



**TO:** Michael C. Van Milligen, City Manager

**FROM:** Jennifer Larson, Director of Finance and Budget

**SUBJECT:** Amended Fiscal Year 2022 Budget Recommendation

**DATE:** March 23, 2021

The Fiscal Year 2022 Budget Recommendation was presented to City Council on March 1, 2021. There have been significant changes that have resulted in an Amended Fiscal Year 2022 Budget Recommendation.

### **Pandemic Recovery**

According to a March 18, 2021 article in the Gazette “Bankers Say Rural Areas Recovering,” the economy in rural parts of 10 Plains and Western states, including Iowa, appears to be on record pace, according to a monthly survey of bankers released March 18, 2021. The overall index of the Rural Mainstreet Survey shot up more than 18 points to 71.9 in March from February’s 53.8. Any score above 50 suggests a growing economy, which a score below 50 suggests a shrinking economy. Nearly 70% bank CEOs reported their local economies were expanding, while about 31 percent indicated little or no growth, said Creighton University economist Ernie Goss, who oversees the survey. “Sharp gains in grain prices, federal farm support and the Federal Reserve’s record-low interest rates have underpinned the Rural Mainstreet Economy,” Goss said. Components of the survey also saw drastic jumps, with the hiring index soaring to 72.9, from 51.9 in February, and the farmland price index climbing from 60.0 last month to 71.9 in March – its highest level since November 2012. For the first time in 6 months, bankers report an expansion in loan volumes, with that index increasing to 60.9, from February’s 46.1.

The Community Foundation of Greater Dubuque has awarded close to \$1.6 million of funds raised to help people impacted by the pandemic. 80 organizations have received grants from the Community Foundation of Greater Dubuque since organization officials activated the disaster recovery fund just over one year ago. Foundation officials raised money for the recovery fund with the help of 169 donors. Money raised through the disaster recovery fund has assisted with a variety of needs, such as food, general assistance, childcare support, educational needs, brain health awareness and personal protective equipment. Of those funds, more than \$660,000 went to food needs, while about \$381,000 went to general assistance. Catholic Charities was able to help 294 households in one year through its poverty reduction program to help meet COVID-19 related needs. The Dubuque Food Pantry received \$55,000, which helped purchase supplies and pay for a new lift that will be installed in April to help move food from the basement to the main floor.

Arts and Cultural Affairs Coordinator Jenni Petersen-Brant conducted a survey of COVID-19 specific grants and forgivable loans received by local arts organizations in 2020. Fourteen out of nineteen arts organizations that submitted the survey reported receiving a combined \$1.5 million in COVID-specific grants and forgivable loans. Sources of the funding included State, Federal, Iowa Arts Council, Iowa Economic Development Authority's Nonprofit Recovery Fund, and other funding sources.

The Housing & Community Development Department was allocated CARES Act funding through the Community Development Block Grant funds to help residents prepare for, respond to, and recover from COVID-19. \$104,578 was allocated to a Rent/Mortgage/Utility assistance program for residents that experienced a loss of income due to COVID-19. The Housing & Community Development Department was also awarded a \$25,000 grant from the Community Foundation of Greater Dubuque to serve those that did not meet all the CARES Act criteria, but still had a COVID related loss of income. These funds have helped 63 households.

Additionally, the Housing & Community Development Department aided Non-Profits through CARES Act allocations. This allocation was to assist non-profits with COVID related losses and decreased donations. This assistance also had guidelines that excluded some non-profits from accessing the funds, such as our homeless shelters. This was due to other funding that the Federal Government provided specifically for shelters.

The Housing & Community Development Department has created two landlord incentive programs and a damage reimbursement fund through CARES Act allocations. The first program is a new landlord signing bonus. This is available to landlords in census tracts with low Housing Choice Voucher acceptance that have not leased to a Housing Choice Voucher participant since January 1, 2012, and successful lease with a Housing Choice Voucher participant. The second program is a no-loss vacancy program. This is available to landlords in census tracts with low Housing Choice Voucher acceptance that have not leased to a Housing Choice Voucher participant since January 1, 2012, and successfully lease to a Housing Choice Voucher participant. To qualify, a landlord must inform the Housing & Community Development Department of an upcoming vacancy to advertise as a unit accepting Housing Choice Vouchers. Any private advertising must state "accepting Housing Choice Vouchers" as well. Up to one month of rent will be reimbursed to a landlord that holds a unit so that an assisted client can lease up in that unit. Both landlord incentive programs are available citywide to any units that have 3 or more bedrooms and meet the other requirements of the programs.

In addition to these programs, a damage reimbursement fund was created with community partners, that will provide up to \$2,500 per unit for a landlord that accepts housing assistance and experiences damage to the unit in excess of the required deposit. This is available to landlords in the County of Dubuque as well as the City. The idea of this program is to incentivize landlords to accept housing assistance at the time of greatest need for rapid re-housing of residents.

### **American Rescue Plan**

President Biden signed the American Rescue Plan Act of 2021 into law on March 11, 2021. The Rescue Plan provides \$65.1 billion to cities which will be released in two disbursements. The City of Dubuque could receive a total of \$27.43 million, of which \$13,715,000 of eligible uses could be claimed in May 2021 and \$13,725,000 of eligible uses could be claimed in May 2022. The funds must be spent by the end of calendar year 2024. Recipient governments must provide periodic reports to the U.S. Department of Treasury with detailed accounting of the use of funds. The U.S. Department of Treasury can recoup funds if the recipient does not comply with the eligible uses.

The rules for the American Rescue Plan have not been released. The current understanding of the eligible uses for the American Rescue Plan funding are as follows:

- Assistance to impacted individuals and households, private businesses, tourism, travel, hospitality, and non-profits – broadly. Includes 501(c) but not 501(c)(6) organizations.
- Lost revenue. Measure revenue loss as “the provision of government services to the extent of the reduction in revenue” of the entity “due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year” prior to the emergency. The base year to calculate the loss is Fiscal Year 2019. It is critically important that the City keep detailed records for reporting on the eligibility and expenditure of ARP funds.
- Premium pay for eligible workers performing essential work (as determined by each state or Tribal government) during the pandemic, providing up to \$13 per hour above regular wages.
- Necessary investments in water, sewer, and broadband infrastructure.

In addition to the above uses, specific funding is also provided for Transit agencies to prevent layoffs of transit workers and prevent severe cuts to transit services that essential workers and the general public rely on. Dubuque is projected to receive \$1,416,558 in Transit assistance through the American Rescue Plan and the rules have not been released.

The American Rescue Plan also includes \$8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the coronavirus disease 2019 (COVID-19) pandemic. The Airport falls in the non-primary commercial service and general aviation airports category and will share \$100 million based on airport categories, such as National, Regional, Local, and Basic. Airport Improvement Program (AIP) grants awarded this year will be awarded at a 100-percent Federal share. The Airport does not know the amount of the grant award and the rules for this program have not been released.

The following table shows the estimated revenue loss related to COVID-19 for Fiscal Year 2020 and Fiscal Year 2021 using Fiscal Year 2019 as the base year that could be claimed for the first round of American Rescue Plan Funding.

