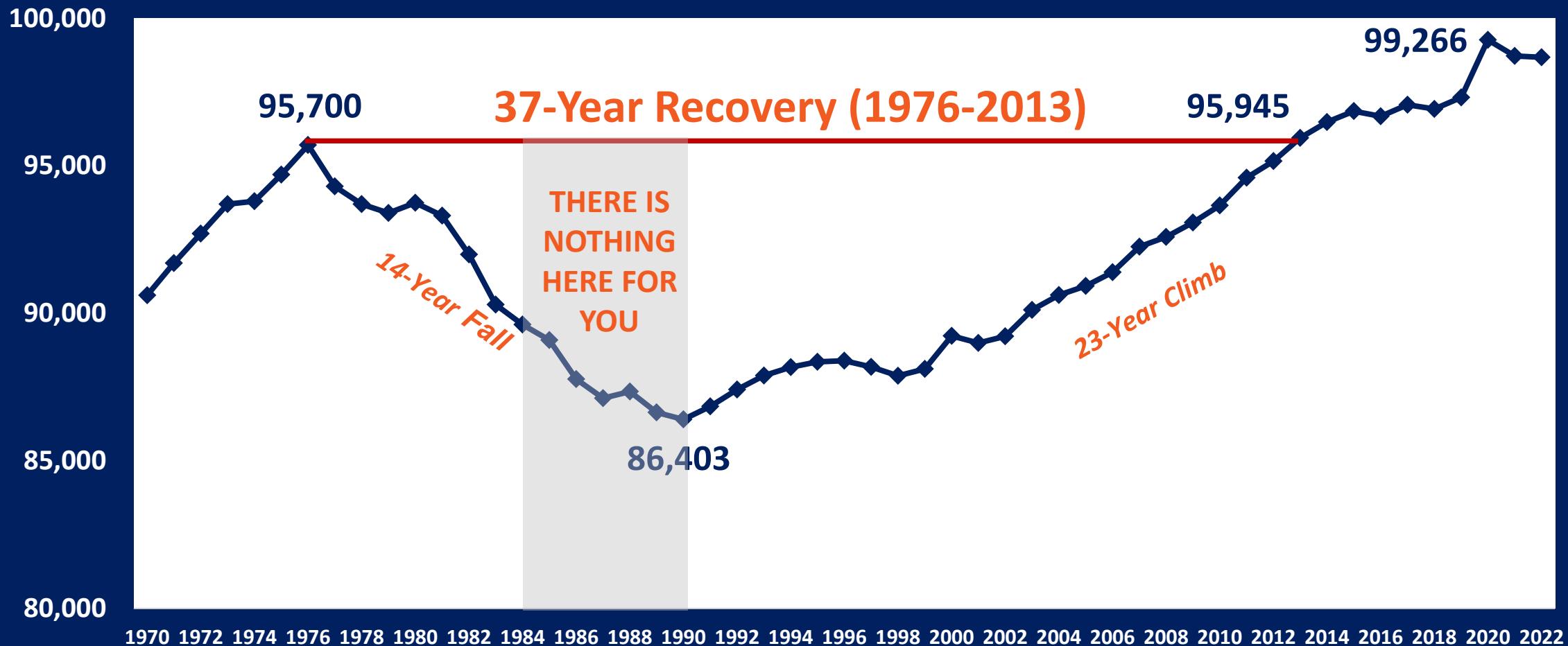


- Major CIP Projects
- Public Safety
- Streets

Outperforming Most of Our Peers



DUBUQUE COUNTY POPULATION ESTIMATES



Outperforming Most of Our Peers

Percent
Change in
Population:
2010-2020



Metropolitan Statistical Area	% Change
Des Moines-West Des Moines Metro Area	16.7%
Iowa City Metro Area	15.2%
Ames Metro Area	7.3%
Cedar Rapids Metro Area	6.2%
Dubuque Metro Area	4.2%
Janesville-Beloit, WI Metro Area	2.1%
Sioux City, IA-NE-SD Metro Area	1.0%
Waterloo-Cedar Falls Metro Area	0.3%
Davenport-Moline-Rock Island Metro Area	-0.5%
Rockford, IL Metro Area	-3.0%
Peoria, IL Metro Area	-3.3%
Decatur, IL Metro Area	-6.1%

