

*City of Muscatine,
Iowa
Annual Budget*



Fiscal Year 2012/2013

ANNUAL BUDGET

CITY OF MUSCATINE, IOWA

**FOR THE FISCAL YEAR
JULY 1, 2012 - JUNE 30, 2013**

CITY OFFICIALS

**DeWayne Hopkins
Mayor**

City Council

**Philip Fitzgerald
Tom Spread
Jeanette Phillips
Osama Shihadeh**

**Mark LeRette
Bob Bynum
Scott Natvig**

BUDGET PREPARED BY:

**Gregg Mandsager, City Administrator
Nancy A. Lueck, Finance Director
LeAnna McCullough, Accounting Supervisor**

COVER:

New Southend Fire Station Constructed in 2012

PHOTO BY:

Dan Beenen

City of Muscatine

Mayor and City Council



Front Row Left to Right:

Councilmembers Jeanette Phillips, Bob Bynum, and Mark LeRette

Back Row Left to Right:

**Councilmembers Tom Spread and Osama Shihadeh,
Mayor DeWayne Hopkins,
Councilmembers Scott Natvig and Phil Fitzgerald**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Muscatine

Iowa

For the Fiscal Year Beginning

July 1, 2011

Linda C. Dandon Jeffrey P. Egan

President

Executive Director

Award for Distinguished Budget Presentation

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Muscatine, Iowa for its annual budget for the fiscal year beginning July 1, 2011. This was the twenty-seventh consecutive year the City received this award.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

City of Muscatine
Information Directory

City of Muscatine Website
muscatineiowa.gov

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History

Benjamin Nye is credited with having made the first settlement within the present county of Muscatine. This was in the spring of 1834. Mr. Nye laid out a town at the mouth of Pine Creek, situated about 12 miles northeast of Muscatine and named it **Montpelier**. Mr. Nye built a store and three separate mills with his last one, Pine Creek Grist Mill, still standing today in Wildcat Den State Park. Pine Creek offered perfect water power and for many years the early residents of the county brought their grain to his mill but the town itself was a failure.

Colonel George Davenport, who lived at the time in Rock Island, brought a stock of goods and established a trading post in what is now **Muscatine**, erecting a small log cabin and leaving the post in charge of an agent.

The year 1835 saw a number of new settlers in this area. **James W. Casey** started a trading post below that of Colonel Davenport, known as "*Casey's Wood Yard*" of Newburg. **Colonel John Vanater** who had been here several years before, returned and bought Colonel Davenport's post. The town of Bloomington was laid out in 1836 by Colonel Vanater who named the town for his hometown Bloomington, Indiana. This was the first survey by an act of the Wisconsin Territorial Legislature. Approved in January 8, 1837, Bloomington was made the county seat.

Bloomington was incorporated as a town of the second class on January 23, 1839 and on May 6th, its first president, **Joseph Williams** was elected. The population of Bloomington in January 1839 was 71 and there were 33 buildings in the town. In November, there were 84 houses in the city.

How Muscatine got its name

Historians differ in their ideas of how Muscatine got its name. Some claim it was taken from the Mascoutin Indians who lived in this area in the 18th century. The name "*Mascoutin*" means "*Fiery Nation*". Other historians claim the name came from the Indian name for what is now known as Muscatine Island. Because of the great difficulty in getting mail, (it was often sent to Bloomington, Illinois or Bloomington, Indiana and sometimes Burlington, Iowa), in 1850 the new name of **Muscatine** was adopted for both the town and county.

The name Muscatine is unique in that it is not used by any other city in the United States or the world.

Railroad Development

The period from 1854 to 1875 was marked by the coming of the railroads and the rapid settlement and development of the State of Iowa. The Chicago, Rock Island and Pacific Railroads were the first railroads to be built in Iowa reaching Rock Island, Illinois, in August 1854 and connecting with Iowa by ferry crossing the Mississippi River. On November 20, 1855, the Mississippi and Missouri Railroad, which later became part of the Rock Island System, operated the first passenger train between Davenport and Muscatine. This was also the first passenger train operated in the State of Iowa.

Early Muscatine Industry

Lumbering, saw and planing mills, sash and door factories and other forms of woodworking were a major industry in Muscatine. When the nearby forests were cut off, lumber operators moved up the Mississippi River and brought the logs downstream by water. With the coming of the railroad, lumber was shipped in, but through all these changes various types of woodworking continued to be Muscatine's major industry. Muscatine businessmen acquired forest lands and continued to operate saw mills in various parts of the county.

Pearl Button Industry

John Fred Boepple, a German immigrant with a flair for making buttons, came to Muscatine in 1887. By mistake, Boepple found that fresh water mussel shells, instead of animal horns, made a stronger button that more closely resembled the fashionable buttons made of expensive import marine shells. Nicholas Barry and his sons invented a machine which turned out better buttons with less labor. Muscatine soon became the world's largest pearl button manufacturer, its factories employing half of the Muscatine workforce during the turn of the century, earning it the name of "*Pearl Button Capital of the World.*" In 1905 over 1.5 billion pearl buttons were made in Muscatine. Today nearly all of the supply of buttons are made from plastic.

Other Industrial Development

In 1892, after a nationwide investigation, **H.J. Heinz Company** decided to locate one of their principal canning plants in Muscatine, being the first expansion outside of Pittsburgh. Numerous additions have been made to this plant making it now the largest Heinz plant outside of Pittsburgh and the largest canning plant between the Mississippi River and the Rocky Mountains.

The fertile soils of Muscatine make the area well known for producing some the highest quality agricultural products in the world with the famous Muscatine Melon being perhaps the most recognized.

Muscatine is home to the world headquarters of HNI (HON Corporation) that began here as a small businesses. Other companies have major facilities in Muscatine and a number of small and medium sized companies have become known nationally and internationally for their products.

Incorporation and Government

Muscatine acquired its present name in 1850. On February 21, 1851 Muscatine was incorporated by a special act of the Iowa State Legislature and is one of four Iowa cities that continues to operate under such special authority.

The city is the county seat of Muscatine County and has a mayor-council form of government. Day-to-day operations of the city are carried out under the supervision of a City Administrator.

We remain proud of our heritage and the strong industrial base present today. **Mark Twain** who lived in Muscatine in 1854, once wrote "*I remember Muscatine for its summer sunsets. I have never seen any on either side of the ocean that equaled them.*" Our noted sunsets, joined together with the rolling terrain, quiet neighborhoods and strong sense of family values gives Muscatine a special personality all its own.

Logo and History provided by the Muscatine Convention and Visitors Bureau.

INTRODUCTORY SECTION



Gregg Mandsager
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TO: Mayor DeWayne Hopkins and Members of City Council

SUBJECT: Budget Message - FY 2012/2013

DATE: March 15, 2012

The budget for fiscal year 2012/2013 is hereby presented as adopted by City Council subsequent to the informational review process and required public hearing. The emphasis of the budget process is on planning for anticipated operating expenditures, city services, personnel costs, capital expenditures, and other related programs. It is during the City Council's review process that choices are made among competing demands for the city's fiscal resources. The City of Muscatine's established budgetary process has resulted in a management oriented budget document with the fourfold theme of providing financial control, management information, planning, and policy information. This budgetary process has been recognized by the Government Finance Officers Association in their conferral of the 27th consecutive Distinguished Budget Presentation Award for the fiscal year 2011/2012 City Budget. The budget for fiscal year 2012/2013 will also be submitted for consideration for this award.

GOALS AND OBJECTIVES

The budget for 2012/2013 includes comprehensive goals and objectives for each department and activity in the operating budget. The process of developing a comprehensive management by objectives program for the community is a continual process as the needs of the community change. As a result, the city must continue to redefine its goals and set objectives as to how they can be achieved in both the short and long term. The evaluation of progress in accomplishing the prior year's objectives is an important part of the budget process between the City Council, City Administrator and department directors.

The City Council held a goal setting session in October of 2011 to discuss and establish goals and objectives for 2012/2013 as well as reaffirm the City Mission Statement. The strategic goals for 2012/2013 as adopted and prioritized by City Council are as follows:

Mission Statement

The City of Muscatine's mission is to provide high quality, effective municipal services; excellent customer service; and sound fiscal management. We engage our community, producing results designed to enhance the well-being and quality of life for our residents and businesses. We are advocates for the City of Muscatine, valuing its history and working to shape its future.

Five-Year Goals (Long-Term Goals)

- Develop effective economic development strategies to encourage local investment and partnership.
- Pursue voluntary and 80/20 voluntary annexation opportunities, specifically North along Hwy 38 and East along Hwy 22. (Under the Iowa Code if at least 80% of affected property owners are in favor of annexation, it is considered a non-consenting voluntary annexation.)

- Monitor the long-term plan to eliminate the accumulated deficit in the Landfill fund.
- Work with the County, School District, Muscatine Power and Water (MPW), and Chamber to combine services or cooperate where feasible and appropriate.
 - Work to meet a minimum of once per year with the above entities.

Policy Agenda 2011-2013

Top Priority

- Position the City to address the potential shortfall in revenue from the potential loss of commercial property taxes during the next legislative session.
- Develop a citywide comprehensive plan incorporating Iowa's Smart Planning Principles.
 - Public engagement. April 2012
 - Draft Comprehensive Plan. September 2012
 - Final Comprehensive Plan. December 2012
- Utilize National Citizens Survey (NCS) results for policy and budget decisions.
- Develop policies/incentives to encourage in-fill opportunities within the city limits.
 - Present a housing tax abatement plan to the City Council. June 2012
 - Present a historical housing tax abatement plan to the City Council. June 2012

High Priority

- Provide for the City's existing levels of service.
- Prioritize and determine funding sources for capital projects identified in the 5-Year Capital Improvement Plan and for the Combined Sewer Overflow (CSO) program.
- Request an extension from the EPA of the City's CSO program. June 2012
- Community Development:
 - Work with the Chamber to implement the economic development strategic plan.
 - Working with the Chamber, implement a sustainable Economic Gardening program. Educate the community on Economic Gardening as an economic development tool to grow local businesses and promote entrepreneurship. Identify resources to sustain a program to provide for this long-term economic development strategy. September 2012

Management Agenda 2011-2013

The 2011-2013 Management Agenda was also established. These issues represent short-term projects for the City Administrator and City of Muscatine staff. Included in the Management Agenda are items that are considered major projects that involve significant city resources and may span more than one year for completion

Top Priority

- Maintain and continually improve the City's new website and maximize its potential as a resource for public communication.
- Complete an update of the City Code. December 2012
- Complete a rewrite of the City's 1974 zoning ordinance following completion of the Comprehensive Plan. December 2013

High Priority

- Evaluate staffing needs and funding mechanisms.
- Evaluate establishing a formal "Lean" program with the City and joining the ILC (Iowa Lean Consortium).
- Provide for ongoing maintenance of the pavement management program

- Complete the following Capital Projects:
 - Cedar Street Reconstruction and Trail project – Utility Relocation portion of project in 2012
 - Colorado/Harrison Street Reconstruction – begin construction in 2012
 - South End Fire Station 2012
 - Mad Creek Levee Project 2012
 - Mississippi Drive Corridor Study 2012
 - Hwy 38/61 Connector Road Study. 2012
 - Soccer Phase 3 (Committee, Plan, and Fundraising)

The 2012/2013 budget includes funding appropriations (where applicable) required to accomplish the objectives listed above. Department objectives also make reference to the City Council Strategic Goals where applicable including the City Administrator, Community Development, Public Works, Engineering, Finance, Information Technology, Human Resources, Water Pollution Control, and Landfill department objectives. The budget was also prepared according to certain policies and practices established by the City Council. These policies and practices immediately follow this Budget Message.

KEY BUDGET ISSUES

In developing the fiscal year 2012/2013 budget, there were several key issues which had to be addressed during the budget process and which will continue to be concerns during the implementation of the various programs and services during the year.

State Legislation

During previous Legislative Sessions, actions were taken by the State, which eliminated or reduced revenues that were shared and redistributed to local governments throughout Iowa. As a result of these actions, the City of Muscatine has seen a significant reduction in opportunities within the General Fund to maintain or generate additional revenues. Even without these revenues, the city has been able to maintain its basic level of services but has not been able to add significant service levels throughout city operations. During the 2009, 2010, 2011, and 2012 Legislative Sessions, there were no significant actions taken by the Iowa Legislature to affect Iowa cities. However, major changes to the property tax system, tax increment financing, and automatic traffic cameras were nearly passed. Previous changes, however, have had a compounding effect for not only the lost revenue in that year but in the following years as well.

At the time the 2012/2013 budget was being prepared, City staff was closely monitoring bills being considered during the 2012 Legislative Session, specifically the property tax legislation that would roll back the taxable valuations of commercial and industrial property in future years and also bills that would prohibit cities from using automatic traffic enforcement (ATE) cameras or limit the fine rates for ATE cameras. While these bills were not passed during the 2012 Legislative Session, there continues to be discussion concerning the rollback of commercial and industrial valuations. This or comparable legislation will likely be considered again during the 2013 Legislative Session. If approved, this legislation could have long lasting and dramatic effects to the municipal budget and our ability to provide basic services to Muscatine residents. With this in mind, the City's 2012/2013 budget was developed based on positioning the City for future years if this type of change would be enacted.

The City of Muscatine made a number of changes over the last several years to adjust for the loss of revenues available for operational issues. Significant reorganization actions have taken place when the opportunities presented themselves throughout the General Fund activities. Overall, these adjustments

have continued to place a strain on the operational activities of the City's General Fund. Despite these challenges, the City continues to do more with less and provide for basic overall services within the General Fund and other funds of the City of Muscatine while facing increasing demands for public services.

Property Tax Rate

Throughout the deliberations of City Council's budget sessions, Council determined that they wished to work to minimize the overall property tax impact to the community. Every elected body struggles with the balance of the tax burden for the citizens with a need to provide adequate funding for operational and capital activities within the organization itself. It is that balance that Council tried to achieve in the establishment of the 2012/2013 budget. The original proposed budget included no change in the total tax rate. The City Council in the final adopted budget, reduced the tax rate by \$.10/\$1,000 of valuation for the upcoming year. While the tax rate will decrease slightly for 2012/2013, residential property owners will still be impacted since the rollback factor applied to residential property increased by 4.58% for the upcoming year. The owner of a home with a value of \$100,000 will see an increase of \$30 in their city property taxes for 2011/2012.

Police and Fire Pension Contribution Rates

The required city contribution rate to the statewide Municipal Fire and Police Retirement Systems of Iowa (MFPRSI) increased from 24.76% in 2011/2012 to 26.12% for 2012/2013, which resulted in an increase of \$95,400 in the contribution required. While this increase is significant, it compares favorably to the originally projected pension contribution rate for the year of 29.31%, which would have resulted in an increase of \$257,200 in city pension contribution costs. This lower than projected contribution rate was possible due to a change in the actuarial method adopted by the MFPRSI Board effective for the 2012/2013 year. Police and fire pension contributions are funded annually from the Employee Benefits tax levy. For 2012/2013 the tax levy rate for Police and Fire pension costs increased to \$1.43566/\$1,000 of valuation from \$1.34977/\$1,000 for 2011/2012. The City chose to fund a portion of FICA and IPERS costs for General Fund employees from the General Fund balance instead of the Employee Benefits levy in order to avoid an increase in the City's total tax levy for 2012/2013. If there are increases in the Police and Fire pension contribution rate in upcoming years, however, increases in the City's total tax levy rate will likely be necessary.

Significant Changes Implemented

A number of changes were implemented as part of the 2010/2011 and 2011/2012 budgets, which has placed the City in a better financial position for 2012/2013 and future years.

A key issue for the 2010/2011 budget was the consideration of and ultimate adoption of a Utility Franchise Fee on Alliant Energy, the provider of natural gas to the community. The ordinance change adopting this fee provides that the fee may be up to 5% on natural gas sales by Alliant in the community. The initial rate was set at 2% which was effective July 1, 2010. Implementation of this fee allowed for a reduction in the City's property tax rate for 2010/2011 and future years. The effect of the Utility Franchise Fee and the related reduction in property taxes varies by resident and individual businesses. Implementation of this fee resulted in the reduction of the Emergency property tax levy from its maximum rate of \$.27/\$1,000 of valuation in 2009/2010 and prior years, to \$.08/\$1,000 in 2010/2011. The Emergency Tax Levy was eliminated in 2011/2012 and again has not been levied for 2012/2013.

The establishment of this fee allowed the City to diversify its funding sources used for the provision of General Fund services and reduce the City's property tax rate. With this franchise fee in place for up to

5% of gas sales, this also allows flexibility in future years for the City Council to modify this rate if needed to continue to provide expected levels of City services to residents. This rate can be modified by giving a 90-day notice to Alliant Energy. For the 2012/2013 year City Council chose to reduce the Utility Franchise Fee rate to 1% which is projected to generate \$112,500. This reduction was possible since there have been strong revenues in other areas of the General Fund budget, specifically Automatic Traffic Enforcement (ATE) fines, fees for Fire department inspections and permits, and increased hotel/motel taxes.