<b>Fund</b>	<b>Loss as Compared to FY 2019</b>	<b>FY20 Revenue Loss</b>	<b>FY21 Estimated Revenue Loss</b>	<b>Total</b>
<b>General</b>	Property Taxes	(\$559,262)	(\$254,589)	(\$813,851)
<b>General</b>	DRA Rent	\$0	(\$440,220)	(\$440,220)
<b>General</b>	Gaming Taxes	(\$115,796)	(\$71,614)	(\$187,410)
<b>General</b>	Hotel/Motel Tax	\$0	(\$529,583)	(\$529,583)
<b>General</b>	Electric Franchise Fees	\$0	(\$336,704)	(\$336,704)
<b>General</b>	Gas Franchise Fees	(\$246,551)	(\$84,719)	(\$331,270)
<b>General</b>	Investment Earnings	(\$176,914)	(\$341,766)	(\$518,680)
<b>General</b>	Police Court Fines	(\$22,472)	(\$55,146)	(\$77,618)
<b>General</b>	Recreation Programs/Golf	\$0	(\$524,295)	(\$524,295)
<b>General</b>	Building Permits	(\$180,008)	(\$259,796)	(\$439,804)
<b>General</b>	Housing Inspections	(\$22,156)	\$0	(\$22,156)
<b>General</b>	Zoning Inspections	(\$5,199)	(\$3,233)	(\$8,432)
<b>General</b>	Business Licenses	\$0	(\$103,194)	(\$103,194)
<b>General</b>	DRA Distribution	(\$41,593)	(\$531,528)	(\$573,121)
<b>Road Use</b>	Road Use Tax	(\$37,311)	(\$167,213)	(\$204,524)
<b>Sales Tax</b>	Sales Tax Increment	\$0	(\$103,731)	(\$103,731)
<b>Parking</b>	Parking Revenues	(\$567,122)	(\$1,792,095)	(\$2,359,217)
<b>Refuse</b>	Refuse User Fees	\$0	(\$50,519)	(\$50,519)
<b>Total Operating Revenue Loss</b>		<b>(\$1,974,384)</b>	<b>(\$5,649,945)</b>	<b>(\$7,624,329)</b>

The City's actual revenue loss in Fiscal Year 2020 and projected loss in Fiscal Year 2021 as compared to budget is as follows:

<b>Fund</b>	<b>Loss as Compared to Budget</b>	<b>FY20 Revenue Gain (Loss)</b>	<b>FY21 Estimated Revenue Gain (Loss)</b>	<b>Total</b>
<b>General</b>	State Coronavirus Relief Fund Reimbursement	\$0	\$1,375,656	\$1,375,656
<b>General</b>	Additional GEMT Revenue (Net of Match)	\$0	\$417,408	\$417,408
<b>General</b>	Property Taxes	(\$336,881)	(\$143,473)	(\$480,354)
<b>General</b>	DRA Rent	(\$1,025,108)	(\$476,769)	(\$1,501,877)
<b>General</b>	Gaming Taxes	(\$106,852)	(\$68,416)	(\$175,268)
<b>General</b>	Hotel/Motel Tax (50% General Prop Tax Relief)	(\$185,096)	(\$762,168)	(\$947,264)
<b>General</b>	Local Option Sales Tax (50% Operating)	\$314,591	\$952,207	\$1,266,798
<b>General</b>	Electric Franchise Fees	\$441,290	(\$375,060)	\$66,230
<b>General</b>	Gas Franchise Fees	(\$289,137)	(\$54,861)	(\$343,998)
<b>General</b>	Investment Earnings	\$51,628	(\$247,203)	(\$195,575)
<b>General</b>	Police Court Fines	(\$32,428)	(\$67,490)	(\$99,918)
<b>General</b>	Camping/Pavilion Fees	(\$115,208)	\$0	(\$115,208)

Fund	Loss as Compared to Budget	FY20 Revenue Gain (Loss)	FY21 Estimated Revenue Gain (Loss)	Total
General	Recreation Programs/Golf/Marina	(\$482,645)	\$214,167	(\$268,478)
General	Building Permits	(\$91,751)	(\$259,796)	(\$351,547)
General	Housing Inspections	(\$125,459)	(\$67,038)	(\$192,497)
General	Rental Licenses	(\$114,756)	(\$96,364)	(\$211,120)
General	Zoning Inspections	(\$7,125)	(\$6,998)	(\$14,123)
General	Business Licenses	\$2,608	(\$130,957)	(\$128,349)
General	DRA Distribution (100% Capital)	\$158,323	(\$425,804)	(\$267,481)
Sales Tax Construction	Local Option Sales Tax (50% Capital)	\$314,591	\$952,207	\$1,266,798
Road Use	Road Use Tax	\$54,653	(\$167,213)	(\$112,560)
Sales Tax	Sales Tax Increment	\$0	(\$1,500,000)	(\$1,500,000)
Parking	Meters/Fines/Ramps/Lots/Daily Fees	(\$675,982)	(\$1,258,560)	(\$1,934,542)
Water	Shut-Off Fees/Late Fees/User Fees	\$223,023	(\$97,000)	\$126,023
Sanitary	Shut-Off Fees/Late Fees/User Fees	\$93,564	(\$141,000)	(\$47,436)
Stormwater	Late Fees/User Fees	(\$10,425)	(\$13,000)	(\$23,425)
Refuse	Late Fees/User Fees	\$38,559	(\$29,000)	\$9,559
<b>Total Operating Revenue Gain (Loss)</b>		<b>(\$1,906,023)</b>	<b>(\$2,476,525)</b>	<b>(\$4,382,548)</b>

The City froze vacant positions, some of which have been unfrozen during Fiscal Year 2021. The realized savings in FY 2021 from frozen vacant positions is as follows:

Fund	Position	FTE	FY 21 Realized Vacancy Savings	Status
General	Facilities Manager	1.00	\$77,243	Unfrozen
General	Custodian	1.00	\$37,394	Frozen
General	CMO Scanning Intern	0.25	\$3,805	Frozen
General	Neighborhood Specialist	1.00	\$24,596	Frozen
General	ICMA Fellow	1.00	\$31,900	Frozen
General	Economic Development Intern	0.25	\$5,275	Frozen
General	Traffic Engineer	0.87	\$45,254	Unfrozen
General	Engineering Right of Way Tech	0.90	\$35,816	Unfrozen
General	Camera System Technician	0.50	\$22,185	Frozen
General	Firefighters	3.00	\$153,080	Unfrozen
General	Firefighter	1.00	\$57,611	Frozen
General	Assistant Housing Director	0.50	\$32,191	Unfrozen
General	Library User Support Specialist	1.00	\$44,308	Unfrozen
General	Library Youth Services	1.00	\$45,653	Frozen
General	MFC Receptionist	0.48	\$13,990	Frozen
General	Parks Maintenance Worker	1.00	\$42,853	Frozen
General	Planning Intern	0.38	\$6,327	Frozen
General	Police Officers	4.00	\$224,624	Unfrozen
General	Police Records Clerk	0.62	\$6,402	Frozen
General	Police School Resource Officer	1.00	\$29,841	Frozen
General	Equipment Operator II	0.02	\$887	Unfrozen