Context for FY2026 Recommended Budget

Cost Increases



Supply chain issues and rising prices for fuel, vehicles, equipment, construction materials, electronics, etc. impacting operating expenses

Recommended wage increases:

- **Police = 5%**
- **Fire = 3.5%**
- **Operating engineers = 3.5%**
- **2 Teamsters agreements still in negotiations**
- **Recommended 3% cost of living wage increase for non-bargaining unit employees and implementation of Compensation & Classification Study**

Community Safety



- Recent addition of 10 Firefighter positions
- 4 major pieces of Fire Department equipment
- Continued aggressive deployment of security cameras
- Police Department's Precision Policing Center implementation
- New facility for 911 Emergency Communications Center

ALL CITY DEPARTMENTS SUPPORT PUBLIC SAFETY

Roads & Infrastructure



- 10 miles of city streets repaved by Public Works
- Iowa DOT Studying US20 & Northwest Arterial intersection for full reconstruction (\$5 million local match)
- 14th St. Overpass, improvements to Elm St. and 16th St., and other improvements in area: \$43 million total (\$3 million planning grant & \$25 million implementation grant)
- South Port Mississippi River Floodwall improvements (partnering with USACE)

Roads & Infrastructure *(continued)*



- **Central Ave. & White St. corridor improvements (\$8.1 million in CIP)**
- **Reimagine Comiskey Park Phase II (\$1.7 million)**
- **Catfish Creek Sanitary Sewershed: Sewer and lift station = \$50 million (seeking grants)**
- **\$131 million in CIP for sanitary sewer expansion, upgrades and maintenance**
- **Replacement of 500 lead water service lines (\$6 million)**
- **Water PFAS mitigation (\$9.6 million) and new deep well (\$4.5 million) part of Water Department's \$27.8 million CIP**

Economic Development



- Investments in downtown, Central Avenue corridor, West End industrial parks, and Chaplain Schmitt Island access.
- CIP includes \$23 million for Five Flags Center improvements
- Continued support of housing creation efforts
- Field of Dreams Project
- Development agreements for new hotels and inquiries about additional hotels
- University of Dubuque's John & Alice Butler School of Osteopathic Medicine

Improved Customer Service



- **Reorganization of Engineering Department to align work being performed with correct titles and compensation with a slight increase in FTE at a cost of just over \$40,000.**
- **Reorganization of City Manager's Office eliminates a full-time position and converts currently vacant Director of Strategic Partnerships position from part-time to full-time at no increase in costs.**
- **Temporary position in the Sustainability Office set to expire in June 2025 is extended through June 2026**

Opportunities for Grants & Forgivable Loans



Totals to Date:

Grants to the City of Dubuque (Applicant): \$33,384,233

Grants/Funds received Community-Wide:

- **ARPA Directed Allocated Funds: \$26,522,200**
- **County ARPA Funds to Community Organizations: \$15,743,338**
- **Total Federal, State, & Private Funds: \$123,819,444**
- **Total Federal, State, County, & Private Funds: \$141,562,782**

Recommended FY2026 City Property Tax Rate

FY2022 – FY2025

	Tax Rate Change	Cost Change for Avg. Homeowner
FY2022	-2.5%	0%
FY2023	-1.74%	+3%
FY2024	+1.96%	+3%
FY2025	+0.25%	+5%