Structural changes implemented in 2010/2011 and 2011/2012 also assisted the city in increasing the General Fund balance. The changes in 2010/2011 included (1) a reduction of one fulltime position in the Park Maintenance budget; seasonal staff was increased to partially offset this reduction for a net savings of \$49,300, (2) elimination of one fulltime custodian position with contract cleaning services partially offsetting the cost savings for a net savings of \$7,400, (3) funding economic development administrative costs and the Chamber economic development allocation with TIF funds (a total of \$137,500), (4) not filling the budgeted ¾ time Red Light Camera Technician net of the cost of creating an additional sergeant position for this function (\$30,000 savings), and (5) transferring the dredge operation to the Water Pollution Control fund (\$42,000 General Fund savings). These items total to a \$266,200 positive impact on the General Fund.

The changes implemented in 2011/2012 focused on department efficiencies and cost savings including (1) using sponsorships for the Parks seasonal brochure and Golf score cards saving \$4,700 annually; (2) the new eleven foot mower in the Parks department and trackhoe for grave digging at the Cemetery both saved man hours that were redirected to other functions in those divisions; (3) additional Park sites were “adopted” under the “Adopt a Park” program with this program expanding from four sites in 2010 to eleven in 2011; (4) redesigning the Library circulation system process eliminating a 35-hour/week position and creating a new 30-hour/week “Holds” person at a lower pay rate for a savings of \$17,800; (5) using staggered work times in the Police investigations division which reduced overtime and call-ins saving an estimated \$3,500 in overtime costs annually; (6) activities in the Engineering (engineering design for smaller projects), Community Development (Comprehensive Plan update), and Art Center (printing) were done in-house rather than under contracts resulting in varying amounts of cost savings; (7) using inmate labor to clear the Airport fence line of unwanted growth saved an estimated \$22,000; and (8) the use of automatic traffic enforcement cameras has allowed the Police department to re-direct their time to other areas of law enforcement.

Departments will continue to look for efficiencies and cost savings in their operations in 2012/2013 and future years. The City’s goal for the upcoming year of establishing a formal “Lean” program will assist departments in identifying and implementing efficiencies and cost savings applicable to their department operations. With limited financial resources expected to be available in future years and a growing demand for municipal services, the City must continue to take significant steps to enhance revenue streams as well as reduce expenditures where appropriate to meet these challenges. The budget recommendations contained within this document (and presented during the budget review) are aimed at positioning the city to continue to address economic challenges, provide core services to the community, and position the city to meet new challenges and ever growing demands.

Tax Increment Financing (TIF) and Economic Development

The City has been a strong proponent of economic development activities over the years and has made aggressive use of TIF and tax abatement incentives. The City continues to support these efforts as these are effective tools for local communities, but TIF comes up against strong attacks annually during legislative sessions. The City needs to maintain the ability at the local level to attract and retain business. However, there is another side of the story which is often forgotten and that is the effect on the city,

county, and schools and ultimately their respective tax rates. The increment the City is claiming for TIF totals \$23,452,229 for all of the TIF areas. This would be \$189,963 in taxes from the \$8.10 General Fund tax levy. The impact on total taxes including the various other levies using the City's total tax rate of \$15.67/\$1,000 rate is \$367,496 – essentially lost revenue that could be used to fund and maintain city operations and services. If that \$23.45 million was allocated toward regular valuations for all taxing entities, the county would generate over \$223,000 in taxes and the school over \$360,000 (or they could reduce their respective tax rates). It should be noted that a portion of the increment the City is claiming is for debt service on bond issues for public improvements in TIF districts. If those projects were not funded from TIF and the City still did them, the City's debt service levy would need to be higher.

A significant funding source that was identified in previous years was the better utilization of tax increment financing (TIF) districts and returning to regular taxable valuations the unused portions of those funds on an annual basis. This will continue to be the case in the 2012/2013 budget and for years to come. By not claiming the full amount allowed, a portion of the values in each TIF area go back onto regular taxable valuations for all affected taxing entities. Approximately \$718,000 of incremental taxes was not claimed by the city for 2012/2013. This resulted in the related property values to be considered as regular valuations, which increased regular tax revenues in all tax categories for the City and for each taxing entity.

For the 2011/2012 and 2012/2013 budgets, the City Council approved two resolutions in each of these years for internal advances of funds which will allow the City to claim TIF funds for TIF administrative and economic development purposes. The first resolution provided for internal advances of \$102,517 in 2011/2012 and \$105,254 in 2012/2013 for staff time involved in economic development activities and TIF administration and includes staff time of the City Administrator, Community Development Director, City Planner, Finance Director, Public Works Director and City Engineer. The other resolutions were for internal advances of \$35,000 in both 2011/2012 and 2012/2013 for economic development grants to the Greater Muscatine Area Chamber of Commerce and Industry for their economic development activities. Using TIF funds for these purposes (instead of general property taxes) assisted the City in balancing the 2011/2012 and 2012/2013 General Fund budgets and continuing to provide the current level of General Fund services to the community.

In May of 2011, the City Council approved a resolution, which consolidated and expanded the City's urban renewal policies, projects, and initiatives under a single urban renewal plan and expanded the City's urban renewal area to include the current City boundaries. This action will allow the City to pursue using TIF funding for economic development or blight alleviation throughout the City.

Landfill and Transfer Station Fund Deficits

Another key budget issue relates to the transfer station and landfill. These operations are accounted for as Enterprise funds, and each of these funds have had deficit fund balances since the 2002/2003 fiscal year. The budget for 2009/2010 included a significant rate increase for the transfer station from \$41.00 per ton to \$60.00 per ton effective July 1, 2009. This fee funds both transfer station and landfill costs. The continued need to expand and to develop costly landfill cells was the driving component of this fee increase as well as the deficit balance in the Landfill fund.

While it was anticipated that there would be some decrease in volume at the transfer station/landfill, the waste volume for 2009/2010 decreased from 41,320 tons in the prior year to 29,916 tons. With the continuing deficit in the Landfill fund, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the transfer station and landfill. Area businesses and the Chamber requested a committee be formed of business leaders, City staff, an Agency member, and others, to discuss the impacts that flow control

would have on area businesses and possible alternate solutions. The Committee's recommendation included allowing for additional negotiated industrial contracts, which would bring additional waste volume and revenue to the landfill. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts were entered into which will bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over the next three years.

The deficit in the Landfill fund at the end of 2009/2010 was over \$2.5 million. A large portion of this deficit was due to development of new cells at the landfill. The new cells are expected to have 298,800 tons of waste capacity, which should provide a waste disposal area for approximately 7.5 years depending on the annual waste volume. The Landfill fund deficit decreased by \$411,988 to \$2,100,612 in the 2010/2011 fiscal year. With the projected landfill revenues and expenditures, the deficit in the Landfill fund is projected to decrease by \$495,612 during the 2011/2012 fiscal year and by an additional \$498,038 to \$1,106,962 by the end of the 2012/2013 year. The goal is to have the deficit eliminated or nearly eliminated by the time the next cell needs to be constructed. Based on current waste volume projections, it is estimated that construction on the next cell would need to begin in the 2016/2017 fiscal year.

The Transfer Station fund had a deficit balance of \$216,040 at the end of 2009/2010. Since revenues from the new negotiated industrial contracts were directed toward the deficit in the Landfill fund, the Transfer Station has not benefited financially from these new contracts. The 2010/2011 revised estimate included a \$200,000 funding transfer from the City's Refuse Collection fund which assisted in reducing the deficit in the Transfer Station fund. An additional \$50,000 transfer from the Refuse Collection fund in 2011/2012 is expected to eliminate the Transfer Station deficit. The City will continue to closely monitor the revenues and expenditures of both the Transfer Station and Landfill funds so these funds can remain in positive positions after the current deficits have been eliminated.

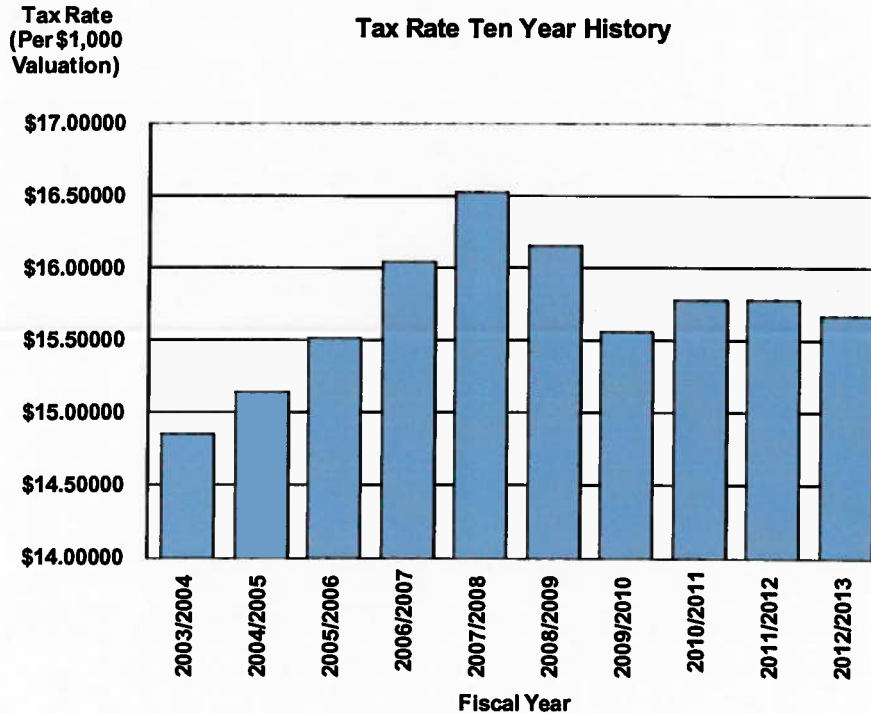
Other Issues and Changes for 2012/2013

As in every year, there are increases in expenditure levels for city operations that reflect the increased cost of providing services even at a status quo or below status quo level. In 2010/2011 the City successfully negotiated 3-year contracts with each of the City's three bargaining units for the years 2011/2012 through 2013/2014. With 3-year contracts in place, labor attorney costs should be reduced in 2011/2012 and 2012/2013. The Police and Blue/White Collar contracts include 2.25% increases for 2011/2012, 2.50% for 2012/2013, and 2.90% for 2013/2014. The Fire contract includes increases of 2.25%, 2.50%, and 2.95% for those years. A new supervisory and non-union pay plan was implemented for the 2011/2012 year. This plan groups employees into eleven pay grades instead of the more than 60 individual pay grades in the previous plan. Employees in this group received a 2.25% increase for 2011/2012 unless their placement in the new plan exceeded this amount. The employees in the supervisory and non-union group received a 2.5% wage increase in 2012/2013.

Each of the bargaining units agreed to increases in health insurance deductibles and out-of-pocket maximums effective January 1, 2013 and January 1, 2014. The current \$300/\$600 single and family deductibles and \$600/\$1,300 single and family out-of-pocket maximums will increase to \$400/\$800 deductibles and \$800/\$1,600 out-of-pocket maximums on January 1, 2013. These will further increase to \$500/\$1,000 deductibles and \$1,000/\$2,000 out-of-pocket maximums on January 1, 2014. These changes will also apply to supervisory and non-union employees. These increases should assist in reducing future year health insurance costs and related rate increases.

TAX RATE AND BASE

Property taxes continue to be the major revenue source for the City of Muscatine. In 2012/2013, property taxes will represent 32.1% of total city operating revenues. This is a slight decrease from the 32.2% in fiscal year 2011/2012. The total tax levy rate for fiscal year 2012/2013 of \$15.67209 per \$1,000 of valuation is approximately \$.10/\$1,000 lower than the 2011/2012 rate of \$15.77146. The following chart shows the property tax rates for the last nine (9) years and the budgeted rate for 2012/2013:



The tax rate decreases for 2008/2009 and 2009/2010 were due to unusually high increases in taxable property valuations of 4.62% and 3.8%, respectively, for those years. This provided the city an opportunity to recover lost economic ground due to previous years' low or insufficient changes in taxable valuations. These higher than average increases in taxable valuation were one factor that led to lowering the City tax rates in each of these years. Additionally, for 2009/2010 the lower tax rate was due to several events in addition to the taxable valuation increasing - pension rates were down and debt service requirements were down. Going into 2010/2011 the city faced a different challenge - a net increase in taxable valuation of only 1.58% due to a significant loss in industrial values (down 4.35% for 2010/2011). The two main reasons for the increase in tax rate for 2010/2011 were the increase in the debt service levy for funding capital improvement projects and an increase in the Employee Benefits levy for the required rate increase for police and fire pensions. For 2011/2012 the same total tax rate was maintained and the rate decreased slightly (by \$.10/\$1,000) for 2012/2013.

There are six categories that make up the 2012/2013 tax rate. The City's General Fund levy of \$8.10 per \$1,000 of valuation is the maximum levy permitted by state law. The City has been at this maximum General Fund levy limit since 1991/92. The 2012/2013 Tort Liability tax levy increased by 7.6% and the Transit levy increased by 3.7% compared to the 2011/2012 levies. Of the remaining levies, the Special Revenue levy for employee benefits in the General Fund decreased 4.7% and the Debt Service levy increased 1.9%. The decrease in the Employee Benefits levy is primarily due funding \$100,426 of General Fund employee benefit costs from the General Fund balance instead of the tax levy. This allowed

City Council to lower the total tax rate by \$.10/\$1,000 and still maintain an adequate General Fund balance. The increase in the debt service levy is due to debt requirements on the new June 1, 2012 bond issue. The city will continue the Levee Improvement tax levy of \$.06750 per \$1,000 of valuation in 2012/2013, which will be used towards the city's share of the Mad Creek Levee project.

As noted previously, the City eliminated the Emergency tax levy for the 2011/2012 year and this levy has again not been used for 2012/2013. In 2009/2010 the City levied the maximum Emergency levy rate of \$.27/\$1,000 of valuation which generated \$196,964. For 2010/2011 the City implemented a 2% Utility Franchise Fee on Alliant Energy, the provider of natural gas services in the City. This fee allowed for a reduction in the City's overall property tax rate for 2010/2011, specifically the Emergency Tax Levy rate which was reduced from \$.27/\$1,000 in 2009/2010 to \$.08/\$1,000 in the 2010/2011 budget. The Emergency tax levy was eliminated in the 2011/2012 budget as part of City Council's goal to maintain the City's total tax levy rate at \$15.77146/\$1,000 of valuation. From the 2009/2010 emergency levy, City Council directed that \$80,000 be set aside in the Emergency Tax Levy special revenue fund to be available in the case of future revenue shortfalls due to current or future economic conditions or for unanticipated emergency expenditures. Those funds are budgeted to remain in the Emergency Levy special revenue fund in 2012/2013.

Expansion of the existing industrial and commercial tax base as well as attraction of new tax base is key to the financial stability of the City of Muscatine for the future. In this regard, the City Council continues to invest in economic development activities by participating in several programs within the community to promote economic development. A number of these programs are controlled solely by the City of Muscatine and include the establishment and use of tax increment financing districts as well as urban revitalization districts and enterprise zones. These financial incentive tools are available through City Council action to provide similar yet different types of financial incentives to encourage expansion of existing and attraction of new business opportunities within the city. In May of 2011 the City Council approved a resolution establishing a new enterprise zone and abatement schedule for a designated area of the City in order to offer tax abatement as an incentive to stimulate job creation and retention, enhance property tax values, and promote industrial revitalization within this area. As noted in the previous section, in May of 2011, the City Council approved a resolution, which consolidated and expanded the city's urban renewal policies, projects, and initiatives under a single urban renewal plan and expanded the city's urban renewal area to include the current city boundaries. This action will allow the city to pursue using TIF funding for economic development or blight alleviation throughout the city.

In addition, the City Council continues to provide financial support to the Muscatine Chamber of Commerce & Industry. For fiscal year 2012/2013 the City Council has included \$35,000 in the budget to provide this assistance. The City is one of the largest financial contributors to the Muscatine Chamber of Commerce & Industry and the City also provides staff assistance on a variety of projects that are undertaken by this organization on behalf of the community to promote economic development. The City also continues to pursue infrastructure improvements throughout the community to enhance economic development efforts as an active development partner in this process. Continued expansion and improvements of the sanitary and storm sewer systems within the city, extension of sewer and water services to the south end and other areas of the community, continued airport improvements and overall quality of life projects are but a few examples of the city's continued commitment to enhancing economic and quality of life issues within the City of Muscatine.