		FY 21 Realized		
Fund	Position	FTE	Vacancy Savings	Status
General	Traffic Signal Tech II	1.00	\$60,823	Frozen
General	Recreation Facility Supervisor	1.00	\$46,669	Frozen
Road Use	Equipment Operator II	1.16	\$45,735	Unfrozen
Road Use	Equipment Operator I	1.00	\$35,018	Unfrozen
Road Use	Utility Workers	2.00	\$64,922	Unfrozen
Road Use	Sanitary Sewer Operator	0.16	\$6,059	Unfrozen
Sanitary	Equipment Operator II	0.72	\$31,903	Unfrozen
Sanitary	Sanitary Sewer Operator	0.72	\$30,122	Unfrozen
Sanitary	Civil Engineer	0.05	\$3,603	Frozen
Sanitary	W&RRC Operator	1.00	\$40,093	Frozen
Sanitary	Laboratory Supervisor	1.00	\$52,017	Frozen
Stormwater	Equipment Operator II	0.12	\$4,543	Unfrozen
Stormwater	Sanitary Sewer Operator	0.10	\$3,787	Unfrozen
Stormwater	Civil Engineer	0.52	\$9,912	Frozen
Water	Water Distribution Maint Work	1.00	\$35,821	Frozen
Water	Water Treatment Plant Operator	1.00	\$48,015	Frozen
Capital	Traffic Engineer	0.13	\$5,917	Unfrozen
Capital	Civil Engineer	0.43	\$26,634	Frozen
Capital	Camera Systems Technician	0.50	\$26,634	Frozen
Capital	Engineering Right of Way Tech	0.10	\$3,935	Unfrozen
Realized Vacancy Savings			\$1,523,397	

The City also froze all travel budgets (conferences, education and training, city business travel) for all departments unless the conferences or education are needed to retain job certifications, required for accreditation, the registration has been already paid, the employee is on the Board of Directors, or employee has agreed to make a presentation. The FY 2021 travel savings by fund is as follows:

Fund	Budget Frozen	FY 2021
General	Travel	\$475,000*
Road Use Tax	Travel	\$22,138
Sanitary Sewer	Travel	\$11,492
Stormwater	Travel	\$13,360
Parking	Travel	\$5,400
Water	Travel	\$29,348
Refuse	Travel	\$6,934
Total All Funds	Travel	\$563,672

\*The frozen travel in Fiscal Year 2020 and 2021 does not include the Mayor and City Council conferences and training.

The City froze most equipment replacements in Fiscal Year 2021 and the delayed equipment has been re-budgeted in Fiscal Year 2022 and beyond. The Fiscal Year 2021 equipment savings by fund is as follows:

<b>Fund</b>	<b>Budget Frozen</b>	<b>FY 2021</b>
<b>General</b>	Equipment	\$509,865
<b>Road Use Tax</b>	Equipment	\$2,000
<b>Stormwater</b>	Equipment	\$40,000
<b>Water</b>	Equipment	\$540,000
<b>Total All Funds</b>	<b>Equipment</b>	<b>\$1,091,865</b>

The net Fiscal Year 2020 revenue loss of \$1,906,023 was covered by frozen position savings, frozen travel, equipment replacements that were re-budgeted in a future fiscal year, and unexpended budgets.

A summary of the estimated Fiscal Year 2021 revenue loss and the mitigation efforts (frozen positions, equipment, and travel) that offset the loss is as follows:

<b>Fund</b>	<b>FY 21 Revenue Savings (Loss)</b>	<b>Loss Mitigation</b>	<b>Estimated Gain (Loss)</b>
<b>General Operating</b>	\$202,844	\$2,033,592	\$2,236,436
<b>Road Use Tax</b>	(\$167,213)	\$175,872	\$8,659
<b>Parking Operating</b>	(\$1,258,560)	\$5,400	(\$1,253,160)
<b>Sales Tax Increment</b>	(\$1,500,000)	\$0	(\$1,500,000)
<b>Water Operating</b>	(\$97,000)	\$653,184	\$556,184
<b>Sanitary Operating</b>	(\$141,000)	\$169,230	\$28,230
<b>Stormwater Operating</b>	(\$13,000)	\$71,602	\$58,602
<b>Refuse Operating</b>	(\$29,000)	\$6,934	(\$22,066)
<b>Total</b>	<b>(\$3,002,929)</b>	<b>\$3,115,814</b>	<b>\$112,885</b>

The Rescue Plan Act funds received in June 2021 will be partially used to fund the losses in Parking, Sales Tax Increment, and Refuse which total \$2,775,226. The General Fund operating savings of \$2,617,521 will be used to fund previously planned or new projects.

The Rescue Plan Act funds available in May 2021 will be drawn as follows:

<b>Use</b>	<b>Rescue Plan Amount</b>
<b>FY20 and FY21 Revenue Losses</b>	\$7,624,329*
<b>Fiber Backbone Project</b>	\$1,200,000
<b>Fiber East-West Redundant Loop</b>	\$400,000
<b>Mississippi Broadband Crossing</b>	\$500,000
<b>Catfish Creek Lift Stations &amp; Force Main Improvements (Design)</b>	\$1,200,000
<b>Center Place Alley Sewer Reconstruction</b>	\$372,000
<b>W&amp;RRC UV Disinfection System</b>	\$235,000
<b>W&amp;RRC High Strength Waste Receiving and Storage</b>	\$857,395
<b>Water SCADA System Upgrade</b>	\$466,254
<b>Water Main Replacements</b>	\$339,654
<b>Chesterfield Drive Water Main</b>	\$115,000

<b>Use</b>	<b>Rescue Plan Amount</b>
Public Lead Water Line Replacement	\$106,833
North Cascade Water Main	\$100,000
Briarwood Sub Main Extension	\$100,000
Davenport Road Extension/Pump Station	\$98,535
<b>Total</b>	<b>\$13,715,000</b>

\*The FY20 and FY21 Revenue Losses of \$7,624,329 that will be reimbursed by the Rescue Act Plan will be used as follows:

<b>Use</b>	<b>Rescue Plan Amount</b>
FY 2022 General Fund Equipment	\$425,000
FY 2021 Sales Tax Increment Loss	\$1,500,000
FY 2020 and FY 2021 Parking Loss	\$1,253,160
FY 2021 Refuse Loss	\$22,066
Travel Dubuque 501(c)(6) Loss	\$473,632
Utility Bill Assistance	\$250,000
Business, Non-For-Profit, and Arts Groups Assistance	\$250,000
Public Works Safety Equipment	\$50,242
Public Works Street Overlay – Additional 5 Miles	\$850,000
Flood Control Levee Certification	\$177,618
Purina Drive Floodwall	\$102,888
Grand River Center Improvements	\$333,000
Eagle Valley Park	\$277,730
Westbrook Park Development	\$214,000
English Ridge Park Development	\$214,000
Parks Resurface Tennis Courts	\$50,000
Jefferson Park Retaining Wall	\$332,000
Eagle Point Park Retaining Wall	\$75,000
Parks Retaining Walls	\$34,576
Eagle Point Park Building and Structures Assessment	\$75,000
Eagle Point Park Rest Room Renovation	\$50,000
Five Flags Safety Related Improvements	\$141,720
Flora and Sutton Pool Heaters	\$17,913
Parks Maintenance	\$100,000
Parks Maintenance Headquarters Storage Area	\$85,000
Parks Irrigation to Planters/Flower Beds	\$80,000
Parks Electronic Restroom Locks	\$25,000
Parks Renovate Water System	\$55,405
Parks Natural Resources Plan	\$60,000



Use	Rescue Plan Amount
Pets in Parks Signage and Drinking Fountains	\$20,000
Plan Highway 20 Roses	\$6,379
Multicultural Family Center Tuckpointing	\$23,000
<b>Total</b>	<b>\$7,624,329</b>

The Rescue Plan Act funds available in May 2022 will be drawn as follows:

Use	Rescue Plan Amount
Business, Non-For-Profit, and Arts Groups Assistance	\$250,000
Bee Branch Interceptor Sanitary Sewer Project	\$3,350,000
Conduit/Fiber Extension to Public Facilities	\$3,000,000
Extension to Sanitary Sewer to Twin Ridge	\$465,000
Catfish Creek Lift Station & Force Main Improvements (Construction)	\$6,650,000
<b>Total</b>	<b>\$13,715,000</b>

**The projects funded with the Rescue Plan Act will need to be included in future budget amendments to be considered by the City Council for approval.** The recommended projects to be funded may change based on the rules adopted as part of the Rescue Plan Act. The City cannot exceed the amount published for planned expenditures in each of the nine program areas in the final adopted budget. The nine program areas defined by the State for reporting purposes include: Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-Type Activities. The City must assign their various cost centers to one of these programs based on reporting guidelines prepared by the Iowa Department of Management.