Proposed City Property Tax Levy

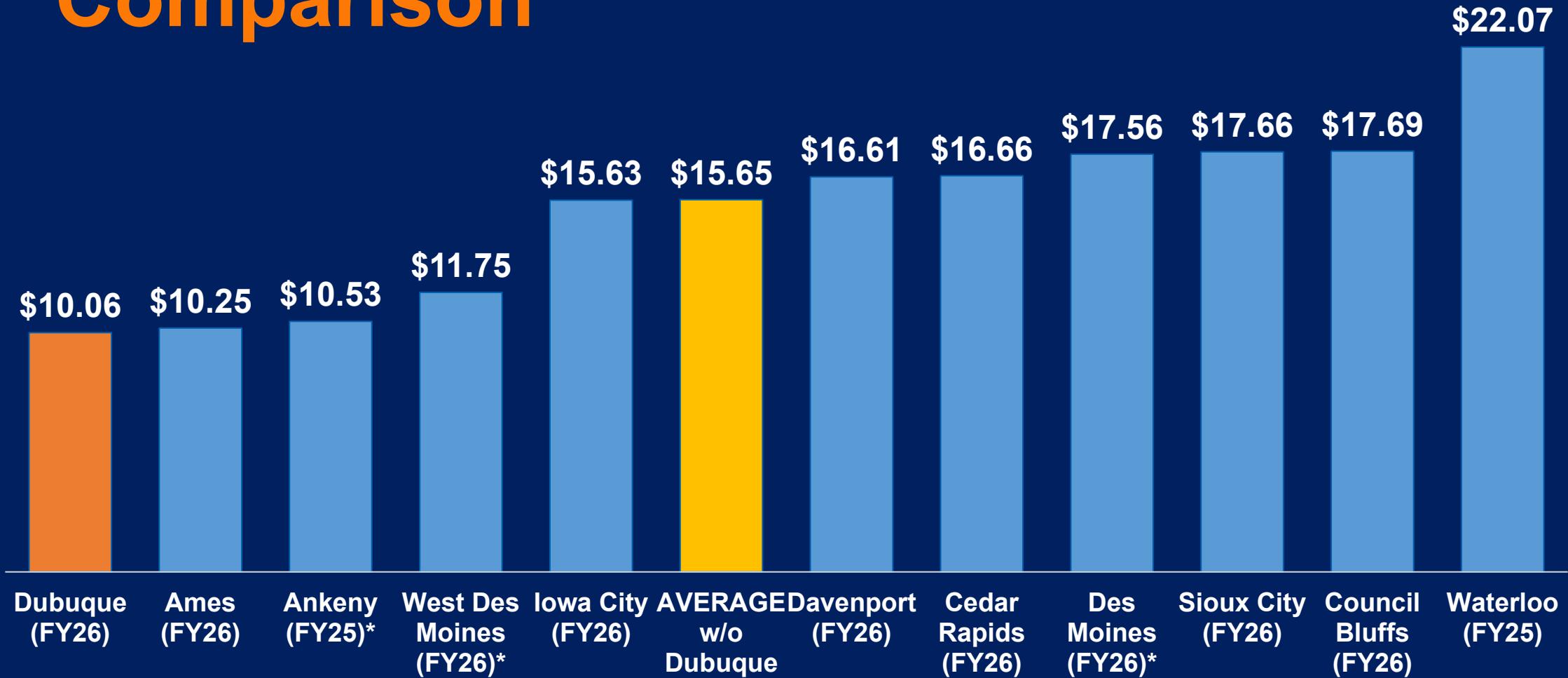


	FY2025	Proposed FY2026	% Change
Total Tax Levy	\$28,233,757	\$29,861,901	5.77%
Tax Rate	\$9.92638	\$10.06372	1.38%

Proposed Property Tax Levy

	% Change from FY25	\$ Change from FY25
Property Tax Rate	1.38%	\$0.14
Property Tax Asking	5.77%	\$1,628,144
Avg. Residential Property	3.90%	\$33.38
Avg. Commercial Property	1.78%	\$74.26
Avg. Industrial Property	1.71%	\$85.68

City Property Tax Rate Comparison



Waterloo = 119% higher than Dubuque

Average = 55% higher than Dubuque

Average Annual Increase: 1989-2026



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

State's Residential Rollback

- The State of Iowa's residential rollback factor **will decrease from 46.3428% in 2025 to 47.4316% or a 2.35% increase in FY2026.**
- **This increase in the residential rollback factor increases the value that each property is taxed on.**
- The increased taxable value for the average homeowner (\$91,067 taxable value in FY2025 and \$93,207 taxable value in FY2026) results in more taxes to be paid per \$1,000 of assessed value.

State's Residential Rollback



Annual Loss of Tax Revenue from Multi-Residential Property Rollback



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

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

Significant Issues Impacting the FY2026 Budget



- Multiresidential combined with Residential in FY2025
- Homestead Exemption for 65+ (\$224,174 revenue reduction)
- Military Exemption (\$68,016 revenue reduction)
- Riverfront Property Lease Revenue (\$162,758 revenue increase)
- Local Option Sales Tax (\$21,580 revenue reduction)
- Hotel/Motel Tax (\$534,077 revenue increase)
- Moody's Upgrade of City Bond Rating (July 2023)