The taxable property valuation for fiscal year 2012/2013 is \$777,688,432, which is \$21,477,932 (2.84%) higher than the fiscal year 2011/2012 valuation of \$756,210,500. This increase is slightly higher than the 2.62% increase for 2011/2012. Growth in Tax Increment Financing (TIF) districts is not included in these taxable valuation amounts. For 2012/2013 there was an increase of .54% in commercial and a decrease of .86% in industrial valuations. Commercial and industrial property is valued at 100% for 2012/2013. The

taxable valuation for residential property, however, increased by 5.39% for 2012/2013. While *actual* residential property values increased by only .65% in 2012/2013 due to growth and re-valuation of existing property, *taxable* values increased by 5.39%. This difference is due to the State “rollback factor” applied to actual values to derive taxable values. This rollback factor in the past normally resulted in a reduction to the taxable values of residential property. For 2012/2013, however, the rollback factor for residential property increased from 48.5299% to 50.7518% (an increase of 4.58%). With the total City tax rate of \$15.67209 for 2012/2013, the City will collect \$12,258,743 in property taxes in fiscal year 2012/2013 compared to fiscal year 2011/2012 taxes of \$11,993,254, an increase of \$265,489 (2.21%). The City was able to lower the total tax rate by funding a portion of General Fund employee benefits from the General Fund balance instead of from the tax levy.

STATE AND FEDERAL FUNDING

The City will continue to rely upon the property taxes generated as the primary funding source for General Fund programs. Reductions in state and federal funding sources have resulted in the continued emphasis on property taxes.

Funding from the State of Iowa included in the 2012/2013 budget continues to be affected by what is a recovering fiscal situation in the state. The largest source of funds from the State of Iowa relates to Road Use Tax funds collected by the State and distributed to local governments for street maintenance activities. For fiscal year 2012/2013 it is anticipated that the city will receive \$2,139,800 in Road Use Tax funds, which is an increase of \$6,800 from the original 2011/2012 Road Use Tax budget of \$2,133,000. An estimated \$175,600 in State funding will also be received for the Transit operation.

The fiscal year 2012/2013 budget includes an estimated \$3,323,320 in federal funding for both operating and capital project costs. This includes the following: \$1,858,220 in funding for the Section 8 Housing rental assistance program; \$254,000 for operating and capital funding for the city’s Public Housing Program; \$240,000 in federal funding for street-related projects; \$179,300 in FAA funds for airport projects; \$450,100 in federal funding for the Transit operation; and \$341,700 in Police Department grants.

CHARGES FOR SERVICES

For fiscal year 2012/2013 budgeted charges for services total \$12,866,250 and comprise 31.5% of total operating revenues of the city compared to 31.9% for 2011/2012. These charges primarily involve programs and activities in the city's Enterprise Funds. Fee increases are budgeted for sanitary sewer services, collection and drainage, and the golf course for fiscal year 2012/2013.

Sewer revenues including the separate collection and drainage charges are estimated at \$5,087,900 for 2012/2013. Based on previous independent reviews and studies, the city set forth on a course to systematically increase fees for collection and drainage as well as sanitary sewer rates. The purpose was to create sufficient fund balances to address current and future capital requirements for both operations. The 2012/2013 budget includes increases of approximately 5% in both sanitary sewer and collection and drainage rates. The sanitary sewer fee increase is needed as part of the financing of the Comprehensive Facilities Improvement Project at the Water Pollution Control Plant, which is nearing completion. This is the final of four annual 5% increases in rates required as part of the financing for this project. The City expects to contract for a new sewer rate study in 2012/2013.

Golf course fees and sales are estimated at \$826,200 for 2012/2013. Adult and senior greens fees were increased for the 2012 golf season by \$1.00 per round and adult and senior season pass fees were

increased by \$25.00. The greens fee and season pass rates for juniors were decreased in the 2012 fee schedule in an effort to increase interest in the game of golf by young people. The fee increase was needed to provide funds for capital improvements at the course, including replacement of the fairway irrigation system. The 2012 season is the sixth season in which the city has complete operational control of golf services. The operation of the clubhouse had previously been contracted with a golf professional. The city's golf professional is now a fulltime employee and is responsible for managing the golf clubhouse operation. The city also assumed all beverage and golf cart services to maximize the earning potential for the course. This change has produced positive results both operationally and financially for the city. An indoor golf simulator was purchased in 2010 to be used during winter months as well as during inclement weather during the golf season. Revenue from the simulator is estimated at \$10,000 in both 2011/2012 and 2012/2013. The City rebuilt the Golf Course maintenance shop that was destroyed by fire in 2007 using funds from an internal loan. The loan will be fully repaid in 2011/2012, three years ahead of the original schedule. Replacement of the fairway irrigation system is budgeted for 2012/2013 at a total cost of \$260,000. A \$50,000 down payment has been included in the 2012/2013 budget and an internal loan will be used to finance the remaining portion of the project costs. Annual payments will be made from the Golf Course fund to repay this loan.

Budgeted transfer station charges for services total \$1,941,350 for 2012/2013 based on an estimated 35,000 tons of waste being processed at this facility. The current tipping rate is \$60.00 per ton and this rate will not change for the 2012/2013 year. This rate increased from \$41 to \$60 per ton July 1, 2009 with this increase directly related to the cost of developing new cells at the landfill. In 2009/2010 the city began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the city to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Additional negotiated industrial contracts were approved in 2010 which will assist in generating new waste for this facility. Revenue from the new negotiated contracts, however, will be directed toward the Landfill fund deficit. As noted previously, the 2010/2011 revised estimate included a \$200,000 funding transfer from the Refuse Collection Fund and the 2011/2012 revised estimate includes an additional \$50,000 transfer which should eliminate the deficit in the Transfer Station by the end of 2011/2012.

Budgeted landfill charges for services total \$1,290,000 for 2012/2013. The landfill rates are incorporated in the transfer station rates with \$40.00 of the \$60.00 per ton transfer station rate (\$30.00 of the \$50.00 for industrial contracts) paid to the landfill for material disposed of at that facility. Additional negotiated industrial contracts were approved in the fall of 2010 with those revenues directed toward the deficit in the Landfill fund. A fee was also assessed to Solid Waste Management Agency members beginning in 2008/2009 to assist in the overall funding of landfill costs.

The Refuse Collection budget is charged on a tonnage basis for waste collected and disposed of at the transfer station. Refuse Collection charges for services total \$2,104,000 for 2012/2013. The Refuse Collection rates were increased from \$18.25 to \$20.00 per month for regular residential customers and from \$13.25 to \$15.00 for senior customers on April 1, 2011 when the City began providing contracted single-sort curbside recycling services to all residential customers. Under the contractual agreement for this service, the City will pay the contractor \$3.05 per customer per month for this service during the first year of the contract, with this cost increasing to \$3.14 April 1, 2012 and \$3.23 April 1, 2013. The City had cost savings from discontinuing the drop-off recycling program, which offset a portion of the cost for the curbside recycling program.

The Fire department continues to provide ambulance services for the city and surrounding townships. Revenue from ambulance services is estimated at \$1,200,000 for both the 2011/2012 revised estimate and 2012/2013 budget with these estimates based on trends in the number of ambulance runs and revenues

over the past year. The fee for the basic ambulance service is currently \$560, the rate for ALS 1 calls is \$665.00, the rate for ALS 2 calls is \$962 and the rate for SCT (Skilled Care Transports) is \$1,137. The Fire department reviews rates on an annual basis based on surveys of other area providers.

Transit fares were last increased for the 2003/2004 budget with the fare for fixed routes and night service increasing from \$.65 to \$.75 and the paratransit fare increasing to \$1.00. No increase is budgeted for 2012/2013. Transit charges are estimated at \$169,000 for 2012/2013.

Boat harbor slip rental rates are based on boat length. These rates increased by \$40 per slip rental for the 2010 season. No rate increase is budgeted for 2012 or 2013.

PROGRAMS AND SERVICES

The 2012/2013 budget will provide for the continuation of most city services at the current levels. Full-time equivalent year-round employees on an entity-wide basis total 225.29 for 2012/2013. This is an increase of 2.71 in full-time equivalent positions compared to the original budget for 2011/2012. Changes in authorized positions for 2010/2011 through 2012/2013 are as follows:

2012/2013

- Two full-time Police Officer positions were added midway through the 2011/2012 year. These positions will be 100% funded from a COPS grant for three years.
- One firefighter position was added for 2012/2013 with this position funded from a transfer from the Ambulance fund.
- The current half time Community Services Officer in the Community Development department was increased to 3/4 time as part of the reorganization in the department after the retirement of the Health and Housing Coordinator. Since the new fulltime position will be at a lower pay step, there was no additional cost for this change.
- A 35-hour/week position at the Library was replaced with a 30 hour/week position at a lower pay grade.
- A fulltime custodian position in the Housing department was replaced with a 3/4 time position in 2011/2012 when the former custodian retired. The part-time Section 3 worker in the Housing department was reduced from 20 to 15 hours per week.

2011/2012

- One full-time Police Officer position was added for the Street Crimes Unit.

2010/2011 (After the 2010/2011 Budget was Adopted)

- A ¾ time Automatic Traffic Enforcement (Red Light Camera) Technician was included in the original 2010/2011 budget. After further consideration, this position will not be filled. This function will be assigned to a new Sergeant position which will be filled by the promotion of a current police officer (no increase in staffing).
- A reduction of one full-time custodian position in the Building and Grounds budget. Contracted custodial services will be used for this function.
- A ¾ time registrar position at the Art Center was increased to full-time with the additional costs funded from outside sources.

- A reduction of one full-time park maintenance repairperson; 75% allocated to the Park Maintenance budget and 25% allocated to the Cemetery budget. Additional seasonal staff will be used in lieu of the fulltime staff.
- One Refuse Driver position was eliminated when the City discontinued the curbside collection of cardboard.
- One of the part-time Lab Technician positions in the Water Pollution Control department will not be filled.
- One Treatment Plant Mechanic position in the Biosolids activity of the Water Pollution Control was eliminated.
- The part-time technician position in the Collection and Drainage division was eliminated.
- One full time position was added to the Housing budget for the new Family Self Sufficiency Program. This position is 100% funded from a HUD grant.
- A half-time custodian position was added in the Public Housing budget as part of the city's efforts to comply with HUD Section 3 regulations.

2010/2011 (Original Budget)

- The Police budget included a new 3/4 time technician for the Automatic Traffic Enforcement (Red Light Camera) system.
- A reduction of one School Resource Officer (75% school funded, 25% City funded).
- The Community Development department added a new 1/2 time position effective July 1, 2010 to enhance the Nuisance Abatement program. Additionally, effective January 1, 2011 one of the current inspector positions became vacant through a retirement and was replaced with a City Planner (no net increase due to this change).
- A new Assistant Water Pollution Control Director position was added for 2010/2011 with 75% of the cost of the position included in the Plant Operations budget and 25% in the Storm Water Operations budget in the Collection and Drainage fund. The position will have both Water Pollution Control Plant and Storm Water responsibilities.
- The 2010/2011 budget included the addition of one full-time position in the Pumping Stations budget and a reduction of one full-time position in the Plant Operations budget.

The projected level of expenditures for the General Fund of \$17,184,247 for 2012/2013 is 6.5% (\$1,050,303) above the 2011/2012 budget of \$16,133,944. The overall increase consists of (1) an increase of \$314,800 (3.7%) in salaries and wages, (2) an increase of \$114,700 (3.2%) in employee benefit costs, (3) a decrease of \$99,900 (10.2%) in commodity costs, (4) an increase of \$16,500 (.7%) in contractual services costs, (5) an increase of \$195,300 (65.8%) in capital outlay costs, (6) an increase of \$78,903 (12.6%) in transfers, and (7) a new classification for "assigned" funding for \$430,000. The increase in employee salaries and wages includes the two new police officers funded 100% from a federal grant and the new firefighter position funded with a transfer from the Ambulance fund. The "assigned" funding classification is based on a recent change in governmental accounting standards. The funding assignments in the General Fund for 2012/2013 are:

1. The first of three annual allocations of \$40,000 to be set-aside to fund the City's obligation to retain the two new COPS grant-funded police officers for one year subsequent to the 3-year grant period. This is a requirement of the COPS grant.
2. The Fire department budget included a request for \$490,000 to replace a fire engine. The budget includes setting-aside or "assigning" \$250,000 in 2012/2013 to make this purchase in 2013/2014. It is proposed the remaining \$240,000 be funded from the 2013/2014 budget if those funds are available.

3. The budget also includes “assigning” \$140,000 of funding for the replacement of the City’s financial software system. Replacement of this software system is included in the City’s Five Year Capital Improvements Program.

The funding “assignments” are being made for several reasons: (1) While the General Fund balance and revenues are currently sufficient to fund operations and some capital items, changes by the State legislature could change this significantly in upcoming years. It is proposed that the City only make one-time expenditures from available funds instead of adding recurring costs (staffing increases); (2) Funding the fire engine and Finance software from the General Fund will assist in reducing future year debt service requirements. In prior years, sufficient funding would not have been available in the General Fund and these items would likely have been funded from bond proceeds; (3) Setting aside funds for the future COPS grant obligation will lessen the impact on the General Fund for that year.

The 2012/2013 budget for the General Fund of the City of Muscatine provides an expenditure level to fund most core services at essentially the same level as in previous years for most departments. The two new police officer position funded from the COPS grant will enable the Police department to reinstate the Street Crimes Unit to address recent gang-related activity in the city and also reinstate the School Resource Officer position for the middle schools. The new firefighter position will result in equal staffing for each of the three shifts. Although there are no further full-time staff reductions in other departments planned for 2012/2013, the effects of prior year reductions continue to be experienced in the respective departments. Prior year staff reductions affected most departments and have reduced full-time equivalent (FTE) employees in the General Fund by 15.5 from 170 in 2001/2002 to 154.5 in 2012/2013. There has always been a precarious balance between the desire to address community “needs and wants” and the availability and distribution of ever increasingly scarce financial resources. The city has been forced to adjust to the reduced levels of revenues by eliminating positions through the various departments of the city over the past several years. Although savings were achieved through these actions, it did alter the levels of service that the city now offers to the public.

The 2012/2013 budget continues to provide for a variety of essential and non-essential public services. In 2010/2011 the City contracted with GATSO, USA to install and operate Automatic Traffic Enforcement (ATE) cameras at five intersections in the community. This system has improved traffic safety in those areas at a minimal or no cost to the Police department. The Police department budget continues to include one School Resource Officer position in the high school, which receives 75% funding from the Muscatine Community School District. As noted above, the School Resource Officer position assigned to the middle schools will be reinstated in 2012/2013 as a result of being awarded the COPS grant. The budget also continues a 100% grant-funded police officer position to serve on the area’s Joint Terrorism Task Force. The two police officer positions assigned to the Drug Task Force will continue in 2012/2013. These positions are partially funded from federal grants.

Fiscal year 2012/2013 will be the eighth full budget year for the Muscatine City/County Emergency Communications Center (MUSCOM). The city and county public safety dispatch centers were combined into the joint operation in September 2004. Operating costs through 2008/2009 were shared on a 55% county, 45% city basis. Beginning in 2009/2010 all of the costs for MUSCOM are being funded from a countywide tax levy.

The City of Muscatine continues to provide Emergency Medical Services (EMS) including ambulance services through the Fire department. Firefighters continue to provide paramedic level services as well as fire fighting services to the community.

Public Works programs and service levels in the areas of roadway maintenance, snow and ice control, street cleaning, traffic control, engineering, and refuse collection have been maintained for fiscal year

2012/2013. Major projects in the Public Works area in the upcoming year include beginning construction on both the Colorado Street Improvement project and the Cedar Street Improvement project. The Refuse Collection budget continues to provide for the contracted single sort curbside recycling program which began in April, 2011. As of that date, the former recycling drop-off locations were discontinued.

Leisure time service activities include a wide variety of activities that reach a cross section of the community through the Library, Art Center, Museum, Golf Course and a comprehensive system of parks, recreational programs, the aquatic center, boat harbor, and soccer facility.

Since 2002 the city has made significant investments in recreation facilities. In 2002 the city aggressively pursued and received a Community Attractions and Tourism (CAT) Grant for a variety of community projects from the Vision Iowa fund. The overall "Pearl of the Mississippi Project" was estimated at \$9.6 million and included a new aquatic center, a skate park, an environmental learning center, exercise trail expansion and various riverfront improvements. The skate park was opened in August of 2003 and the Aquatic Center opened for the 2004 summer season. In April 2005 the Environmental Learning Center (a Muscatine County project) opened its doors and the Riverview Center renovation work was completed in May 2005. The remaining individual projects in the overall "Pearl of the Mississippi Project", the trail expansion and community art, were completed by May 31, 2006. Phase II of the Pearl Project was completed in 2006/2007 and included an interactive water feature, landscaping and other improvements on the riverfront. These projects significantly expanded parks and recreation facilities in the community.

The city will continue its commitment toward effective planning and community development efforts. In 2012/2013 the Community Development department will be involved in the development of a new citywide comprehensive plan incorporating Iowa's Smart Planning Principles. The city's Housing department operates the 100-unit Clark House Senior Citizen Facility, the 50-unit low and moderate income family Sunset Park Project, and the 50-unit Hershey Manor senior citizens facility operated by the city through a management contract with the Hershey Manor Board. In addition, the city is assisting low and moderate income individuals and families with rent subsidies through the federal Section 8 Housing Choice Voucher program.