### **Proposed Iowa Legislation**

Senate Study Bill 1253 was introduced on March 22, 2021. This bill eliminates the county mental health levy and uses the city backfill to pay for the void beginning in Fiscal Year 2023. The City's commercial and industrial property tax replacement (backfill) would be reduced as follows: 17% reduction in FY23; 33% reduction in FY24; 50% reduction in FY25; 67% reduction in FY26; 83% reduction in FY27; and 100% reduction in FY28. The City receives \$1,324,516 in commercial and industrial property tax replacement.

### **Fiscal Year 2022 Amended Budget Recommendation**

The following changes occurred after the Fiscal Year 2022 Budget Recommendation was presented to the Mayor and City Council on March 1, 2021.

## **General Property Tax Fund**

### **General Fund Operating Budget Equipment Replacements**

To have no property tax impact to the average homeowner for the City portion of property taxes, \$425,000 of vehicle replacements in the General Fund are being recommended to be funded with Fiscal Year 2021 General Fund budget savings rather than the property tax levy. This is a one-time source of funding and vehicles are normally replaced every seven to ten years.

**The amended Fiscal Year 2022 budget recommendation adds \$425,000 in funding from Fiscal Year 2021 anticipated budget savings for vehicle replacements in the General Fund.**

The net reduction in property tax support resulting from this change is \$425,000. \$425,000 of the reduction in property tax support is recommended to be used to reduce the tax rate from the recommended \$10.04956 to \$9.88899 (a 2.51% decrease from Fiscal Year 2021).

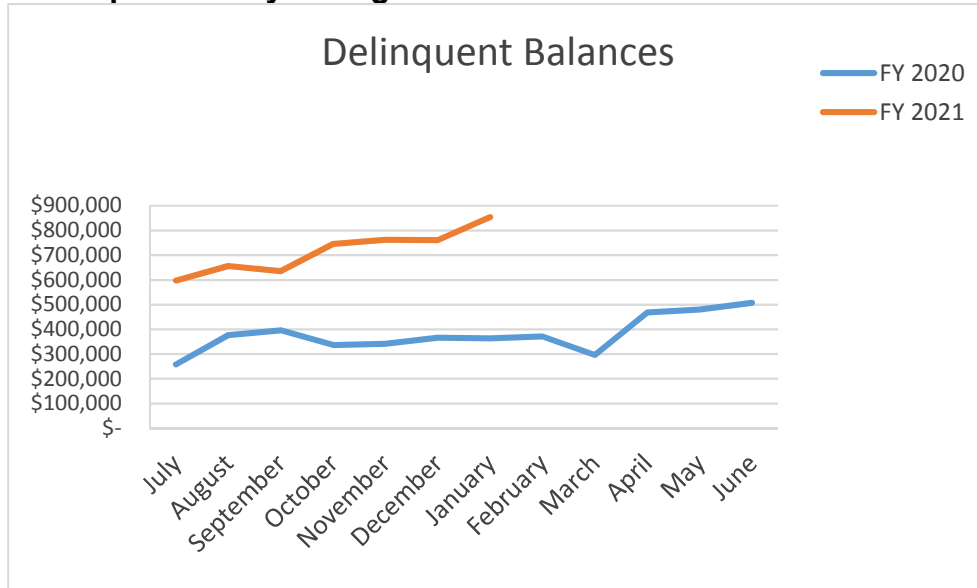
## **Enterprise Funds**

The adopted Fiscal Year 2021 budget added a Sanitary and Water 50% reduction of the base monthly fee for income qualified residents. These subsidies were added in response to the hardship that COVID-19 has caused residents and to be consistent with best practices and the subsidies provided for Refuse and Stormwater. The Fiscal Year 2022 recommended budget includes \$96,126 for Water 50% reduction of the base fee, \$130,927 for Sanitary Sewer 50% reduction of the base fee, \$43,860 for Refuse 50% reduction of the base fee, and \$34,302 for Stormwater 50% reduction of the base fee. 437 utility billing customers or 2% of residential customers are enrolled in the 50% fee reduction program.

There are approximately 1,138 customers with past due utility bills with balances of \$125 or more, in total \$554,413. Prior to the pandemic in March 2020, there were approximately 800 customers with past due utility bills with balances of \$75 or more for tenants and \$125 or more for owners, in total approximately \$300,000.

The following chart compares the past due balances by month for all utility accounts regardless of the balance for Fiscal Year 2021 (orange line) and Fiscal Year 2022 (blue line):