Significant Issues Impacting the FY2026 Budget



- Decrease in gaming revenue -\$192,217
- Increase in interest revenue +\$582,042
- Decrease in gas and electric franchise fee revenue -\$797,236
- Slight increase in City contribution to Municipal Fire and Police Retirement System (.09%)
- No change to City portion of health insurance expense
- Increase in electrical energy expense (20%)
- FY2026 debt for large infrastructure projects

Significant Issues Impacting the FY2026 Budget



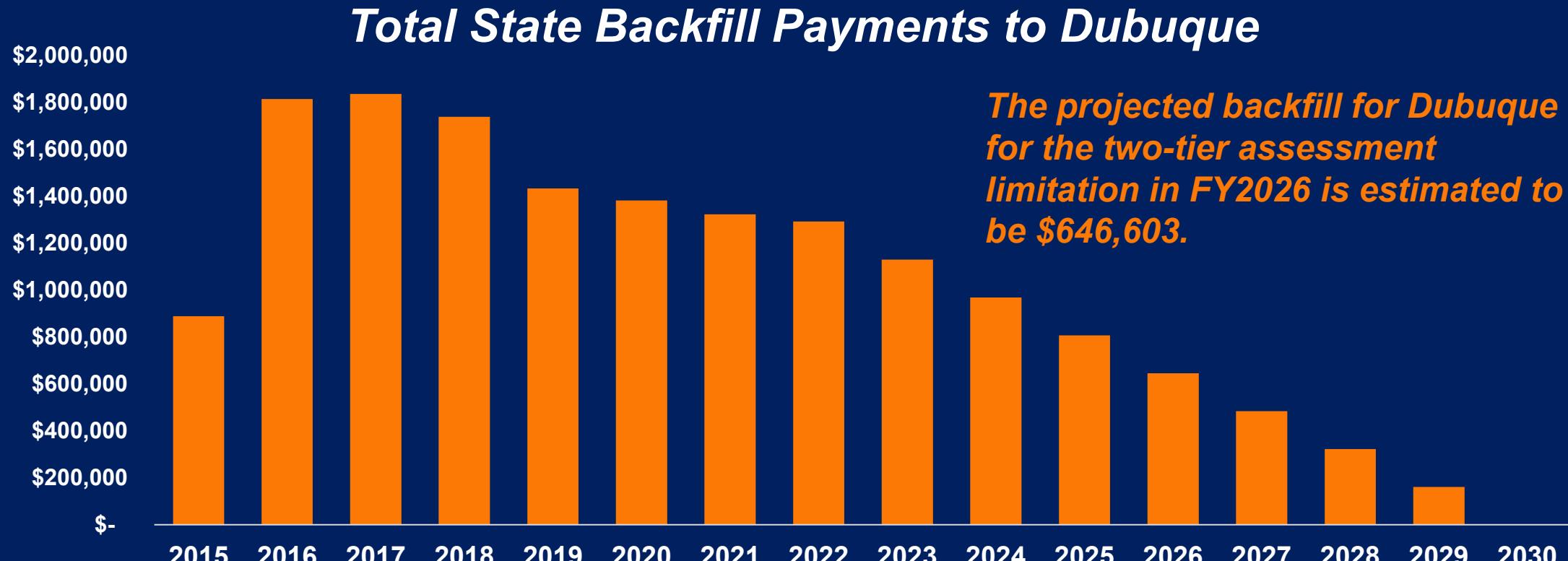
- **3.5% increase for Dubuque Professional Firefighters and International Union of Operating Engineers**
- **5% increase for Dubuque Police Protective Association**
- **3% for non-represented employees & implementation of Compensation & Classification Study**
- **Teamsters Local Union No. 120 Bus Operators and Teamsters Local Union No. 120 in negotiations**

Estimated cost to General Fund = \$2,026,133

Significant Issues Impacting the FY2026 Budget



State-Funded Backfill on Commercial & Industrial Property Tax



Recommended 5-Year Capital Improvement Program

Recommended 5-Year CIP

Emphasis is modernization, maintenance, and extension of sanitary sewer system to accommodate growth the City is currently experiencing and anticipating

CIP Budget:

From Jan. 2025 – Dec. 2029, the City will spend over **\$131 million** on sanitary sewer and wastewater treatment plant improvements.

Recommended 5-Year CIP



- City will issue \$152,147,710 in new debt in the recommended 5-year CIP.
- City will retire \$139,519,604 of existing debt
- Increase of City debt by \$12,628,106

Recommended 5-Year CIP



For FY2026, the City's use of the statutory debt limit would be 33.50%.