The city continues to pursue storm and sanitary sewer renovation and extension programs. In 2007 the city signed a Consent Order with the Environmental Protection Agency (E.P.A.), which requires the city to complete specific major sewer separation projects by 2024. The city completed the Hershey Avenue area sewer separation work in 2011/2012 which leaves the West Hill area as the remaining area yet to be completed. The cost of the West Hill sewer separation project is estimated to reach or exceed \$50 million and this project will be done in multiple phases. This project will be funded in part by the 1% local option sales tax that was first approved by the voters in May 1994, renewed by the voters in August 1998, and again approved by voters in January 2004. On August 12, 2008, voters again approved extension of this tax for an additional ten years with a minimum of 80% of the tax to be used for storm and sanitary sewer projects with the balance to be used to fund the ongoing costs to maintain streets at a higher level as provided for in the Pavement Management Program. The first phase of the West Hill Sewer Separation project will begin in 2012/2013. In 2012/2013 the City will be making a request for a four-year extension to the current EPA Consent Order deadline of 2024.

The City was notified in 2009 that funding was approved by the Corps of Engineers for the Mad Creek Levee Improvement Project which will provide increased flood protection along Mad Creek from Washington Street to the Mississippi River. The contract work on Phase I of this project has been completed and Phase II is scheduled to be completed by the end of calendar year 2012.

In recent years, the city through Federal Aviation Administration (FAA) grants completed various airport improvements including extending the primary runway, constructing a parallel taxiway, installing

lighting, acquiring additional real estate, providing for a complete overlay of the existing main runway, construction of a crosswind runway and turnaround area, and construction of a parallel taxiway for the crosswind runway. The grant applications for these projects were made in accordance with the city's overall Master Plan for improvements at the airport. Airport projects budgeted for 2011/2012 and 2012/2013 include completion of the hangar access road, airport runway lighting improvements, airport hangar improvements, airport hangar access security and T-hangar drainage improvements, airport airfield maintenance, and airport obstruction removal. These projects will receive either State (85%) or FAA (90%) grant funding. The airport will continue to serve the community for both recreational and business-related activities in 2012/2013.

For fiscal year 2012/2013 the city will continue to provide support for several non-profit service organizations within the community. Despite limited city resources, the City Council has remained committed to assisting these groups as best they can. These agencies provide valuable services to the entire community. For 2012/2013 the City Council chose to continue financial contributions for the Greater Muscatine Chamber of Commerce and Industry (GMCCI), Convention and Visitors Bureau (CVB), the Muscatine Humane Society, and Senior Resources. The subsidies to GMCCI, CVB, and the Muscatine Humane Society were maintained at the same level as 2011/2012. The subsidy for Senior Resources was increased from \$17,800 in 2011/2012 to \$20,000 in 2012/2013.

Operating expenditures budgeted for all city operations for 2012/2013 total \$37,306,801, which is an increase of \$913,594 (2.5%) from the fiscal year 2011/2012 level of \$36,393,207. Operating revenues for the city total \$40,859,157 compared to \$39,682,664 for 2011/2012, an increase of \$1,176,493 (3.0%). Capital project expenditures are estimated at \$9,138,900 in the 2011/2012 revised estimate and \$7,179,400 for 2012/2013.

FUND BALANCE AND BUDGET POLICY ISSUES

The 2012/2013 budget presents beginning balances, revenues, transfers in, expenditures, transfers out and ending fund balances for each city fund. Fund balance for budgeting purposes is defined as the funds remaining after the application of available resources to support expenditures of each fund. For governmental funds, fund balance is the difference between assets and liabilities of each fund. For enterprise and internal service funds, fund balance for budget purposes, is presented on a basis consistent with the budgets presented for governmental funds. Expenditures include capital outlay purchases and principal and interest due during the budget year on debt obligations. In this regard, the *budgetary* basis for enterprise and internal service funds differs from the *accounting* basis used to prepare the comprehensive annual financial report for the city. Additional information on the basis of budgeting and accounting for the various city funds can be found in the "Fund Structure Overview and Basis of Accounting and Budgeting" section later in the Introductory Section of the budget.

The city's Operating Budget/Expenditure Policy provides that a balanced budget be presented each year for City Council consideration and approval. The policy defines balanced budget as one in which expenditures will not exceed estimated resources and revenues. This in effect provides that expenditures be less than the beginning fund balance of each fund plus revenues for the year. For 2012/2013 balanced budgets were presented to and approved by Council for all funds with the exception of the Landfill, Boat Harbor, and Marina Enterprise funds and the Equipment Services Internal Service fund. The deficits in both the Marina Enterprise fund and the Equipment Services Internal Service fund are due to inventories in those operations. The accumulated deficit in the Landfill fund is due to costs for development of new landfill cells at this facility. As noted previously, the new landfill cells are expected to have a minimum of a 7.5-year life and the deficit in the Landfill fund is projected to decrease each year until such time as another new cell is needed. The Transfer Station has been in a deficit position in recent years. A \$200,000

funding transfer from the Refuse Collection Fund was made in the 2010/2011 Revised Estimate and an additional \$50,000 has been included in the 2011/2012 revised estimate which is expected to eliminate the Transfer Station deficit by the end of 2011/2012.

The city's budget policies require the ending balance for the year to be at least 10% of the budgeted expenditures in the General Fund or approximately \$1,718,000 based on the 2012/2013 budget. The City Council in recent budgets has been making efforts to increase the General Fund balance over the minimum of 10% required by the city's financial policies to at least 15%. This effort is in part due to comments in the 2008 Moody's bond rating report which stated that Moody's considers our 10% fund balance requirement to be "relatively narrow" and that higher reserve levels may be appropriate for challenges to the city's financial operations. The ending balance for 2012/2013 is budgeted at \$2,465,137, which is 14.3% of General Fund expenditures. This demonstrates City Council's commitment towards the goal of increasing the General Fund balance. Additionally, General Fund revenues are budgeted conservatively and department expenditures are generally less than their approved budgets and it is expected that the actual ending balance should exceed the amount budgeted.

In the 2011/2012 Revised Estimate, it is projected that the General Fund balance will increase by \$518,702 to \$2,595,708. This increase is primarily due to increased revenue from fines from automatic traffic enforcement (ATE) cameras that were installed in five locations in the spring of 2011; increased fire department fees including inspection fees, various permit fees, and fines; and increased hotel/motel taxes. These revenues assisted the City in increasing the General Fund balance from the 10.4% of expenditures in the original 2011/2012 budget to an estimated 15.8% in the 2011/2012 revised estimate, and 14.3% at the end of 2012/2013. The ATE fines have leveled off since the first few months after the cameras were installed. There has also been discussion by the State legislature to limit fine rates or prohibit cities in the State from using the ATE's for traffic enforcement. While no changes were made by the State this legislative session, the City is not using the increased revenues from the ATE's for ongoing expenditures (staffing) and has instead used the revenue to increase fund balance and to fund one-time capital expenditures.

While the General Fund budget for 2012/2013 shows that the General Fund balance will decrease by \$130,571, this is only due to the budget including "assigned" funding for future capital outlay purchases and future grant funding commitments as discussed previously.

The importance of the General Fund balance integrity is reaffirmed when the city issues debt for various community projects. When undergoing a financial review by outside rating agencies in advance of bond issuance, the current fund balance in the General Fund reflects on the city's overall financial management and is probably the single most important issue in maintaining the city's bond rating. The rating received at the time of the city's 2010 bond issuance was Aa2 under Moody's new rating scale. This rating was maintained for the city's 2012 bond issue.

CAPITAL IMPROVEMENTS AND OTHER LONG-TERM PLANS

The operating budget will again be supplemented with an aggressive Five Year Capital Improvement Plan. In November of 2010 the City Council approved a resolution to adopt a new Five Year Capital Improvement Plan for fiscal years 2010/2011 through 2014/2015. Elected officials, citizens, and city staff participated in the development of the Plan and a public hearing was held prior to the Plan's adoption. This Plan is a document separate from the city's budget and it can be accessed from the city's website. The Plan's capital project summary schedule, however, listing all Plan projects has been included in the Capital Projects section of this budget document in order to provide a correlation between these two

documents. During the annual budget process, this Plan is used to determine capital improvement projects to be included in the budget for the upcoming year. A number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. The projects in the 2011/2012 revised estimate and 2012/2013 budget are projects which have approved funding sources. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the city will make the appropriate amendments to the current or upcoming budget.

In addition to the project summary schedule from the Five Year Capital Improvements Plan, the Capital Projects section of this budget document includes descriptions of all projects under construction in 2011/2012 and those to be initiated in 2012/2013. Also included in the Capital Projects section are estimated costs for these projects on a fiscal year basis.

The major emphasis in the city's Capital Improvements Program in the upcoming years will be upgrading of the city's streets and sewer systems as well as completion of major facility improvements at the city's Water Pollution Control Plant.

In 2007 the city began a Comprehensive Pavement Management Program to upgrade the City's overall street conditions. Funding allocations of \$1 million for calendar year 2007 and \$2 million each for calendar years 2008 and 2009 were projected to be needed to complete the initial upgrade. These initial costs were funded with general obligation bond proceeds. Thereafter an annual allocation of at least \$500,000 is needed to maintain the streets at this higher level. The third year of the initial street upgrade project was completed in the spring of 2010. The ongoing annual maintenance of the improved streets began in 2010 with these costs funded from the 20% allocation of local option sales taxes as provided for in the voter referendum in 2008 for the local option sales tax extension. This 20% allocation is estimated at approximately \$500,000 annually.

In addition to the Pavement Management Program, other street improvement projects have been identified for construction in the next several years. These projects involve major upgrades to several heavily-traveled streets including Cedar Street from Parham to Houser and Colorado Street. Federal grants will fund a portion of the cost of these projects with bond proceeds funding the local share.

Sewer improvements continue to be identified as a high priority by City Council. In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2024. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order will be the separation of the combined sewer in the West Hill area. This will be a lengthy project to be done in multiple phases over the next ten to twelve years. The total cost for all phases of this project is expected to reach or exceed \$50 million. Construction on Phase I of the project will begin in the summer of 2012 and is scheduled for completion by the end of 2013.

The city is nearing completion of an \$18.5 million comprehensive Water Pollution Control Plant improvement project, which has been under construction since 2008/2009. A State Revolving Fund loan funded \$16.5 million of project costs with the balance funded from the Water Pollution Control Plant Reserve. A separate project to expand the lab at the plant is scheduled for construction in 2012/2013.

Other capital projects included in the 2012/2013 budget include installation of a new fairway irrigation system at the Muscatine Municipal Golf Course and various improvements at the Muscatine Municipal

Airport. Federal Aviation Administration (FAA) grants will fund 90% of the cost of the airport improvements. The golf course fairway irrigation system project will be funded from an internal loan, which will be repaid with future golf course revenues. More information on individual capital projects can be found in the Capital Projects Fund section of the budget document.

In the fall of 2010, the City also approved a long-term plan for the landfill to substantially reduce or eliminate the accumulated deficit in this fund over the next five years. This plan was developed as a result of meetings of a Chamber appointed committee which included designated business leaders, city staff, a member of the Solid Waste Agency, and others, to discuss methods other than flow control which would increase waste volume and revenues to the Landfill. This plan was also discussed in the Key Issues section of this Budget Message in the "Landfill and Transfer Station Fund Deficits" section.

In the upcoming year the city will be updating its comprehensive plan with the zoning ordinance to follow in 2013. Public forums will be held to receive input from the community on the new comprehensive plan and zoning ordinance.

BUDGET DOCUMENT

The information in this budget document is generally organized on a fund basis. The State of Iowa requires city budgets be prepared on a fund and function basis with expenditures classified into nine functional areas – General Government, Public Safety, Culture and Recreation, Public Works, Community and Economic Development, Health and Social Services, Debt Service, Capital Projects and Business-Type Activities. The Introductory Section includes the city's Financial Management Policies, budget calendar, city organizational chart, and entity-wide budget overview charts, which immediately follow this budget message. These are followed by operating budget summary schedules for major funds and non-major funds combined, budget summary schedules for all operating funds, property tax schedules, and major revenue sources schedules. The Operating Budget by Function Matrix on pages 58-59 reflects how expenditures of each fund and activity are classified into the functional areas. Department organizational charts conclude the information in the Introductory Section. Several of the department organizational charts include activities in more than one fund of the city so they have been included in the Introductory Section rather than the fund information which follows.

SUMMARY

The preparation of the fiscal year 2012/2013 budget involved an overall team effort by city staff and City Council. With the continued uncertainty that affects financial conditions in the state and the community, the challenge to continue high levels of service is one that city staff and Council must approach together. Decisions on the level of service to be provided throughout the community have generated and will continue to generate much discussion, especially when financial resources are limited and there is demand for services to be maintained at the same level or increased. The city will continue to look toward cooperative efforts between other governmental agencies in order to provide the best overall level of service to the community as a whole. However, it is important to be realistic in the expectations of the level of services as they match against the financial resources needed to provide for them. At some point the city will have to recognize it cannot provide all of the levels of service that are demanded by its citizens. Faced with this situation, elected representatives are forced to choose and prioritize levels of service in the community. Given that almost every service the city provides has a constituency base, future decisions are sure to draw criticism from those affected groups. It is unfortunate but it is a fiscal reality that this and other cities will have to grapple with well into the future. With strong leadership from the Mayor and City Council and a commitment to improve the quality of life in the community, the city staff looks forward to working with elected representatives and the citizens of Muscatine.

It is my pleasure and honor to serve this community and to work as a team with its elected officials and city staff members to provide the highest level of service to the community that is possible. The most significant assets the city has are the dedicated individuals who work for it. Without their dedication and professionalism, the services enjoyed by this community would be far less. Also the dedication and time the elected officials put forward in the preparation of the city budget as well as their responsibilities throughout the year is a testament to their commitment to the community and citizens who elected them. Thank you to city staff, department heads, the Finance department, and to our elected officials for their respective hard work and long hours in putting this 2012/2013 budget together. A special thank you to Nancy Lueck, Finance Director, and LeAnna McCullough, Accounting Supervisor, for their long hours of budget preparation, compilation, and assistance with this document.

Respectfully submitted,



Gregg Mandsager, City Administrator

CITY OF MUSCATINE FINANCIAL MANAGEMENT POLICIES

The following financial policies have been developed to provide guidance to the City's financial management system. The 2012/2013 budget for the City of Muscatine was prepared based on these policies where possible. The City's intent is to support a sound and efficient financial management system which best utilizes available resources and provides an acceptable service level to the citizens of Muscatine. The following statements are not intended to restrict the City Council's authority in determining service needs and/or activities of the City. These financial policies do not limit the City Council's ability and responsibility to respond to service delivery needs above or beyond these policies. The City Council as a policy making group is still accountable for the efficient and responsive operation of the City.

Revenue Policy

1. The City will initiate efforts to maintain a diversified and stable revenue system in an attempt to avoid short run fluctuations in any one revenue source.
2. Annual revenues will be estimated by an objective, and whenever possible analytical process.
3. Existing revenue sources will be re-examined annually with new revenue sources investigated during the annual budget preparation process.
4. Revenues will be estimated at a level to fund estimated expenditures on an annual basis. Revenues may exceed expenditures if the fund balance of any fund needs to be increased to meet minimum balance requirements. Additionally, surplus fund balances may supplement revenues in order to fund estimated expenditure levels.
5. Property tax revenue collections will be established through a tax levy rate for general operations which will not generally exceed the Municipal Cost Index and Consumer Price Index of the previous year. This increase will not include levy collections due to natural growth of the City but will include any state mandated equalization orders.
6. In relation to enterprise funds which have been established to support expenditure levels, user fees and charges will be established to fund direct and indirect costs of the activity whenever feasible. Exceptions include, but may not be limited to, the public transportation system and airport operations.
7. User fees in other governmental areas such as recreational services will be established at a level to support actual costs of adult activities and for other groups at a level which will not inhibit participation by all.
8. All user fees and charges will be re-evaluated on an annual basis during the budget preparation process.
9. One-time or special purpose revenues such as grant funds will be utilized to fund capital expenditures or expenditures required by that revenue. Such revenues will not be used to subsidize reoccurring personnel, operating, and maintenance costs.

10. The City will on a continuous basis seek methods to reduce the City's reliance on the property tax through seeking legislative support for local option taxes, investigating additional non-property tax revenue sources, and encouraging the expansion and diversification of the City tax base with commercial and industrial development.