## Delinquent Utility Billing Account Balances

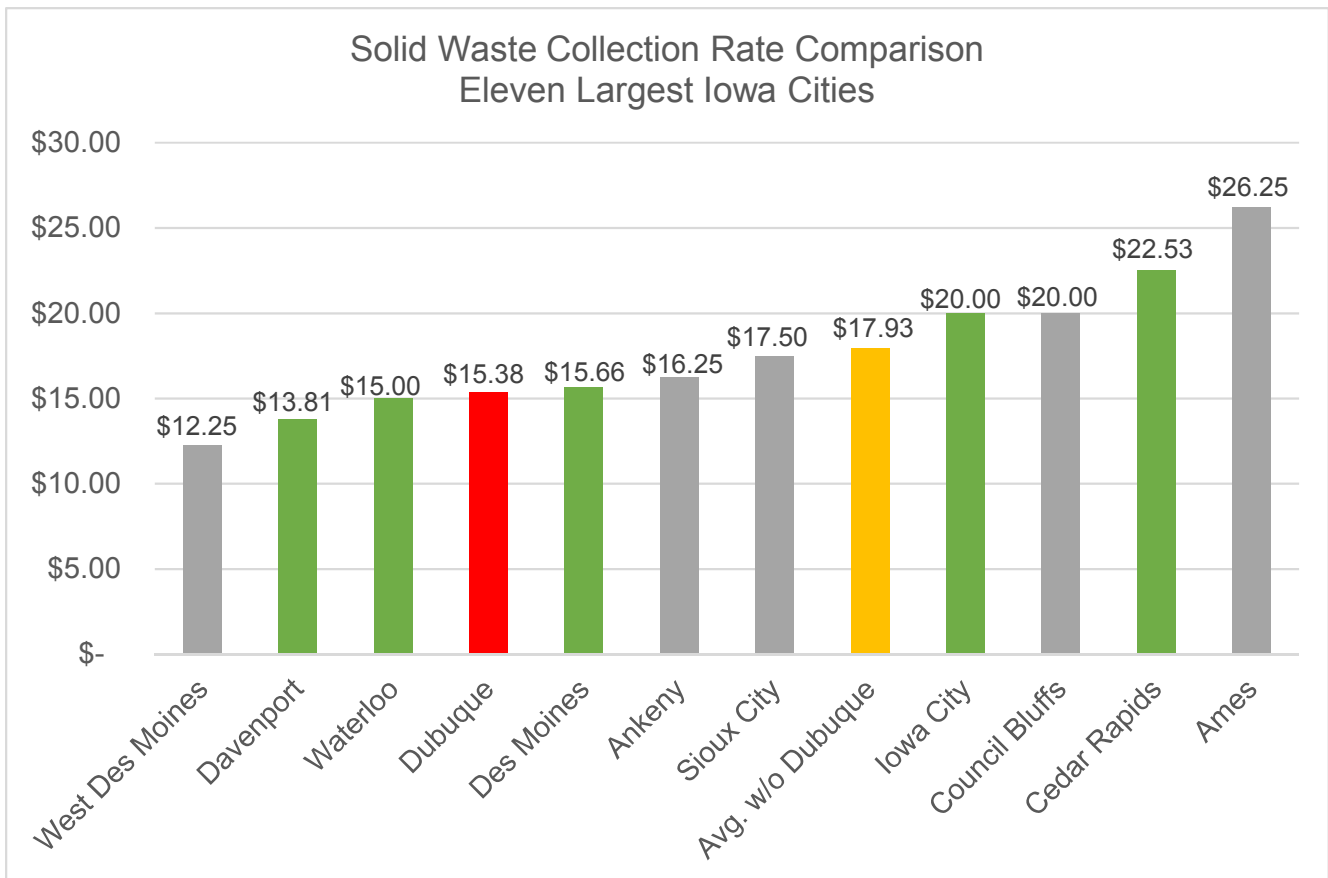


In July 2020, the City began offering payment plans to customers with delinquent utility balances. There are 109 active payment plans and 11 plans have been paid in full.

In November and December 2020, the State of Iowa Disruption Prevention Program paid \$17,942 for 47 delinquent utility billing accounts. This program is no longer active. In March 2021, the State of Iowa will offer \$195 million Iowa Rent and Utility Assistance Program to help with utility payments owed at the time of application for income qualified customers.

### **Refuse**

The Fiscal Year 2022 Budget Recommendation included a 2.60% increase in the refuse fee.



The highest rate (Ames) is 68% higher than Dubuque's rate, and the average is 14% higher than Dubuque.

The projected Refuse rate increases from Fiscal Year 2022 through Fiscal Year 2026 are as follows:

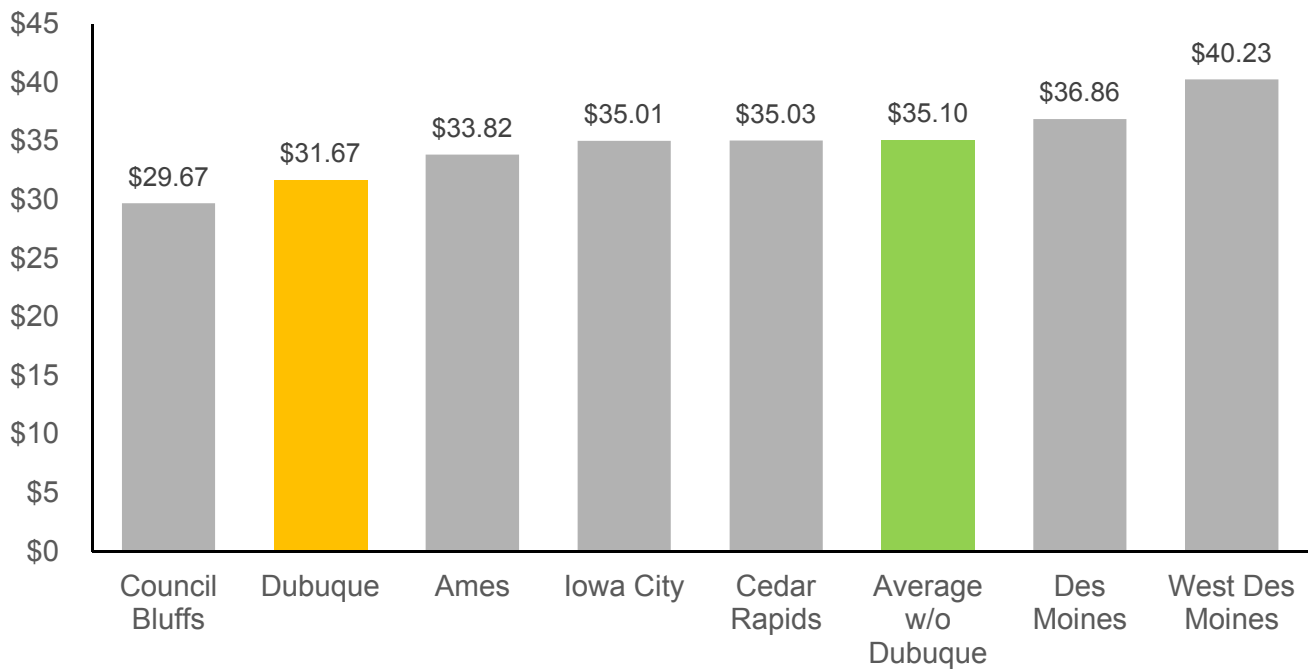
FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
2.60%	2.15%	2.16%	1.87%	1.83%

**There is no change to the recommended Refuse user fee in Fiscal Year 2022.**

### **Water**

The Fiscal Year 2022 Budget Recommendation included a 3.00% increase in the water user fee.

### Water Rate Comparison Seven Largest Iowa Cities With Water Softening



Dubuque's water is some of the best in the world! The highest rate (West Des Moines) is 27% higher than Dubuque's rate, and the average is 11% higher than Dubuque.

The projected Water rate increases from Fiscal Year 2022 through Fiscal Year 2026 are as follows:

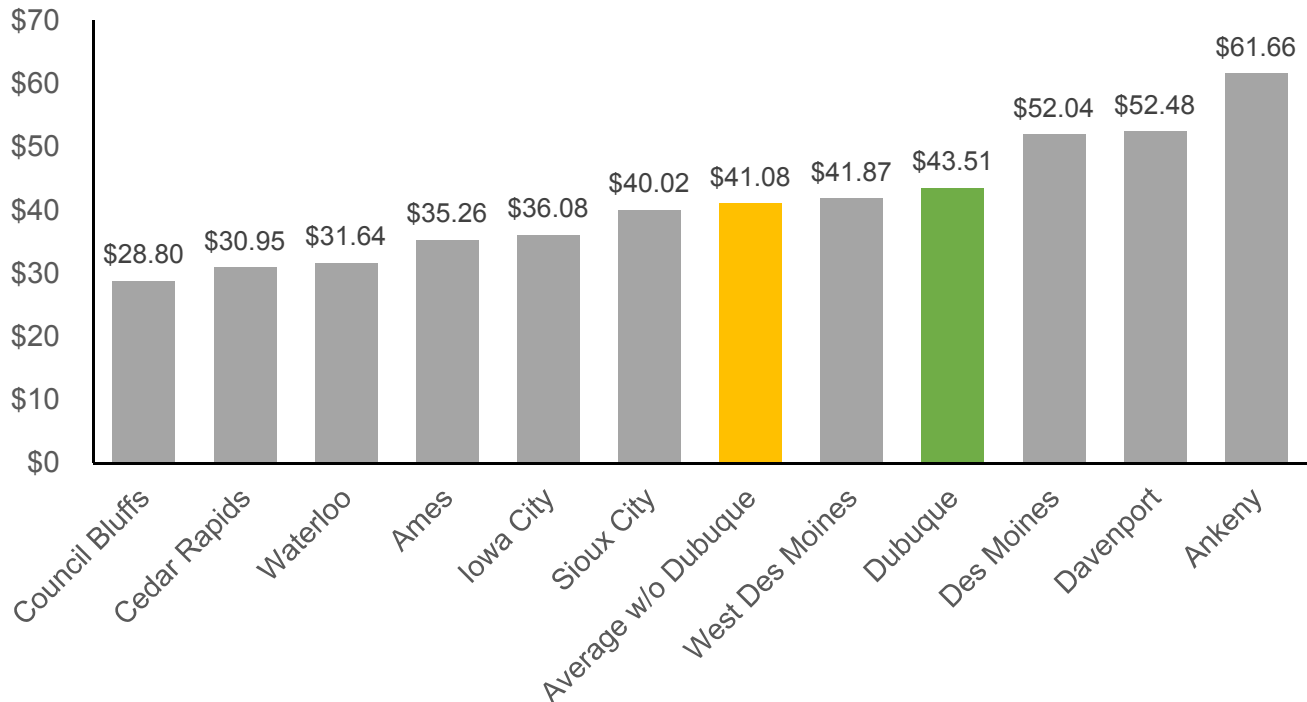
FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
3.00%	5.00%	5.00%	5.50%	5.00%

