



**TO:** The Honorable Mayor and City Council Members

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

**SUBJECT:** Adopting the Fiscal Year 2022 Budget Recommendation as Amended

**DATE:** March 23, 2021

Finance and Budget Director Jennifer Larson is recommending adoption of an amended budget recommendation made possible by the passage of President Biden's American Rescue Plan funding for local governments.

Jennifer is recommending adoption of a property tax rate of \$9.88899 per thousand dollars of assessed valuation, which is a decrease in the property tax rate of 2.51% instead of an increase in property taxes for the average homeowner of \$12.49, the average homeowner would see no increase.

The Fiscal Year 2022 amended property tax levy recommendation compared to the Fiscal Year 2021 adopted property tax levy would have the following impact:

	\$ Change	% Change
Property Tax Rate	\$0.255	-2.51%
Average Residential	\$0	0%
Average Commercial	-\$50.64	-1.60%
Average Industrial	-\$88.98	-1.90%
Average Multi-residential	-\$144.99	-7.64%

The City of Dubuque is projected to receive \$27.43 million from President Biden's American Rescue Plan, with 50% received within 60 days and the remaining 50% within 12 months. The City also expects to receive some funding to help the Jule Transit System and the Dubuque Regional Airport. The City has not yet received information from the federal government on how the money can be used, but the City is receiving information from the National League of Cities and other sources.

The recommended priorities for the City of Dubuque use of the American Rescue Plan funds are as follows:

- Replace lost City revenues.
- Cover extraordinary COVID-19 costs.
- Fund some equipment replacement costs allowing the property tax levy to be lower than originally recommended.

- Assist residents who have exhausted all federal and state assistance programs and still cannot pay their City utility bills. This is in addition to the program the Mayor and City Council adopted this year to reduce the base City utility fees by 50% for low-income people.
- Assist small businesses who have exhausted all federal and state assistance programs and still have not recovered lost operating revenues caused by the pandemic.
- Assist not-for-profit organizations and arts organizations who have exhausted all federal and state assistance programs and still have not recovered lost operating revenues or increased operating costs caused by the pandemic.
- The City street program would be increased from approximately 5 miles to approximately 10 miles in 2021.
- Fund some City projects that were amended out of the City budget when the pandemic hit.
- Fund some other City capital projects related to broadband services, water and sewer.

The specific projects would be amended into the City budget at a later date.

With this American Rescue Plan funding, the City will be able to avoid budget cuts and employee layoffs. The City will be able to remove the freeze on vacant City positions, equipment purchases, maintenance projects, travel and training and capital projects.

The City of Dubuque would be lowering the property tax rate by 2.51%, giving the City of Dubuque the second lowest property tax rate of the eleven cities in Iowa with a population greater than 50,000. The highest rate (Waterloo) is 95% higher than Dubuque's rate, and the average is 51% higher than Dubuque's rate.

The City of Dubuque would have the lowest property taxes per capita compared to the eleven largest cities in the State of Iowa. The highest city (West Des Moines) is 157% higher than Dubuque's taxes per capita, and the average is 82% higher than Dubuque.

I concur with the recommendation and respectfully recommend Mayor and City Council approval.

  
 Michael C. Van Milligen

MCVM:jh  
 Attachment

cc: Crenna Brumwell, City Attorney  
 Cori Burbach, Assistant City Manager  
 Teri Goodman, Director of Strategic Partnerships  
 Jennifer Larson, Finance and Budget Director