Operating Budget/Expenditure Policy

1. The City Administrator will compile and submit to the City Council a balanced budget by the first Monday in February of each year.
2. The balanced budget will reflect expenditures which will not exceed estimated resources and revenues. Routine expenditures will not be greater than the previous year's expenditure level by more than the estimated annual percentage increase in the cost of living. The Municipal Cost Index and Consumer Price Index will be used as a basis for the cost of living.
3. The operating budget for the City will be developed and established on a service level basis. Any additions, deletions and/or alterations in the operating budget will be related to services to be provided to the general public.
4. The operating budget will emphasize productivity of human resources in providing services, efficient use of available revenue sources, and quality of services to be provided.
5. New service levels will be considered when additional revenues or offsetting reductions of expenditures are identified, the new services fall within the broad framework of the City operation, or when such services are mandated by the State of Iowa or the federal government.
6. Current City expenditures will be funded by current revenues unless specifically approved by the City Council.
7. The City will avoid the postponement of current expenditures to future years, accruing future years revenues, or utilization of short term debt to fund operating expenditures.
8. The operating budget will provide funding for the on-going maintenance and replacement of fixed assets and equipment. These expenditures will be funded from current revenues and, in the case of replacement of equipment, surplus fund balances in excess of the minimum working balance reserve.
9. Within the operating fund a reserve will be set aside for unforeseen emergencies. This reserve will be maintained at one percent of the operating budget as a minimum.
10. The budget will provide adequate funding for all retirement systems as prescribed by state law.
11. A working fund balance for general operations will be maintained in order to support expenditures prior to the collection of taxes. The working balance will be at least ten percent of the budgeted level of expenditures.
12. Each year the City will revise current year expenditure projections during the succeeding year's budget preparation process. Costs of operating future capital improvements included in the capital projects budget will be included in the operating budget.

13. The City will participate in a risk management program to minimize losses and reduce costs. This program will also protect the City against catastrophic losses through the combination of insurance, self-insurance, and various federal and state programs.
14. The City will maintain a budgetary control system to monitor its adherence to the approved operating budget.
15. The City administration will prepare monthly expense and revenue reports comparing actual revenues and expenditures to budgeted amounts.

Capital Improvement Budget Policy

1. The City will make all capital improvements in accordance with the adopted Capital Improvement Program except for emergency capital improvements which are deemed necessary by the City staff and approved individually by the City Council.
2. Capital improvements will be identified on the basis of long range projected needs rather than on immediate needs in order to minimize future maintenance, replacement, and capital costs.
3. All capital improvements proposed will be submitted to the Planning Commission for their review and consideration. Their recommendation, in addition to staff's recommendation, will be submitted to the City Council for approval as the capital improvement plan for the City.
4. A capital improvement program will be developed for a five-year period and updated annually.
5. Estimated costs of each capital improvement projected for each year will be included in the plan.
6. Revenue sources for each capital improvement will be identified in the plan whenever possible.
7. Intergovernmental funding sources from the federal, state, and private sector will be actively sought and used as available to assist in financing of capital improvements.
8. Future operating costs associated with the capital improvement will be projected and included as a memo item in the Capital Improvement budget.
9. During the initial stages of a particular capital improvement but no later than the public hearing for the capital improvement, revenue sources to fund the capital improvement and estimated project costs including incidental costs will be approved by the City Council.

Debt Administration Policy

1. The City will limit its long-term borrowing to capital improvements or projects which cannot be financed from current revenues or for which current revenues are not adequate.
2. Long-term borrowing will only be utilized to fund capital improvements and not operating expenditures.

3. The payback period of the bonds issued to fund a particular capital project will not exceed the expected useful life of the project.
4. The City will attempt to keep the average maturity of general obligation bonds at or below 10 years.
5. The City will maintain its debt limitation at 5 percent of actual property valuation as mandated by the State of Iowa.
6. Of the debt margin for general obligation bonds, 40 percent will be reserved for emergency purposes.
7. Whenever possible, special assessment, revenue and/or general obligation bonds abated by enterprise revenues will be issued instead of general obligation bonds funded by property tax.
8. For those general obligation bonds issued and funded by property taxes, debt service and interest payment schedules shall be established whenever possible in such a manner to provide equalization of debt and interest payments each year for the life of the total outstanding general obligation bonds.
9. The City shall encourage and maintain good relations with the financial and bond rating agencies and prepare any reports so requested by these agencies. Full and open disclosure on every financial report and bond prospectus will be maintained.

Investment Policy

1. The City will make at least weekly a cash flow analysis of all City funds.
2. Disbursements of funds, collections of revenue and deposit of such revenues will be scheduled to insure the maximum availability of funds for investment.
3. Where permitted by law, cash shall be pooled from separate funds in order to maximize investment yields. Interest earned from such pooling will be credited to each source of invested monies.
4. The City will obtain the maximum possible return on cash investments utilizing federal securities and/or local security purchases whichever yield the highest interest income.
5. Investments of City funds shall be accomplished first through the competitive bidding process by the invitation of bids to local banks and the Iowa Public Agency Investment Trust (IPAITS). If the interest rate offered by local banks and IPAITS do not fit the requirements of the City, investments shall be made in federal securities or any other higher yielding securities as authorized by the State of Iowa.
6. City checking accounts shall be established as interest bearing accounts according to the provisions of banking services agreements and as specifically restricted by state law and/or federal regulations unless a particular situation necessitates noncompliance with this provision.
7. The accounting system will provide regular information regarding the investments of the City and a quarterly report will be submitted to the City Administrator.
8. An annual report describing the activity of investment purchases will be submitted to the City Council at the end of each fiscal year.

Financial Reporting Policy

1. The City will establish and maintain a high standard of accounting practices and procedures which adhere to the concept of full and open public disclosure of all financial activity.
2. The accounting system will be maintained on a basis consistent with accepted standards for governmental accounting.
3. Monthly financial reports which represent a summary of financial activity for the City will be presented to the City Council on a regular basis.
4. The City will contract with an independent public auditing firm to perform the annual audit.
5. The independent public accounting firm will publicly issue an audit opinion regarding the financial statements of the City. This annual audit will be made available to the general public, bonding and financial consultants, and any other interested citizens and organizations.
6. The annual financial statements and accompanying audit opinion will be completed and submitted to the City Council by the 15th of December following the close of the preceding fiscal year.

CITY OF MUSCATINE
FUND STRUCTURE OVERVIEW
AND
BASIS OF ACCOUNTING AND BUDGETING

FUND STRUCTURE OVERVIEW:

The accounting system and the budget appropriation process are structured according to the basic guidelines established by the Government Finance Officers Association of the United States and Canada. The format includes the basic funds and fund types which follow.

The City's governmental funds are as follows:

General Fund - This fund accounts for all transactions of the city that pertain to the general administration of the city and the services traditionally provided to its citizens. This includes general administration, police and fire protection, streets, public building operations and maintenance, and parks and recreation.

Special Revenue Funds - These funds are utilized to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for as separate funds. For the City of Muscatine these funds include the Road Use Tax Fund, Local Option Sales Tax Fund, Municipal Housing Program Funds, Equipment Replacement Fund, Computer Replacement Fund, Employee Benefits Fund, Emergency Tax Levy Fund, Tax Increment Funds, Police Forfeiture Fund, and Police Grant Future Funding Commitment Reserve. While the City continues to budget several of these funds as Special Revenue funds, the Emergency Tax Levy, Equipment Replacement, Computer Replacement, and Police Grant Future Funding Commitment funds are included as part of the City's General Fund on fiscal year-end financial statements as required by Governmental Account Standards Board (GASB) Statement 54.

Debt Service Fund - This fund accounts for the accumulation of revenues for and payment of principal and interest on general obligation long term debt.

Capital Projects Fund - These funds are utilized to account for financial resources to be used for the acquisition or construction of capital facilities or other major fixed assets.

The City's business-type funds include the following:

Enterprise Funds - These funds are utilized to account for operations and activities that are financed and operated in a manner similar to a private business enterprise, and where the cost of providing goods and services to the general public on a continuing basis is expected to be recovered primarily through user charges. The City has also established Enterprise Funds when it was advantageous to segregate revenues earned and expenses incurred for an operation for purposes of capital maintenance, public policy, management control, or accountability. Enterprise Funds for the City include the Water Pollution Control, Collection and Drainage, Solid Waste Management Funds, Airport Operations, Parking Operation, Transit Operations, Golf Course, Boat Harbor, Marina, and Ambulance Funds.

Internal Service Funds - These funds are established to finance and account for services and/or commodities furnished by one department or agency to other departments or agencies of the city. The Internal Service Funds of the City are the Equipment Services, Health Insurance, and Dental Insurance funds.

The City's other funds include the following:

Former Expendable Trust Funds – Although reflected in this budget document as trust funds, these former expendable trusts are now reflected in the City's fiscal year-end financial statements as either special revenue funds or as part of the General Fund. These funds are used to account for assets held by the City in a trustee or custodial capacity where both the principal and interest may be expended for purposes in the trust agreement. Budgeted Trust funds which are now considered Special Revenue funds in fiscal year-end financial statements include the Library Trust Funds, the Art Center Trust Funds with the exception of the McWhirter-Gilmore Trust, the Perpetual Care Interest Trust and the Parks and Recreation Trust. With the implementation of GASB Statement 54, the Insurance Trust is now considered part of the City's General Fund in fiscal year-end financial statements.

Permanent Funds – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs. These funds were formerly classified as non-expendable trust funds. The Permanent Funds of the City include the Perpetual Care Fund, the McWhirter-Gilmore Art Center Trust and the Cemetery Special Trusts.

Accounting for financial activities of the City and the budget appropriation process are also presented according to classifications required by the State of Iowa. Revenues are credited to individual fund types while expenditures/expenses are recorded according to functional areas within specific funds for budgetary control purposes. All of the City's funds, with the exception of the Equipment Services Internal Service Fund, are considered appropriated funds according to the criteria established by the State. This budget document was prepared according to these criteria. The following functional areas are included in the budget:

General Government - This function provides for the operation of the government and assures the general administration of the municipality. Activities included in this function are mayor and council, legal services, city administrator, human resources, wellness program, finance, computer operations, risk management, and buildings and grounds.

Public Safety - This function provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events. The police, animal control, fire, and emergency management activities are included in this function.

Culture and Recreation - This function promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

Public Works - This function provides for safe and well-maintained infrastructure for the City. Activities included in this function are public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control, and engineering.

Community and Economic Development – This function provides for planning and development of the City including the social, physical and economic needs of the City. Activities included in this function are Community Development, Economic Development, the Section 8 Housing Program and the Tax Increment Funds.

Health and Social Services – This function provides for assistance to service agencies involved in providing health and social services in the community. For the City, this function includes the Economic Well-Being activity.

Debt Service – This function provides for the accumulation of resources for and the payment of principal and interest on long-term debt of the City.

Capital Projects – This function provides for the acquisition or construction of major capital facilities or equipment for the City.

Business-Type Activities – This function includes activities of the City that are financed in whole, or in part, by fees charged to external parties for goods or services. These activities are accounted for as enterprise funds and include the Airport, Transit, Parking, Golf Course, Boat Harbor, Marina, Ambulance, Refuse Collection, Landfill, Transfer Station, Water Pollution Control, and Collection and Drainage Funds.

BASIS OF ACCOUNTING AND BUDGETING:

The City of Muscatine uses the modified accrual basis of accounting to budget and account for transactions of the governmental funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available) and expenditures are recognized when the fund liability is incurred. For the City's proprietary funds the City uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when the liability is incurred. The City prepares the budgets for proprietary funds consistent with this basis except that capital outlay items are included in the budget and depreciation is excluded.

The City prepares its budget on a basis consistent with generally accepted accounting principles except that the City also recognizes encumbrances for budgetary purposes. Encumbrances include supplies ordered but not yet received, and services contracted but not yet expended by the City. Encumbrances are charged against a budget or appropriation for accounting purposes. Accordingly, expenditures/expenses in this document include encumbered expenditures/expenses. Encumbrances do not lapse at year-end and provide authorization for expenditures/expenses for the following year.

The City appropriates funds for capital projects on a fiscal year basis. The Capital Projects section of this document includes descriptive information on each project with estimated costs and financing sources. Included on separate schedules are project cost estimates by fiscal year for both the revised 2011/2012 and upcoming 2012/2013 fiscal years.

CITY OF MUSCATINE
BUDGET PREPARATION CALENDAR
Fiscal Year July 1 - June 30

	<u>Operating Budget</u>	<u>Capital Improvements Budget</u>
October	Finance Department prepares budget guidelines and preparation packet Goal setting session by City Council	
November	Finance Department distributes to departments budget manual and other materials	
December	Departments meet with Boards and Commissions and develop budget requests Budget requests submitted to Finance Department Budget discussions with City Administrator, Finance Director and department heads begin	
January	Discussions with department heads, Finance Director and City Administrator continue	
February	Proposed City Budget presented to City Council City Council in-depth review of department operating budgets	
March	Public hearing on proposed operating budgets City Council approval of operating budget by resolution Certification of City Budget to County Auditor	

**Operating
Budget**

**Capital Improvements
Budget**

April

Community Development
Department prepares guidelines and
forms for revision to 5-year Capital
Improvements Program (revised
annually)

May

Proposed budget amendments
presented to City Council

Procedures for adding or revising
capital improvement projects
distributed to departments

Public hearing on proposed
amendments

City Council approval of
amendments to current year budget
by resolution

Capital Improvement requests
submitted to Community
Development Department

June

Proposed Capital Improvement
package including possible funding
sources forwarded to Planning &
Zoning Commission

Discussion and review of proposed
program by Commission

July

Meetings of Planning & Zoning
Commission and departments
regarding projects, i.e., scope, need
and available funding

August

Planning & Zoning Commission
recommendation to City Council

City Council discussion of proposed
program

September

Public hearing by City Council
regarding capital improvement
program

City Council approval of program by
resolution

BUDGET PREPARATION PROCESS

The preparation of the City of Muscatine's budget involves the interaction of City departments, boards and commissions, City Council, and the general public. This process begins with City Council goal setting and the distribution of materials to departments and is completed with City Council certification of a budget for the upcoming fiscal year.

The City's budgetary process began nine months prior to July 1st, the beginning of the City's fiscal year. The City Council, held a special meeting on October 8 to discuss their overall goals and objectives for the operation of the City. These goals and objectives were officially adopted on October 20. Department directors incorporated funding in their department budgets or in related capital project funds to achieve these goals and objectives.

Boards and commissions consisting of individuals from the community also assisted City staff during the budget process and made recommendations to the City Council regarding various services and activities of the City of Muscatine. There are three boards and seventeen advisory commissions consisting of over ninety individuals that serve the City in this capacity.

In early November, the budget manual and appropriate worksheets were distributed to department heads and boards and commissions. The budget manual provided general information and gave specific directions on the budget process. The City's procedures included completion by each department of various forms which were described in detail in the manual. The City of Muscatine's budgetary process is on the City's computer system and this system was used to generate the historical data forwarded to the departments. The department's responsibilities included the review of the historical data in respect to services to be provided to the citizens of Muscatine by the department. Personnel and wage information was provided by the Finance Department. The department head reviewed the information to determine what level of appropriation would be required to provide the current level of services. Any additional service levels proposed to be provided to the general public at the request of departments, the City Administrator, or City Council, were developed separately and independently from the status quo budget. The additional service level requests were reviewed in-depth during the budgetary process, and if appropriate, added to the department's request.

Additionally, while analyzing expenditure requirements in order to support current service levels, each department was also requested to establish goals and objectives for the upcoming fiscal year. These goals and objectives related to the service levels currently provided by the individual department or activity. A status report on the current year's goals and objectives was also required by the City Administrator and these reports were also forwarded to the City Council as attachments to the proposed budget. In addition to the funding requests to continue current service levels, the budget material included a form to indicate where each department would reduce their budget, if necessary, by 1%, 3%, or 5%. These percentage reductions were in the non-capital outlay or non-debt line items. This allowed departments to prioritize their services in the event that funding reductions would need to be made.

Additionally, the City Administrator, at the initial budget meeting of the City Council, described the overall taxing mechanism for the City of Muscatine in addition to potential revenue sources. The presentation included a brief overview of proposed financing of capital improvement projects and corresponding debt service requirements. This meeting provided the citizens of Muscatine with knowledge on how the City of Muscatine's services are provided through appropriations and funded by available revenue sources. All agendas for the budget meetings were distributed to the local media and the City received news coverage of the budget meetings from the local newspaper and radio station.

Department requests for appropriations were submitted to the Finance Department for initial review prior to December 7th. The departments had consulted with the appropriate boards and commissions in developing their budget requests. The department heads met with the City Administrator and Finance Director during the remainder of December and the first part of January regarding the proposed budgets. The City Administrator discussed with the respective department head the goals and objectives of each department prior to analysis of expenditure levels. Concurrently, the Finance Department prepared revenue estimates from input from the respective departments. Each department was required to submit revenue estimates for their activities. The Finance Department estimated general revenues such as those from the State and Federal government, and lastly determined the City of Muscatine's taxing ability. A preliminary budget was discussed with the City Administrator. This preliminary budget reflected the budget requests as submitted by the departments and as adjusted by the City Administrator in addition to revenue projections for the City.