**There is no change to the recommended Water user fee in Fiscal Year 2022.**

#### **Sanitary Sewer**

The Fiscal Year 2022 Budget Recommendation included a 3.00% increase in the sanitary sewer user fee.

### Sanitary Sewer Rate Comparison Eleven Largest Cities in Iowa



The highest rate (Ankeny) is 42% higher than Dubuque's rate, and the average is 5% lower than Dubuque.

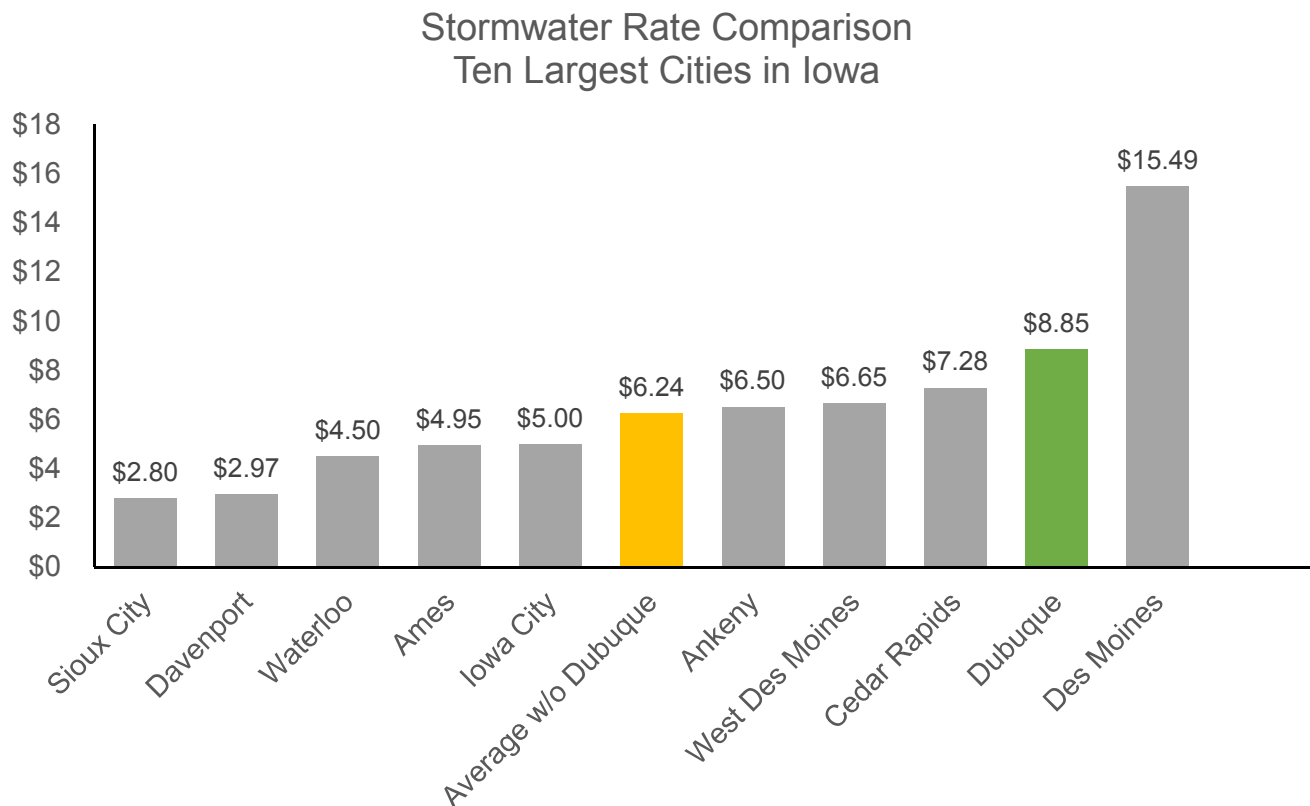
The projected Sanitary Sewer rate increases from Fiscal Year 2022 through Fiscal Year 2026 are as follows:

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
3.00%	6.00%	6.00%	6.00%	6.00%

**There is no change to the recommended Sanitary Sewer user fee in Fiscal Year 2022.**

## **Stormwater**

The Fiscal Year 2022 Budget Recommendation included a 6.76% increase in the stormwater user fee.



The highest rate (Des Moines) is 75% higher than Dubuque's rate, and the average is 29% lower than Dubuque.

The projected Stormwater rate increases from Fiscal Year 2022 through Fiscal Year 2026 are as follows:

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
6.76%	1.69%	0%	0%	0%

**There is no change to the recommended Stormwater user fee in Fiscal Year 2022.**

## **Recommendation**

The recommended new positions will be frozen in Fiscal Year 2022. This hiring freeze will be reevaluated in November 2021 when the local option sales tax reconciliation payment is received.

The following Fiscal Year 2022 new positions are recommended to be frozen:

Department	Fund	FTE	Type	Position	FY22 Cost
AmeriCorps	General	1.00	Full-Time	Community Outreach Coordinator	\$68,835
Office of Shared Prosperity	General	1.00	Full-Time	Data Analyst	\$73,791
Office of Shared Prosperity	General	0.63	Part-Time	Administrative Assistant	\$28,564
Engineering	Various	1.00	Full-Time	Utility Locator Assistant	\$34,336
Human Resources	General	1.00	Full-Time	Development and Training Coordinator	\$87,767
Multicultural Family Center	General	1.00	Full-Time	Teen Coordinator	\$52,446
Police	General	1.00	Full-Time	Community Diversion and Prevention Coordinator	\$88,060
<b>Total</b>					<b>\$433,799</b>

The remaining frozen positions in Fiscal Year 2021 are recommended to be unfrozen effective immediately which include the following:

Fund	Position	FTE	FY 21 Projected Cost	Status
General	Custodian	1.00	\$18,697	Frozen
General	CMO Scanning Intern	0.25	\$2,536	Frozen
General	Director of Shared Prosperity and Neighborhood Support	1.00	\$32,794	Frozen
General	ICMA Fellow	1.00	\$15,950	Frozen
General	Economic Development Intern	0.25	\$2,637	Frozen
General	Camera System Technician	0.50	\$11,093	Frozen
General	Firefighter	1.00	\$28,806	Frozen
General	Library Youth Services	1.00	\$22,826	Frozen
General	MFC Receptionist	0.48	\$6,995	Frozen
General	Parks Maintenance Worker	1.00	\$21,427	Frozen
General	Planning Intern	0.38	\$3,163	Frozen
General	Police Records Clerk	0.62	\$3,201	Frozen
General	Police School Resource Officer	1.00	\$14,920	Frozen
General	Traffic Signal Tech II	1.00	\$30,411	Frozen
General	Recreation Facility Supervisor	1.00	\$23,335	Frozen
Sanitary	Civil Engineer	0.05	\$1,801	Frozen
Sanitary	W&RRC Operator	1.00	\$20,046	Frozen
Sanitary	Laboratory Supervisor	1.00	\$26,008	Frozen
Stormwater	Civil Engineer	0.52	\$5,664	Frozen
Water	Water Distribution Maint Work	1.00	\$19,898	Frozen
Water	Water Treatment Plant Operator	1.00	\$27,437	Frozen