By the end of the recommended 5-Year CIP budget in FY2030, the City would be at 32.90% of the statutory debt limit.

Recommended 5-Year CIP



Strategic Use of Debt for Infrastructure Projects:

1. The older a piece of infrastructure gets and the more it is allowed to deteriorate, the more costs increase
2. The longer the wait to invest in infrastructure, the more costs are increased by inflation
3. If the investment in infrastructure is not made in this interest rate environment, it will eventually need to be made when interest rates could be potentially higher, thereby increasing costs
4. The massive amount of federal grant money that is being made available

Recommended 5-Year CIP

The City will issue \$152,147,710 in new debt in the Recommended 5-year CIP, mostly for:

- **Sanitary Sewer Projects \$78,399,027**
- **Five Flags Renovation \$22,890,869**
- **Water Projects \$15,956,673**
- **Fire Equipment & Improvements \$7,159,368**
- **Central Ave Corridor \$6,440,000**
- **Federal Building Renovation \$5,640,000**
- **Parking Ramp Maintenance \$5,240,000**
- **Airport Improvements \$2,291,499**
- **Park Development \$2,202,000**

Major Projects Included in 5-Year CIP



- **Catfish Creek Sewershed Interceptor Sanitary Sewer Improvements:** \$47 million total
- **Water & Resource Recovery Center High Strength Waste:** \$6.2 million total
- **Water & Resource Recovery Center Industrial Controls Update:** \$3 million total
- **Water & Resource Recovery Center BOD Capacity Upgrades:** \$1.1 million total

Major Projects Included in 5-Year CIP



- **Southwest Arterial Water Main Extension: \$1.7 million total**
- **Private Lead Water Service Line Replacement Project: \$5.7 million total**
- **Source Water PFAS Reduction Project: \$9.5 million total**
- **Water Third Pressure Zone Connection (from Tanzanite Drive to Olympic Heights): \$2 million total**

Major Projects Included in 5-Year CIP



- Kerper Blvd. Sanitary Sewer Lift Station Replacement: \$1.5 million ARPA Grant (Total project cost = \$1.5 million)
- Bee Branch Gate & Pump Replacement: \$28.2 million total (\$8 million US EDA Grant)
- 14th Street Overpass: \$43 million total
 - \$25 million RAISE Grant
 - \$9.2 million DMATS
 - Support from Dubuque Racing Association

Major Projects Included in 5-Year CIP



Northwest Arterial & US20/Dodge Street Intersection Improvements: \$17.5 million total

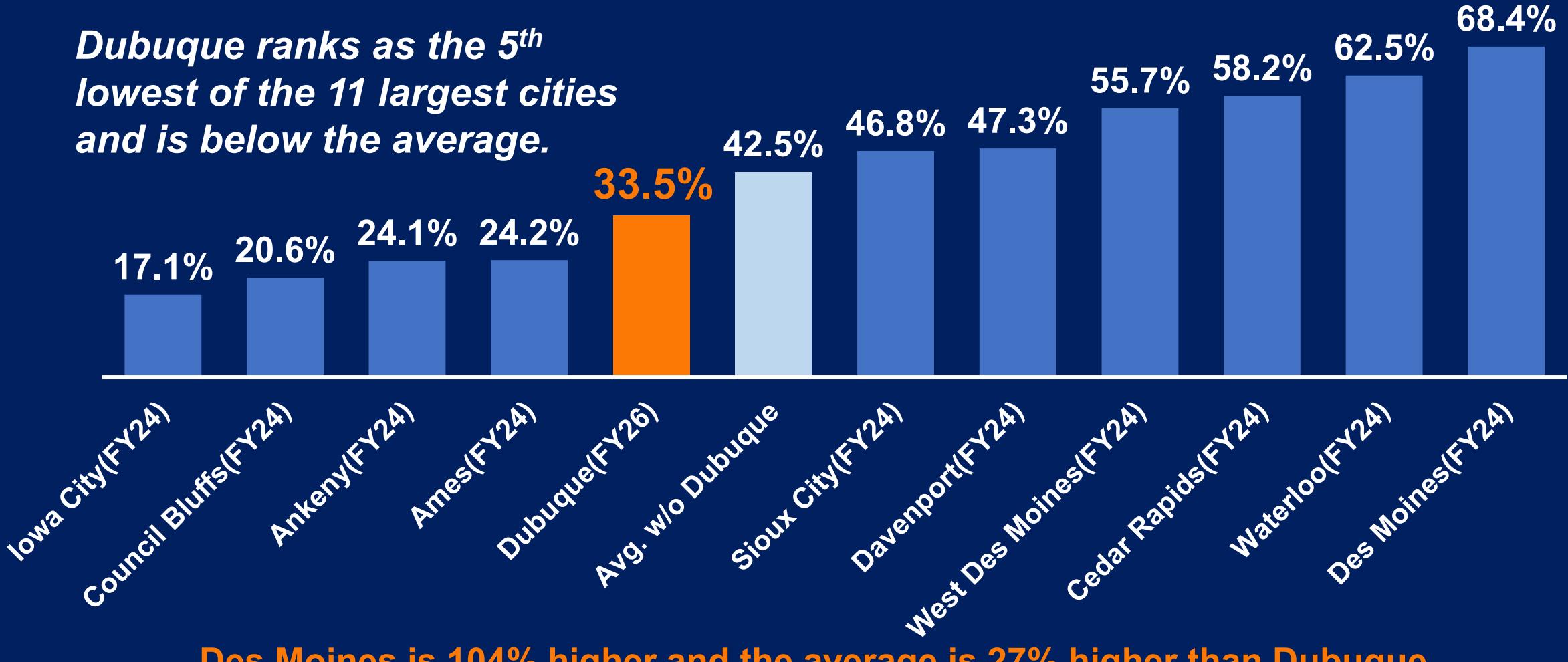
- **\$12 million Iowa DOT allocation, \$5.5 million City contribution**