Additional departmental discussions were required due to funding sources not meeting expenditure requests. These meetings occurred during the month of January. Additional service level requests were also considered at that time in addition to consideration of possible areas of reductions. The City Council has established a certain level of working balance for the City, and consequently that balance needed to be maintained and expenditures funded from available revenue sources.

The City Administrator presented to the City Council a proposed budget on January 26. The City Council received a packet of information which included the budget message from the City Administrator, various schedules dealing with taxation and property valuations, in addition to the proposed revenue and expenditure summary and detail schedules. Copies of the initial proposed budget as presented to the City Council were available at the City Clerk's office, the public library, and the City's website for citizen review.

The summary information for each department included a history of financial data in addition to a revised estimate for the current year and the proposed budget for fiscal year 2012/2013. Additionally, a brief description of the activity was presented which included any other related information for the department. Any changes from the current year to the proposed year were also noted. Also included were the goals and objectives and performance measures for each department.

The month of February was primarily devoted to discussions with the City Council. The City Administrator and Finance Director reviewed each activity budget with the City Council. Appropriate board or commission members were invited to attend as well as the respective department representatives. Members of the boards and commissions were given the opportunity to relate to the City Council their concerns and requests. Furthermore, discussions occurred in regard to the availability of Federal and State grants and the financing of capital improvement projects. A section in the notebook provided to the City Council addressed debt service requirements and the utilization of Federal and State funds. As mentioned previously, the City Council received a status report on the goals and objectives for each department for the current year in addition to the goals and objectives for the forthcoming year. These sessions, as in the case of the goals and objective sessions of the City Council, were open to the general public.

After the general budget meetings, the City Council met to discuss the City's services and items of concern for the operation of the City. This discussion included the balancing of requests and potential revenue sources. The City Council identified items that they had previously discussed which were to be considered as additions or deletions to the proposed budget. The City Council then had the task of weighing certain services or activities within the organization in light of available resources. After the City Council had agreed upon a proposed level of services and corresponding appropriation level, the Council set the required public hearing for the budget. Notice of the hearing was made in the local newspaper and a summary of proposed expenditure and revenue levels was included in that publication. According to State law, the tax rate and the total expenditures cannot be increased after publication of the public hearing notice. During the public

hearing, citizens were given the opportunity to voice their objections or support of the proposed budget as presented. After the public hearing, the City Council considered any comments made and acted upon the approval of the budget.

The City Council officially approved the budget on March 1, 2012 and authorized the City Clerk by resolution to certify the budget to the County Auditor by March 15, which is the State filing deadline. After certification, the budget was reviewed by staff and detailed information changed in light of City Council discussions. The budget was subsequently printed and made available for distribution. The budget document then becomes a guide for the City Council and departments during the year for achieving the goals and objectives, and providing programs and services as described in the budget.

BUDGET AMENDMENT PROCESS

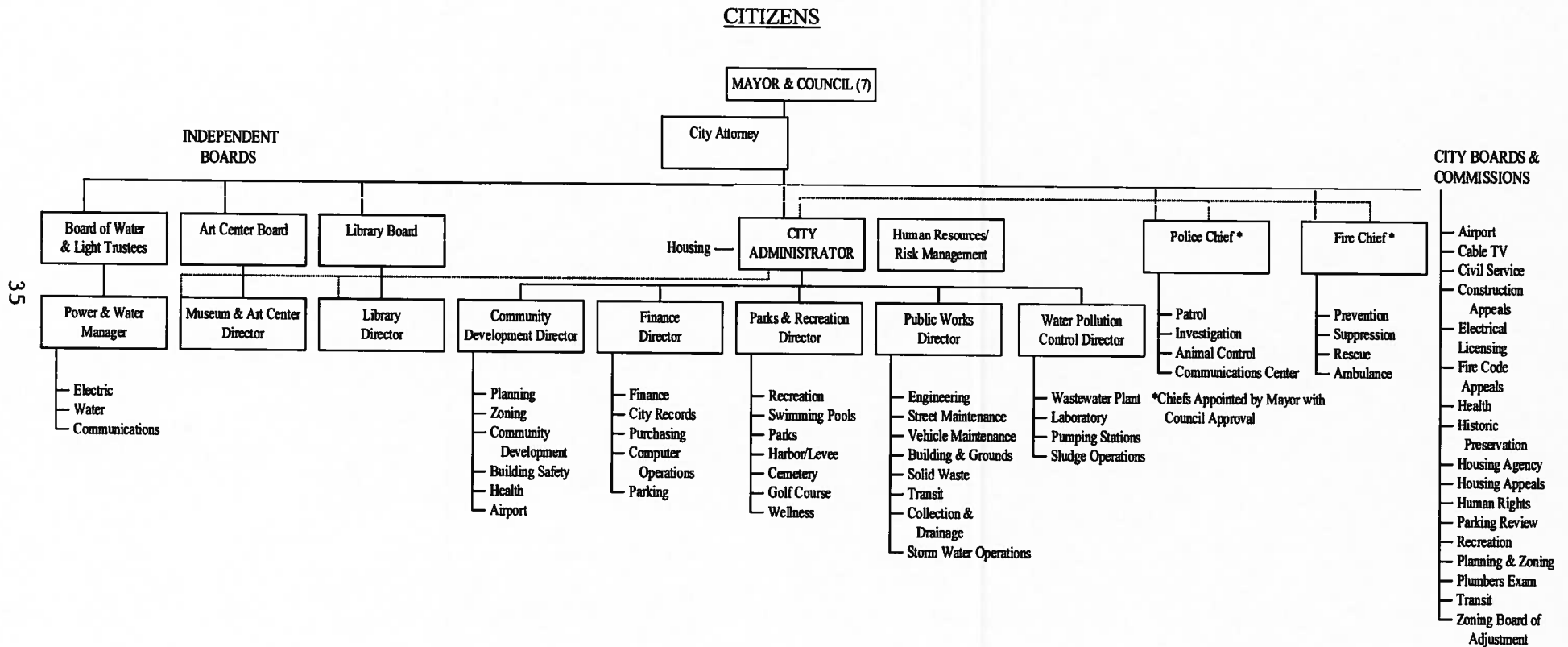
The State Code of Iowa provides that "A city budget as finally adopted for the following fiscal year, becomes effective July 1st, and constitutes the city appropriation for each program and purpose specified therein until amended as provided in this section. A city budget for the current fiscal year may be amended for any of the following purposes:

1. To permit the appropriation and expenditure of unexpended, unencumbered cash balances on hand at the end of the preceding fiscal year which had not been anticipated in the budget.
2. To permit the appropriation and expenditures of amounts anticipated to be available from sources other than property taxation, and which had not been anticipated in the budget.
3. To permit transfers from the Debt Service Fund, the Capital Improvements Reserves Fund, the Emergency Fund, or other funds established by state law to any other city fund unless specifically prohibited by state law.
4. To permit transfers between programs within the General Fund. The budget amendment must be prepared and adopted in the same manner as the original budget, ..."

Consequently, according to state requirements, a public hearing is required for each amendment of the current year's budget. The information supplied to the City Council and general public includes the public hearing notice and a detailed listing of proposed amendments by department. Each proposed amendment is described as to its purpose or need. A budget amendment is to be completed by May 31st of each year in order to allow time for a potential hearing to be held. The decisions from protest hearings need to be rendered before June 30, the end of the fiscal year. Any amendment of the budget after May 31st, which would be appealed, and likewise without adequate time for a hearing and decision before June 30, is considered void.

CITY OF MUSCATINE, IOWA

ORGANIZATIONAL STRUCTURE



Department organizational charts follow on pages 92-101

CITY OF MUSCATINE

ENTITY-WIDE BUDGET OVERVIEW 2012/2013

**ALL CITY REVENUES AND EXPENDITURES -
INCLUDING CAPITAL PROJECTS**

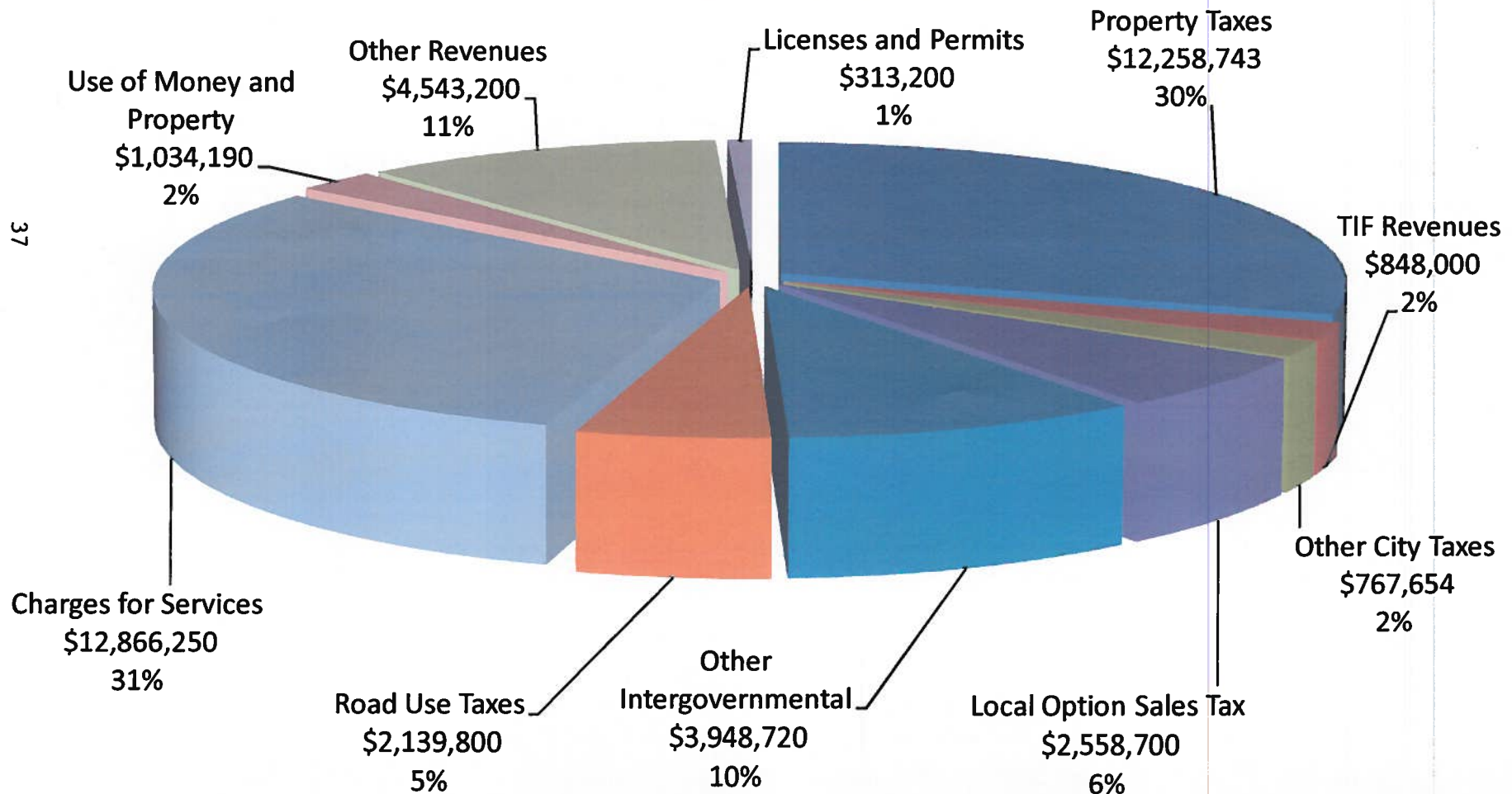
PROPERTY TAX RATE INFORMATION

Where Does the Money Come From?

All City Funds Revenue Sources (Including Capital Projects)

Budget 2012/2013

\$41,278,457

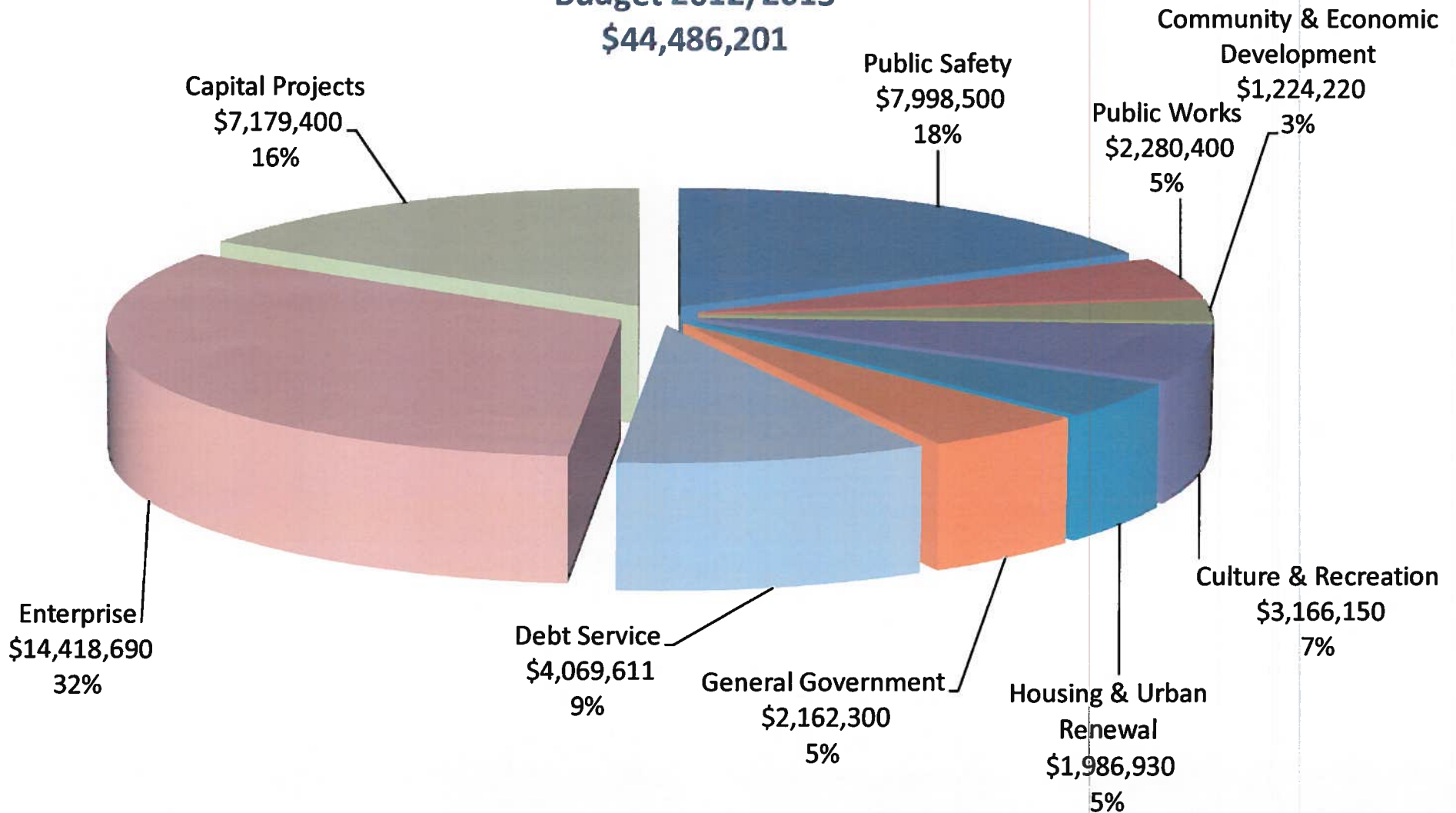


How are the Funds Used?