<b>Fund</b>	<b>Position</b>	<b>FTE</b>	<b>FY 21 Projected Cost</b>	<b>Status</b>
<b>Capital</b>	Civil Engineer	0.43	\$15,220	Frozen
<b>Capital</b>	Camera Systems Technician	0.50	\$15,220	Frozen
<b>Estimated FY21 Cost</b>			<b>\$370,085</b>	

If this amended Fiscal Year 2022 budget recommendation is approved with a property tax rate of \$9.88899, we will have exceeded the Fiscal Year 2022 budget guidelines adopted by the City Council at the March 1, 2021 City Council meeting.

The City Council adopted a guideline of a property tax increase for the average residential property owner of 1.6%. This recommendation would provide no increase to the average homeowner.

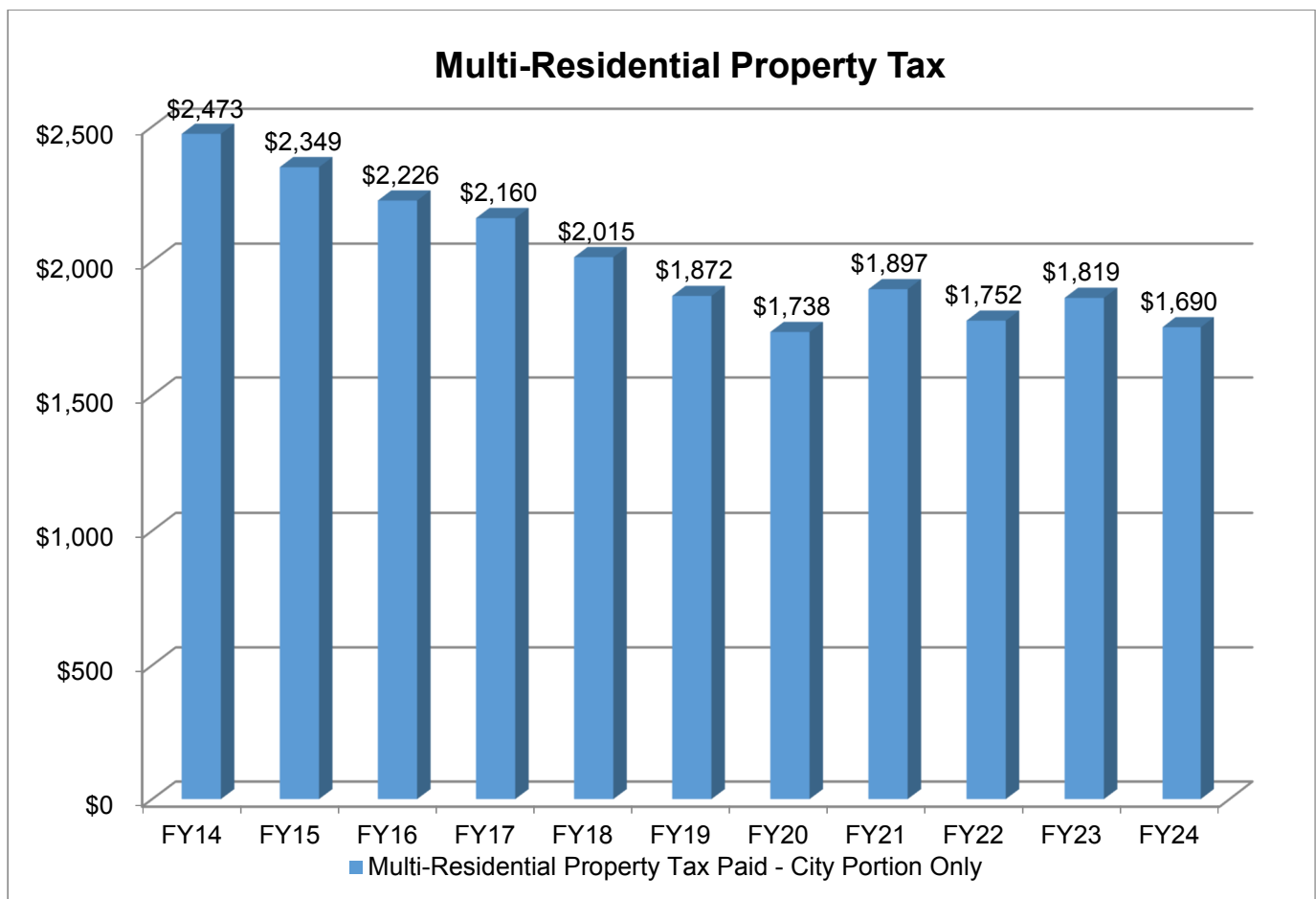
The City Council adopted a guideline of no property tax increase for the average commercial property. This recommendation would provide a 1.60% decrease.

The City Council adopted a guideline of a property tax decrease for the average industrial property of 0.42%. This recommendation would provide a decrease of 1.90%.

The City Council adopted a guideline of a property tax decrease for the average multi-residential property of 6.15%. This recommendation would provide an increase of 7.64%.

Beginning in Fiscal Year 2017 (July 1, 2016), new State legislation created a new property tax classification for rental properties called multi-residential, which requires a rollback, or assessment limitations order, on multi-residential property which will eventually equal the residential rollback. Multi-residential property includes apartments with three or more units. Rental properties of two units 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:

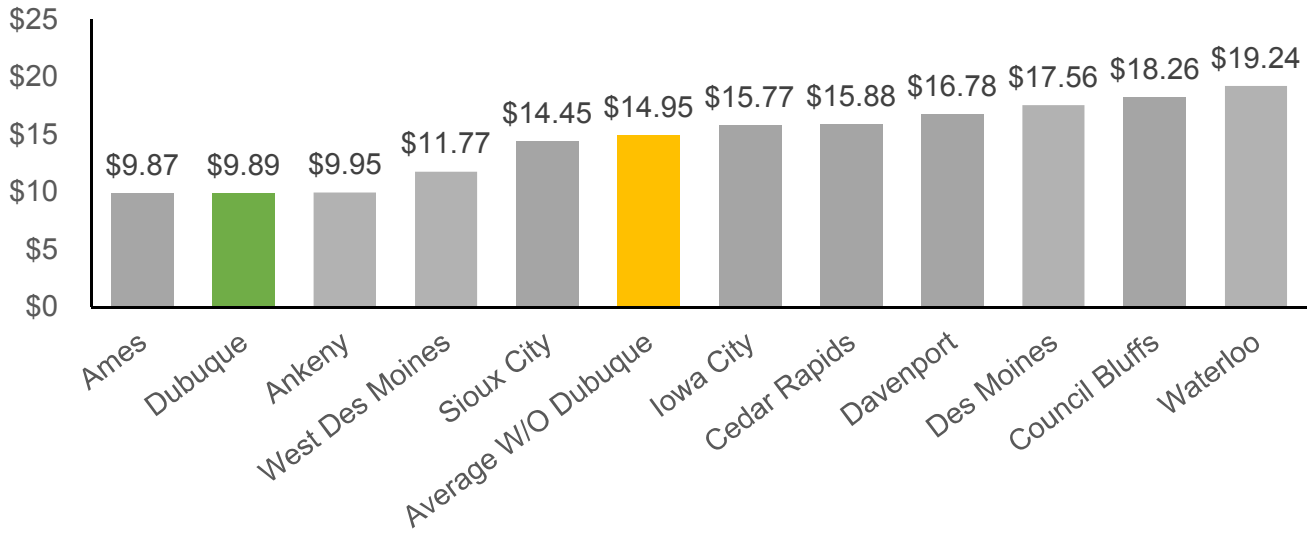
<b>Fiscal Year</b>	<b>Rollback %</b>	<b>Annual Loss of Tax Revenue</b>
FY 2017	86.25%	\$331,239
FY 2018	82.50%	\$472,127
FY 2019	78.75%	\$576,503
FY 2020	75.00%	\$691,640
FY 2021	71.25%	\$952,888
FY 2022	67.50%	\$1,379,990
FY 2023	63.75%	\$1,318,413
FY 2024	55.07%	\$1,461,911
<b>Total</b>		<b>\$7,184,710</b>