Streets

- **10 miles of asphalt overlay projects by Public Works**
- **14th Street Overpass, Roundabouts, & Related Improvements**
- **Central Avenue Corridor Improvements**

Percentage of Legal Debt Limit Utilized

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



Des Moines is 104% higher and the average is 27% higher than Dubuque

Retired Debt vs. New Debt



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

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

Retired Debt vs. New Debt *(in millions)*



Statutory Debt & Total Debt



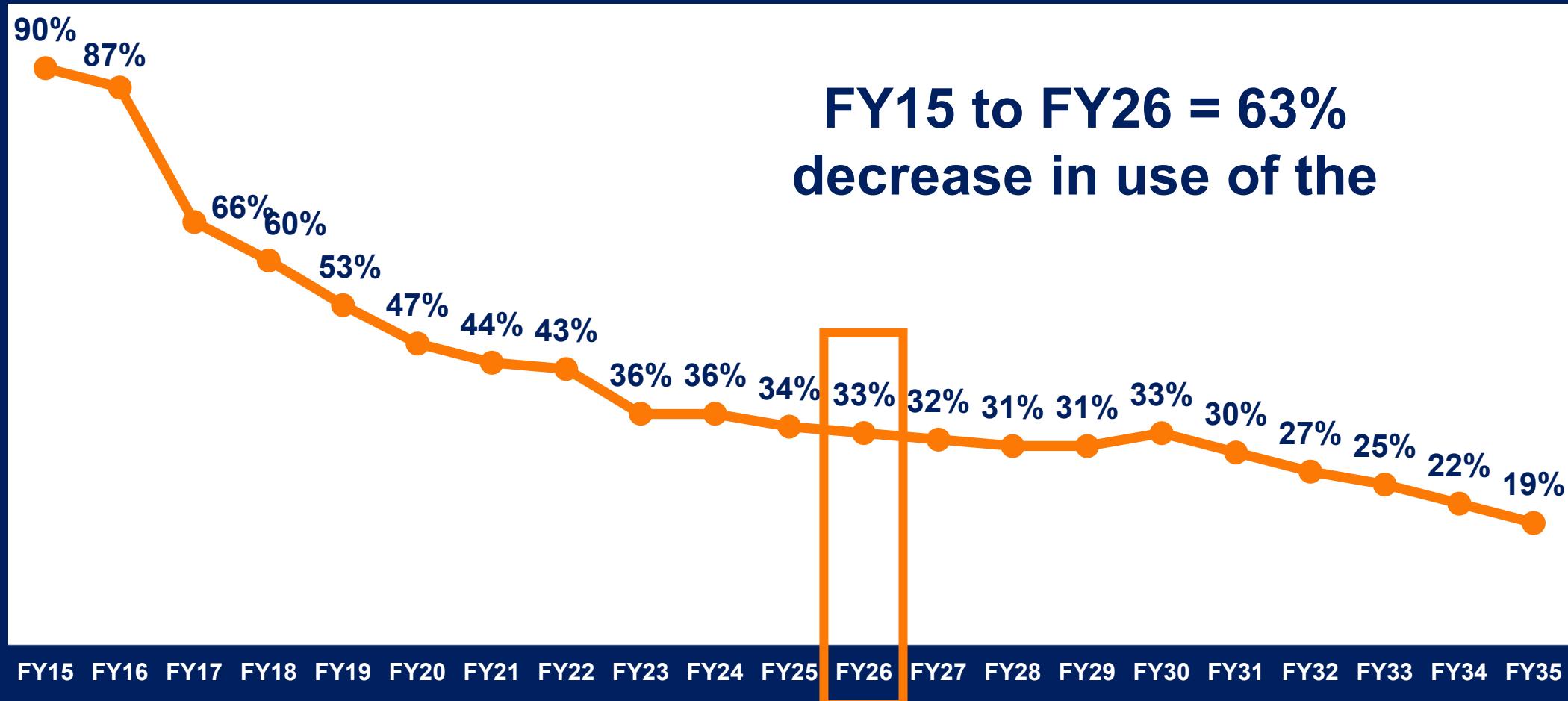
FY2015: Dubuque used 90% of statutory debt limit