All City Expenditures by Function (Including Capital Projects)

Budget 2012/2013

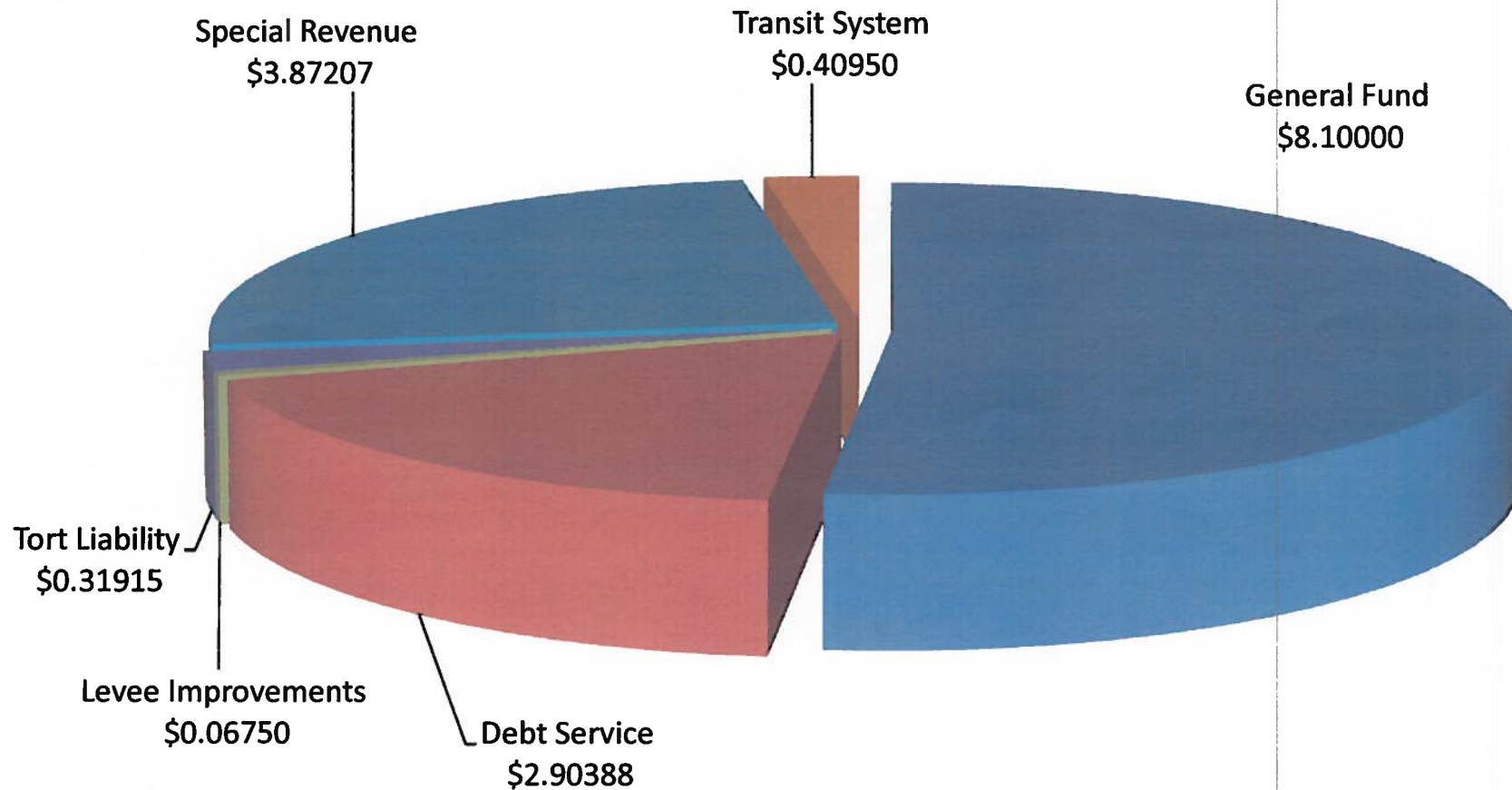
\$44,486,201



City Tax Levy Rates by Type

FY 2012/2013

Total \$15.67209/\$1,000 Valuation



Where Do Your Property Taxes Go?

City
\$15.77146
38.8%

Muscatine
Schools
\$15.36192
37.8%

Muscatine County
\$9.51343 23.4%



Above tax levy rates reflect fiscal year 2011/2012 rates totaling \$40.64681 per \$1,000 valuation
Tax levy rates for fiscal year 2012/2013 for the School & County are not yet available

BUDGET SUMMARY SCHEDULES

INDIVIDUAL MAJOR FUNDS

AND

NON-MAJOR FUNDS COMBINED

Major Fund Information

Beginning with the City's Fiscal Year 2002/2003 Comprehensive Annual Financial Report, financial information has been presented for Major and Non-Major Funds for both governmental fund types and business-type/enterprise funds. This change was effective when the City implemented Governmental Accounting Standards Board (GASB) Statement 34.

Major funds are defined as those in which the fund's assets, liabilities, revenues or expenditures for the fiscal year are 10% or more of the respective governmental or business-type fund totals of assets, liabilities, revenues or expenditures. In addition, the fund's assets, liabilities, revenues or expenditures must also be at least 5% of the total of these same categories for both governmental and business-type funds combined. A City's General Fund is always considered a major fund, even if it would not meet the above criteria.

For Fiscal Year 2010/2011 the City's major funds were determined to be:

Governmental Funds:

- General Fund
- Employee Benefits Special Revenue Fund
- Local Option Sales Tax Special Revenue Fund
- Debt Service Fund

Business-Type/Enterprise Funds:

- Water Pollution Control Fund
- Transfer Station Fund
- Refuse Collection

These funds are described and historical information is presented for these funds in their respective sections of this budget document. These funds are expected to continue to be the City's major operating funds for future year budgeting and financial reporting purposes.

City of Muscatine
Operating Funds - Major Funds and Non-Major Funds Combined
Budget Summary

	Major Governmental Funds				Major Business-Type/ Enterprise Funds			Other Non-Major Funds	Total
	General	Employee Benefits	Local Option Sales Tax	Debt Service	Water Pollution Control	Transfer Station	Refuse Collection		
Projected Beginning Balance, July 1, 2012	\$ 2,595,708	\$ 119,149	\$ 1,875,589	\$ 121,908	\$ 1,792,130	\$ 39,276	\$ 200,907	\$ 10,456,029	\$ 17,200,696
Revenues and Other Sources									
Property Taxes	\$ 6,921,071	\$ 3,011,256	\$ -	\$ 2,326,416	\$ -	\$ -	\$ -	\$ 848,000	\$ 13,106,743
Other City Taxes	742,208	14,538	2,558,700	10,908	-	-	-	-	3,326,354
Licenses and Permits	295,600	-	-	-	1,600	-	-	16,000	313,200
Intergovernmental	597,400	-	-	-	-	-	-	5,071,820	5,669,220
Charges for Services	629,250	-	-	-	3,892,900	1,941,350	2,104,000	5,487,750	14,055,250
Use of Money and Property	162,200	-	2,000	500	4,000	1,500	300	863,690	1,034,190
Other Revenue	1,389,850	-	-	-	78,500	7,350	4,500	3,063,000	4,543,200
Other Financing Sources									
Transfers In	6,316,097	-	511,700	423,906	131,500	36,750	-	2,967,389	10,387,342
Total Revenues and Other Sources	\$ 17,053,676	\$ 3,025,794	\$ 3,072,400	\$ 2,761,730	\$ 4,108,500	\$ 1,986,950	\$ 2,108,800	\$ 18,317,649	\$ 52,435,499
Funds Available	\$ 19,649,384	\$ 3,144,943	\$ 4,947,989	\$ 2,883,638	\$ 5,900,630	\$ 2,026,226	\$ 2,309,707	\$ 28,773,678	\$ 69,636,195
Expenditures and Other Uses									
Public Safety	\$ 7,813,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 7,998,500
Public Works	2,280,400	-	-	-	-	-	-	-	2,280,400
Health and Social Services	20,000	-	-	-	-	-	-	-	20,000
Culture and Recreation	2,998,400	-	-	-	-	-	-	167,750	3,166,150
Community and Economic Development	814,600	-	-	-	-	-	-	2,376,550	3,191,150
General Government	2,122,300	-	-	-	-	-	-	40,000	2,162,300
Debt Service	-	-	-	2,841,730	-	-	-	1,227,881	4,069,611
Business Type/Internal Service	-	-	-	-	2,934,000	1,923,300	1,973,100	8,763,890	15,594,290
Other Financing Uses									
Transfers Out	1,135,047	3,144,943	4,828,700	-	1,463,339	30,820	99,969	5,177,091	15,879,909
Total Expenditures and Other Uses	\$ 17,184,247	\$ 3,144,943	\$ 4,828,700	\$ 2,841,730	\$ 4,397,339	\$ 1,954,120	\$ 2,073,069	\$ 17,938,162	\$ 54,362,310
Projected Ending Balance, June 30, 2013	\$ 2,465,137	\$ -	\$ 119,289	\$ 41,908	\$ 1,503,291	\$ 72,106	\$ 236,638	\$ 10,835,516	\$ 15,273,885

Increase (Decrease) in Fund Balance	\$ (130,571)	\$ (119,149)	\$ (1,756,300)	\$ (80,000)	\$ (288,839)	\$ 32,830	\$ 35,731	\$ 379,487	\$ (1,926,811)

Percent Change in Fund Balance	-5.0%	-100.0%	-93.6%	-65.6%	-16.1%	83.6%	17.8%	3.6%	-11.2%

Percent Ending Fund Balance of Expenditures	14.3%	0.0%	2.5%	1.5%	34.2%	3.7%	11.4%	60.4%	28.1%

Explanations of Significant Changes in Fund Balances of Major Funds

General Fund:

The fund balance of the General Fund is budgeted to decrease by \$130,571 (5.0%) during fiscal year 2012/2013. The budgeted ending balance is 14.3% of expenditures for the year, which meets the minimum percentage required by the City's budget policies (10%).

The City Council in recent budgets has been making efforts to increase the General Fund balance over the minimum of 10% required by the City's financial policies to at least 15%. In the 2011/2012 Revised Estimate, it is projected that the General Fund balance will increase by \$518,702 to \$2,595,708. This increase is primarily due to increased revenue from fines from automatic traffic enforcement (ATE) cameras that were installed in five locations in the spring of 2011; increased fire department fees including inspection fees, various permit fees, and fines; and increased hotel/motel taxes. These revenues assisted the City in increasing the General Fund balance from the 10.4% of expenditures in the original 2011/2012 budget to an estimated 15.8% in the 2011/2012 revised estimate, and 14.3% at the end of 2012/2013.

While the General Fund budget for 2012/2013 shows that the General Fund balance will decrease by \$130,571, this is only due to the budget including "assigned" funding for future capital outlay purchases and future grant funding commitments. The funding assignments in the General Fund for 2012/2013 are:

1. The first of three annual allocations of \$40,000 to be set-aside to fund the City's obligation to retain the two new COPS grant-funded police officers for one year subsequent to the 3-year grant period. This is a requirement of the COPS grant.
2. The Fire department budget included a request for \$490,000 to replace a fire engine. The budget includes setting-aside or "assigning" \$250,000 in 2012/2013 to make this purchase in 2013/2014. It is proposed the remaining \$240,000 be funded from the 2013/2014 budget if those funds are available.
3. The budget also includes "assigning" \$140,000 of funding for the replacement of the City's financial software system. Replacement of this software system is included in the City's Five Year Capital Improvements Program.

The funding "assignments" are being made for several reasons: (1) While the General Fund balance and revenues are currently sufficient to fund operations and some capital items, changes by the State legislature could change this significantly in upcoming years. It is proposed that the City only make one-time expenditures from available funds instead of adding recurring costs (staffing increases); (2) Funding the fire engine and Finance software from the General Fund will assist in reducing future year debt service requirements (in prior years, sufficient funding would not have been available in the General Fund and these items would likely have been funded from bond proceeds); (3) Setting aside funds for the future COPS grant obligation will lessen the impact on the General Fund for that year.

Employee Benefits Special Revenue Fund:

This fund accounts for a separate tax levy which funds employee pension and benefit costs for General Fund employees. Each year the City projects employee benefit costs when setting this levy. Due to prior year employee benefit cost decreases, there will be an estimated \$119,149

beginning fund balance for 2012/2013. The Employee Benefits tax levy for 2012/2013 was set at a rate which results in utilizing this beginning balance to fund the estimated employee benefit costs for 2012/2013. This resulted in the zero balance budgeted in this fund at the end of 2012/2013, which is the balance normally budgeted.

Local Option Sales Tax:

The City has had a one percent local option sales tax since July 1, 1994 with the majority of the proceeds from this tax used for sewer improvement projects. In 2008 voters approved continuation of this tax for a 10-year period with 80% of this tax to be used to continue sewer improvement projects and 20% for the City's pavement management program. The balance of the Local Option Sales Tax fund is budgeted to decrease by \$1,756,300 (93.6%) to \$119,289 in 2012/2013. A significant portion of the accumulated Local Option Sales Tax funds will be used to fund Phase I of the West Hill Sewer Separation project. This multi-year multi-phase project, with a total cost estimated to reach or exceed \$50 million, is the final sewer separation project mandated in the City's Consent Order with the Environmental Protection Agency (EPA).

Debt Service Fund:

The City sets the debt service tax levy at a level to fund annual debt service requirements on tax-supported general obligation bond issues. A fiscal year 2012/2013 beginning balance of \$121,908 is projected in this fund primarily due to excess bond proceeds from the 2008 General Obligation Bond issue since that issue sold at a premium. The debt service tax rate for 2012/2013 was set at a rate which will utilize \$80,000 of the accumulated fund balance.

Water Pollution Control Fund:

The balance of the Water Pollution Control fund is budgeted to decrease by \$288,839 (16.1%) in 2012/2013. The balance in this fund has been increasing in the past several years due to minimal budgeted capital outlay purchases since most capital items were incorporated into the major plant improvement project which began in 2008/2009 and was substantially completed in 2011/2012. The decrease in Water Pollution Control fund balance in 2012/2013 is a planned decrease with \$200,000 of the decrease due to a transfer to the new West Hill Sewer Separation Long-Term Financing Plan Reserve. A like amount of funds will be transferred to this reserve from the Collection and Drainage fund. Funds from the new reserve will be used to assist in financing the multi-phase, multi-year West Hill Sewer Separation project which is projected to reach or exceed \$50 million in total costs. Budgeted capital outlay items in the Water Pollution Control fund total \$246,000 for 2012/2013. While the ending balance in this fund is budgeted to decrease during 2012/2013, the ending balance is still 34.2% of fund expenditures.

Transfer Station:

Waste volume at the Transfer Station has decreased significantly since 2000/2001 when 63,799 tons of waste was processed at this facility. The drop in waste volume in recent years resulted in a \$410,639 deficit in this fund as of July 1, 2005. This deficit is projected to be eliminated in 2011/2012 due in part to transfers from the Refuse Collection fund of \$200,000 in 2010/2011 and \$50,000 in 2011/2012. The small beginning balance of \$39,276 estimated for July 1, 2012 is projected to increase modestly to \$72,106 by the end of 2012/2013.

Refuse Collection:

The City implemented a contracted single sort curbside recycling program on April 4, 2011. Funding for this program was incorporated into the refuse collection rates. Rates increased from \$18.25 to \$20.00 for regular residential and from \$13.25 to \$15.00 for senior citizens effective April 1, 2011 when the single sort curbside recycling program was implemented. The balance in the Refuse Collection fund is budgeted to increase by \$35,731 (17.8%) in 2012/2013. This increase is planned in order to accumulate funds to replace a refuse collection vehicle in 2013/2014.

Non-Major Funds:

The fund balance of non-major funds combined is expected to increase by \$379,487 (3.6%) during 2012/2013.