From Fiscal Year 2014 through Fiscal Year 2020, the assessed value for multi-residential property did not change and the average multi-residential property had an assessed value of \$224,289. In Fiscal Year 2021, a revaluation of multi-residential property was done, and values increased 17%. The average multi-residential property now has an assessed value of \$262,418.

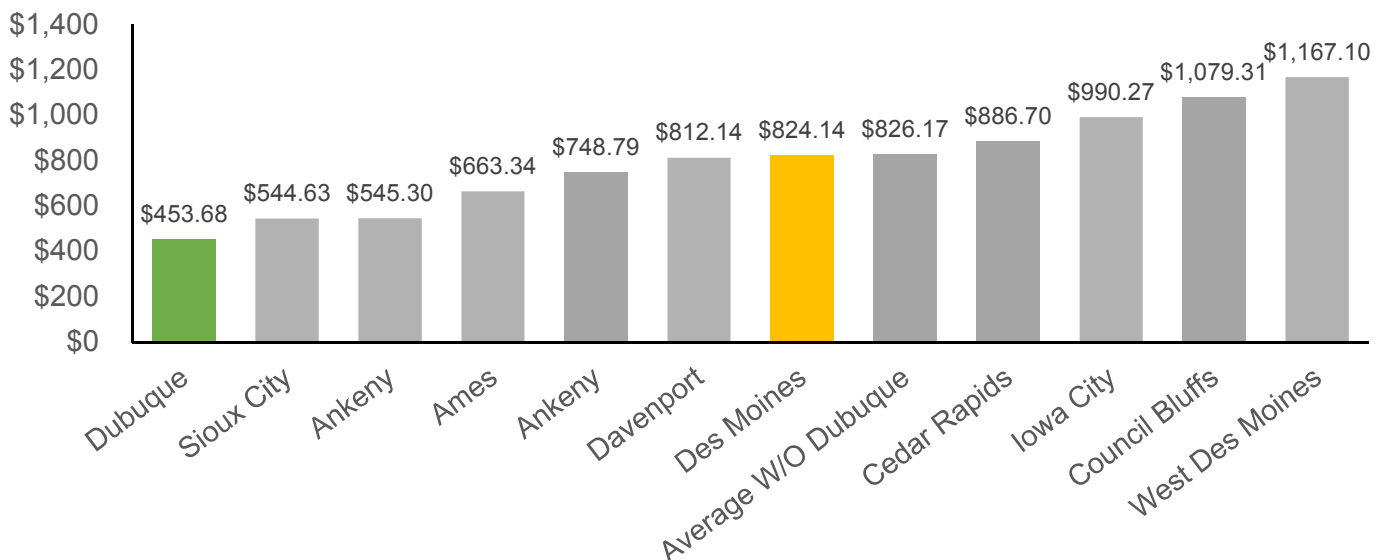
Iowa law requires that all real property be reassessed every two years in the odd numbered years. The Iowa Department of Revenue compares values to a sales assessment ratio study for residential, multi-residential and commercial classed properties. The assessment ratio is the assessed value divided by the sales price. If the assessment by property class is not between 95%-105% of the median sales ratio, the Iowa Department of Revenue adjusts the assessment with an equalization order to reach 100% of actual value. The Dubuque City Assessor's office made adjustment to each class of property for 2019 so that the median sales ratio would be within the parameters required by law. Before revaluation, multi-residential were 78.15% of market value and after the revaluation multi-residential were 97.81% of market value. The assessed valuation for multi-residential property had not been adjusted since prior to Fiscal Year 2014.

### Property Tax Rate Comparison Eleven Largest Iowa Cities



**Dubuque has the SECOND LOWEST property tax rate as compared to the eleven largest cities in the state. The highest rate (Waterloo) is 94.56% higher than Dubuque's rate, and the average is 51.21% higher than Dubuque. Dubuque's recommended FY 2022 property tax is \$9.88899 (decrease of -2.51% from FY 2021).**

### Comparison for Eleven Largest Iowa Cities Taxable Value Per Capita



**Dubuque is the LOWEST taxes per capita as compared to the eleven largest cities in the state. The highest (West Des Moines) is 157% higher than Dubuque's taxes per capita, and the average is 82% higher than Dubuque.**

The Fiscal Year 2022 Amended Budget Recommendation as compared to the adopted Fiscal Year 2021 Budget is as follows:

	Adopted FY21	Amended FY22	\$ Difference	% Difference
Property Tax Rate	\$10.1440	\$9.88899	-\$0.255	-2.51%
Property Tax Asking	\$26,202,583	\$26,205,437	+\$2,854	+0%
Taxable Valuation (in Millions)	\$2,579,355	\$2,646,231	+\$66,876	+2.6%
Average Residential Payment	\$769.08	\$769.08	+\$0	+0%
Average Commercial Payment	\$3,169.30	\$3,118.66	-\$50.64	-1.6%
Average Industrial Property	\$4,694.17	\$4,605.19	-\$88.98	-1.9%
Average Multi-Residential Property	\$1,896.65	\$1,751.66	-\$144.99	-7.6%

The Fiscal Year 2022 Amended Budget Recommendation has changed substantially from when first presented to City Council on March 1, 2021. The following chart summarize the changes made in this amended recommended.

### **Property Tax**

	Recomm'd FY22	Amended FY22	\$ Difference	% Difference
Property Tax Rate	\$10.04596	\$9.88899	-\$0.1570	-1.6%
Property Tax Asking	\$26,630,342	\$26,205,437	-\$424,905	-1.6%
Average Residential Payment	\$781.57	\$769.08	-\$12.49	-1.6%
Average Commercial Payment	\$3,169.30	\$3,118.66	-\$50.64	-1.6%
Average Industrial Property	\$4,679.97	\$4,605.19	-\$74.78	-1.6%
Average Multi-Residential Property	\$1,780.10	\$1,751.66	-\$28.44	-1.6%

I respectfully recommend Mayor and City Council approval of the amended Fiscal Year 2022 budget recommendation with a property tax rate of \$9.88899, a 2.51% decrease from Fiscal Year 2021. This would have the following impact on average on the different classes of property:

Residential	+\$0	+0%
Commercial	-\$50.64	-1.60%
Industrial	-\$88.98	-1.90%
Multi-residential	-\$144.99	-7.64%

JML

Attachment

cc: Crenna Brumwell, City Attorney  
Cori Burbach, Assistant City Manager