FY2026 Budget Recommendation: use of statutory debt limit is 33.50%

By the end of the recommended 5-Year CIP budget in FY2030, the Dubuque would be at 32.90% of statutory debt limit.

Projections out 10 years to FY2035 show Dubuque at 19.66% of statutory debt limit

Reduction of Statutory Debt Limit Used (FY26 Recommended)



General Fund Reserves

- Moody's Investor Service recommends a 35% General Fund Operating Reserve for "AA" rated cities.
- In July 2023, Moody's Investor Service **upgraded** the City's outstanding general obligation bonds from **Aa3** to **Aa2**, as well as the outstanding Sales Tax Increment Revenue bonds from **A2** to **A1**.
- In January 2025, Moody's Investor Services **affirmed** Dubuque's **Aa2** credit rating

“...the City of Dubuque’s local economy benefits from its role as a regional economic center, with solid resident income and full value per capita. Financial operations are strong and will remain so despite declines in fund balance over the next few years, as it expends funds from the pandemic. Long-term liabilities and fixed cost ratios are moderate and will remain so despite future borrowing needs.”

General Fund Reserve Projections



	City's Spendable General Fund Cash Reserve	% of Projected Revenue	Moody's New Methodology
FY2025	\$38,026,193	44.41%	58.25%
FY2026	\$32,226,193	37.64%	54.09%
FY2027	\$32,226,193	37.64%	49.92%
FY2028	\$32,226,193	37.64%	45.76%
FY2029	\$26,388,917	37.64%	41.59%
FY2030	\$32,226,193	37.64%	39.80%

Recommended Rates & Fees

	FY2025 Rate	Recommended FY2026 Rate	% Change	Avg. Monthly Cost Change
Water	\$40.14	\$43.74	9%	+\$3.60
Sanitary Sewer	\$54.78	\$59.70	9%	+\$4.92
Curbside Collection	\$17.25	\$18.11	5%	+\$0.86
Stormwater	\$10.50	\$11.03	5%	\$0.53

Average monthly cost for City utilities would increase by \$9.91.
*The City offers income-qualified residential customers a base fee reduction
for all four utilities of up to 50%.*

Improvement Packages

For FY2026 there are \$2,309,628 in general fund improvement **requests**, of which \$1,714,247 are recurring and \$595,380 are non-recurring.

There is \$261,720 **recommended** in non-recurring and \$608,385 in recurring improvements.

If the City Council approves the budget recommendation, it will support continued investment in the people, businesses, and organizations that are making a difference in our community, and continued investment in the infrastructure that must exist for Dubuque to continue to thrive.

FY2026 Budget Public Input Opportunities



- Public Meetings: April 2, 3, 8, 9, 10, 22, 24
- Public Hearing to Adopt: April 28
- Budget Comment Form at
www.cityofdubuque.org/FY2026budget
- Contact City Council:
www.cityofdubuque.org/councilcontacts