**BUDGET SUMMARY SCHEDULES -
OPERATING FUNDS**

**City of Muscatine
Operating Funds
Budget Summary**

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 18,691,244	\$ 19,343,769	\$ 15,073,132	\$ 18,193,222	\$ 17,200,696
Revenues and Other Sources					
Property Taxes	\$ 12,095,983	\$ 12,460,811	\$ 12,791,253	\$ 12,799,773	\$ 13,106,743
Other City Taxes	3,139,104	3,331,418	3,265,081	3,531,881	3,326,354
Licenses and Permits	306,174	294,469	320,100	298,200	313,200
Intergovernmental	7,077,552	5,865,127	5,538,320	7,679,243	5,669,220
Charges for Services	12,765,368	13,341,171	13,773,100	11,439,697	14,055,250
Use of Money and Property	963,965	888,859	1,035,510	1,008,770	1,034,190
Other Revenue	4,170,244	4,355,372	4,828,300	4,748,390	4,543,200
Other Financing Sources					
Transfers In	7,555,847	7,960,242	8,689,725	9,836,583	10,387,342
Proceeds from Long Term Debt	119,591	0	0	0	0
Total Revenues and Other Sources	<u>\$ 48,193,828</u>	<u>\$ 48,497,469</u>	<u>\$ 50,241,389</u>	<u>\$ 51,342,537</u>	<u>\$ 52,435,499</u>
Funds Available	<u>\$ 66,885,072</u>	<u>\$ 67,841,238</u>	<u>\$ 65,314,521</u>	<u>\$ 69,535,759</u>	<u>\$ 69,636,195</u>
Expenditures and Other Uses					
Public Safety	\$ 7,097,582	\$ 7,041,234	\$ 7,501,400	\$ 7,755,700	\$ 7,998,500
Public Works	2,304,509	2,266,789	2,249,600	2,237,400	2,280,400
Health and Social Services	17,100	17,800	17,800	17,800	20,000
Culture and Recreation	3,285,352	3,019,642	3,098,850	3,185,250	3,166,150
Community and Economic Development	2,891,800	3,009,853	3,107,570	3,167,505	3,191,150
General Government	1,910,456	2,008,341	2,111,900	2,098,508	2,162,300
Debt Service	2,863,512	3,399,221	3,857,867	3,857,867	4,069,611
Business Type/Internal Service	15,215,764	15,403,458	16,310,320	15,746,900	15,594,290
Other Financing Uses					
Transfers Out	11,955,228	13,481,678	11,738,569	14,268,133	15,879,909
Total Expenditures and Other Uses	<u>\$ 47,541,303</u>	<u>\$ 49,648,016</u>	<u>\$ 49,993,876</u>	<u>\$ 52,335,063</u>	<u>\$ 54,362,310</u>
Ending Balance, June 30	<u>\$ 19,343,769</u>	<u>\$ 18,193,222</u>	<u>\$ 15,320,645</u>	<u>\$ 17,200,696</u>	<u>\$ 15,273,885</u>

**City of Muscatine
Operating Funds
Fund Statement**

Fund	Estimated Balance (Deficit) 7/1/12	Revenues	Expenditures	Estimated Balance (Deficit) 6/30/13
General	\$ 2,595,708	\$ 17,053,676	\$ 17,184,247	\$ 2,465,137
Enterprise:				
Airport Operations	0	116,800	116,800	0
Transit System	51,629	1,119,800	1,168,700	2,729
Parking System	49,336	173,100	203,400	19,036
Golf Course	15,059	856,400	824,000	47,459
Boat Harbor Operations	(5,937)	27,700	24,400	(2,637)
Marina Operations	(5,071)	20,100	19,800	(4,771)
Ambulance Operations	254,033	1,232,000	1,239,700	246,333
Refuse Collection	200,907	2,108,800	2,073,069	236,638
Landfill Operations	(1,605,000)	1,439,700	941,662	(1,106,962)
Landfill Surcharge Reserve I	0	17,500	17,500	0
Landfill Surcharge Reserve II	0	36,750	36,750	0
Landfill Post-Closure Reserve	787,344	30,000	0	817,344
Landfill Closure Reserve	479,799	80,000	0	559,799
Transfer Station Operations	39,276	1,986,950	1,954,120	72,106
Transfer Station Closure Reserve	38,645	0	0	38,645
Water Pollution Control	1,792,130	4,108,500	4,397,339	1,503,291
Collection and Drainage	775,874	1,208,000	1,221,200	762,674
WPCP Replacement Reserve	1,971,311	208,000	461,500	1,717,811
West Hill Sewer Reserve	400,000	401,000	0	801,000
Sewer Revenue Bond Sinking Fund	97,030	1,063,439	1,061,573	98,896
Sewer Extension and Improvement Reserve	1,073,799	192,400	0	1,266,199
Special Revenue:				
Employee Benefits	119,149	3,025,794	3,144,943	0
Emergency Levy	80,265	100	0	80,365
Road Use Tax	799,326	2,139,800	2,497,200	441,926
Community Block Grant	32,610	0	0	32,610
Tax Increment - Downtown	77,108	210,200	209,625	77,683
Tax Increment - Southend	1,072,048	427,000	512,282	986,766
Tax Increment - Cedar Development	13,477	182,000	178,500	16,977
Tax Increment - Muscatine Mall	3,399	15,000	13,400	4,999
Tax Increment - Heinz	2,298	16,000	14,500	3,798
Local Option Sales Tax	1,875,589	3,072,400	4,828,700	119,289
Equipment Replacement	101,561	502,400	277,500	326,461
Computer Replacement	5,266	40,000	40,000	5,266
COPS Grant Commitment Reserve	0	40,000	0	40,000
Public Housing Operations	222,229	701,240	814,390	109,079
Home Ownership Program	162,672	20,300	42,600	140,372
Sunset Park Education Center	2,707	19,500	19,500	2,707
Section 8 Voucher Program	287,183	1,861,520	1,924,830	223,873
Police Forfeiture Fund	2,174	5,000	5,000	2,174
Trust and Agency:				
Insurance Trust	29,834	0	0	29,834
Perpetual Care Fund	842,943	6,000	0	848,943
Perpetual Care Interest Trust	0	17,100	17,100	0
Cemetery Special Trusts	62,711	1,300	3,350	60,661
Library Trusts	233,285	16,400	16,400	233,285
Art Center Trusts	476,877	13,300	68,000	422,177
Parks and Recreation Trust	53,309	100	50,000	3,409
Debt Service:				
General Obligation	121,908	2,761,730	2,841,730	41,908
Internal Service:				
Equipment Services	(27,370)	1,189,000	1,175,600	(13,970)
Dental Insurance	34,113	121,900	124,000	32,013
Health Insurance	1,508,153	2,549,800	2,597,400	1,460,553
Total *	\$ 17,200,696	\$ 52,435,499	\$ 54,362,310	\$ 15,273,885

*Includes interfund transactions.

**City of Muscatine
Operating Funds
Revenue Summary**

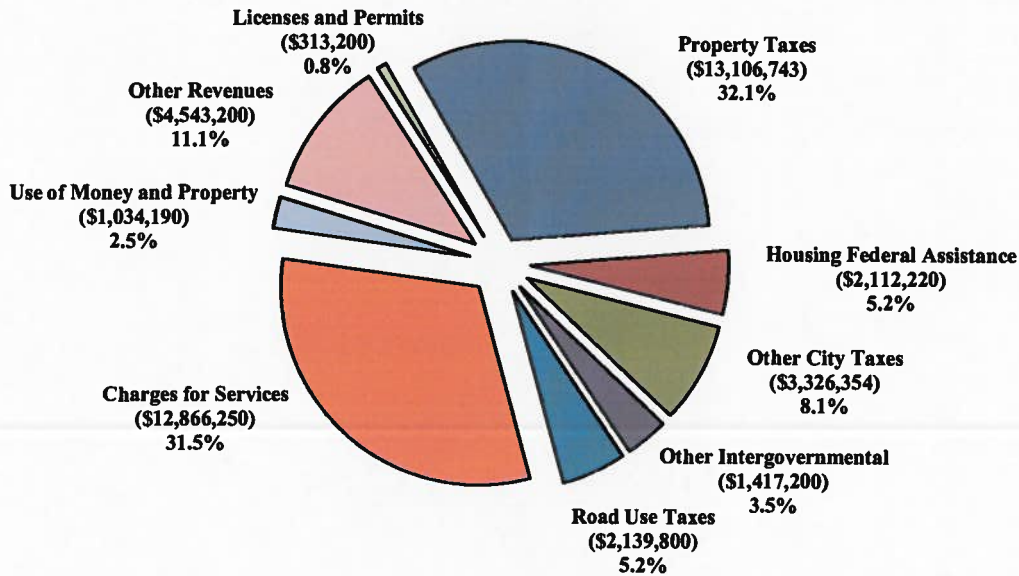
Fund	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
General	\$ 15,400,280	\$ 15,629,388 *	\$ 16,193,437	\$ 16,928,782	\$ 17,053,676
Enterprise:					
Airport Operations	139,005	98,158	108,800	113,600	116,800
Transit System	1,196,004	877,210	1,005,100	984,500	1,119,800
Parking System	176,544 *	175,873	168,800	172,600	173,100
Golf Course	822,685 *	777,025	834,200	804,600	856,400
Boat Harbor Operations	29,297	27,338	27,700	27,700	27,700
Marina Operations	19,623	13,474	20,100	20,100	20,100
Ambulance Operations	1,039,217	1,361,282	1,131,600	1,264,970	1,232,000
Refuse Collection	1,905,911	1,971,175	2,109,100	2,108,800	2,108,800
Landfill Operations	1,287,437	1,310,029	1,424,700	1,439,700	1,439,700
Landfill Surcharge Reserve Part I	14,958	15,746	17,500	17,500	17,500
Landfill Surcharge Reserve Part II	31,412	33,068	36,750	36,750	36,750
Landfill Post-Closure Reserve	32,847	24,912	32,800	30,000	30,000
Landfill Closure Reserve	107,847	64,133	107,900	80,000	80,000
Transfer Station Operations	1,853,516	2,039,515	1,995,950	2,036,950	1,986,950
Transfer Station Closure Reserve	0	9,550	0	0	0
Water Pollution Control	3,931,622 *	3,622,598 *	4,127,100	3,936,100	4,108,500
Collection and Drainage	1,071,443 *	1,112,742	1,162,000	1,163,000	1,208,000
WPCP Replacement Reserve	287,500	278,349	272,500	208,000	208,000
West Hill Sewer Reserve	0	0	0	400,000	401,000
Sewer Revenue Bond Sinking Fund	496,952	716,943	1,021,495	1,061,533	1,063,439
Sewer Extension and Improvement Reserve	219,061	200,961	191,000	192,400	192,400
Special Revenue:					
Employee Benefits	2,593,537	2,811,763	3,085,846	3,085,846	3,025,794
Emergency Levy	196,964	59,447	0	100	100
Road Use Tax	2,308,908	2,240,867	2,133,000	2,088,300	2,139,800
Community Block Grant	53,465	215,697	0	0	0
Tax Increment - Downtown	201,181	202,932	210,200	212,600	210,200
Tax Increment - Southend	403,122	407,957	402,000	406,000	427,000
Tax Increment - Cedar Development	161,082	151,545	160,000	161,800	182,000
Tax Increment - Musc Mall	11,691	14,145	14,000	14,160	15,000
Tax Increment - Heinz	0	0	14,000	14,160	16,000
Local Option Sales Tax	2,538,006	2,439,190	2,924,000	3,188,600	3,072,400
Equipment Replacement	160,000	213,097	176,200	194,600	502,400
Computer Replacement	40,057	53,412	32,500	32,500	40,000
COPS Grant Commitment Reserve	0	0	0	0	40,000
Public Housing Operations	1,183,418	820,264	814,460	597,740	701,240
Section 8 Voucher Program	1,854,324	1,853,301	1,888,320	1,821,760	1,861,520
Home Ownership Program	118,126	15,011	22,600	87,900	20,300
Sunset Park Education Center	0	10,116	0	17,500	19,500
Police Forfeiture Fund	26,834	518	5,000	0	5,000
Trust and Agency:					
Insurance Trust	26,861	25,936	50	100	0
Perpetual Care Fund	5,550	7,850	6,000	6,000	6,000
Perpetual Care Interest Trust	22,155	23,612	23,900	23,900	17,100
Cemetery Special Trusts	1,639	1,346	1,500	1,500	1,300
Library Trusts	53,920	78,176	26,500	31,605	16,400
Art Center Trusts	16,367	65,321	10,600	14,400	13,300
Parks and Recreation Trust	275	117	100	100	100
Debt Service:					
General Obligation	2,518,384	2,712,445	2,519,981	2,519,981	2,761,730
Internal Service:					
Equipment Services	1,041,995	1,128,819	1,118,100	1,188,400	1,189,000
Dental Insurance	114,098	115,920	120,600	119,700	121,900
Health Insurance	2,478,708	2,469,196	2,543,400	2,485,700	2,549,800
Total **	\$ 48,193,828	\$ 48,497,469	\$ 50,241,389	\$ 51,342,537	\$ 52,435,499

* Includes encumbrance adjustments.

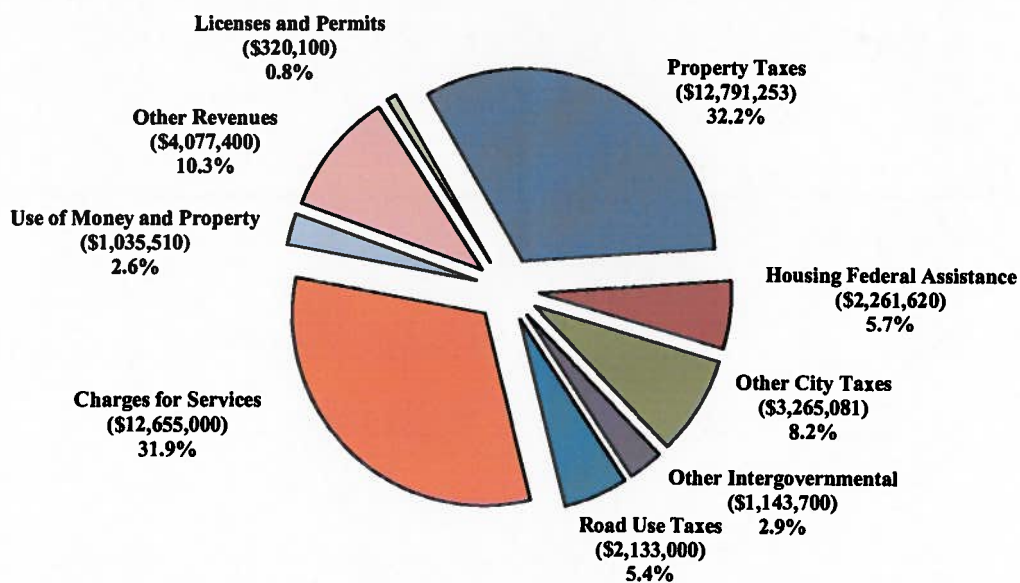
**City of Muscatine
Operating Funds
Expenditure Summary**

Fund	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Estimate 2011/2012	Budget 2012/2013
General	\$ 15,294,329	\$ 15,300,939	\$ 16,133,944	\$ 16,410,080	\$ 17,184,247
Enterprise:					
Airport Operations	139,005	98,158	108,800	113,600	116,800
Transit System	1,037,305	934,388	1,020,000	1,019,200	1,168,700
Parking System	171,559	187,741	184,000	180,700	203,400
Golf Course	814,072	822,595	856,400	848,440	824,000
Boat Harbor Operations	23,323	40,282	23,300	24,300	24,400
Marina Operations	16,819	16,508	19,600	19,800	19,800
Ambulance Operations	1,041,304	1,184,112	1,357,600	1,469,400	1,239,700
Refuse Collection	1,836,005	2,028,446	2,032,693	2,057,293	2,073,069
Landfill Operations	1,588,102	898,041	890,588	944,088	941,662
Landfill Surcharge Reserve I	14,958	15,746	17,500	17,500	17,500
Landfill Surcharge Reserve II	31,412	33,068	36,750	36,750	36,750
Transfer Station Operations	1,897,493	1,836,350	1,965,300	1,984,800	1,954,120
Water Pollution Control	3,324,039	3,494,306	4,186,295	4,286,633	4,397,339
Collection and Drainage	943,417	884,140	1,125,400	1,204,200	1,221,200
WPCP Replacement Reserve	253,204	280,250	681,500	2,071,500	461,500
Sewer Revenue Bond Sinking Fund	273,724	1,004,484	1,061,188	1,061,188	1,061,573
Sewer Extension and Improvement Reserve	67,133	5,482	0	83,000	0
Special Revenue:					
Employee Benefits	2,673,495	2,791,008	3,174,657	3,114,902	3,144,943
Emergency Levy	116,964	59,282	0	0	0
Road Use Tax	2,098,587	2,079,239	2,056,800	2,044,500	2,497,200
Community Block Grant	53,465	210,697	0	0	0
Tax Increment - Downtown	306,265	548,640	215,938	216,554	209,625
Tax Increment - Southend	394,108	370,495	467,602	470,339	512,282
Tax Increment - Northeast	175,941	0	0	0	0
Tax Increment - Cedar Develop.	155,856	147,654	156,000	157,440	178,500
Tax Increment - Musc Mall	9,334	14,773	12,400	12,490	13,400
Tax Increment - Heinz	0	0	11,800	11,862	14,500
Local Option Sales Tax	3,583,613	4,753,290	2,702,000	2,701,100	4,828,700
Equipment Replacement	91,044	198,049	183,400	198,600	277,500
Computer Replacement	28,661	41,057	32,500	55,208	40,000
Public Housing Operations	1,004,315	1,003,184	983,620	1,032,300	814,390
Section 8 Voucher Program	1,769,287	1,799,418	1,881,270	1,894,160	1,924,830
Home Ownership Program	20,119	33,580	37,100	37,500	42,600
Sunset Education Center	0	5,709	0	19,200	19,500
Reserve for Default Prevention	101,292	0	0	0	0
Police Forfeiture Fund	54,063	3,950	5,000	5,000	5,000
Trust and Agency:					
Insurance Trust	23,971	0	0	23,000	0
Perpetual Care Interest Trust	22,155	23,612	23,900	23,900	17,100
Cemetery Special Trusts	3,566	25,335	3,350	4,650	3,350
Library Trusts	300,206	26,791	12,000	46,105	16,400
Art Center Trusts	67,726	48,535	28,900	26,100	68,000
Parks Tornado Donations Trust	4,648	6,233	0	0	50,000
Debt Service:					
General Obligation	2,444,580	2,830,048	2,536,981	2,536,981	2,841,730
Internal Service:					
Equipment Services	1,017,258	1,099,744	1,111,200	1,193,900	1,175,600
Dental Insurance	109,901	121,107	120,600	118,500	124,000
Health Insurance	2,143,680	2,341,550	2,536,000	2,558,300	2,597,400
Total *	<u>\$ 47,541,303</u>	<u>\$ 49,648,016</u>	<u>\$ 49,993,876</u>	<u>\$ 52,335,063</u>	<u>\$ 54,362,310</u>

**All City Operating Revenues By Source
Budget 2012/2013
\$40,859,157**



**All City Operating Revenues By Source
Budget 2011/2012
\$39,682,664**

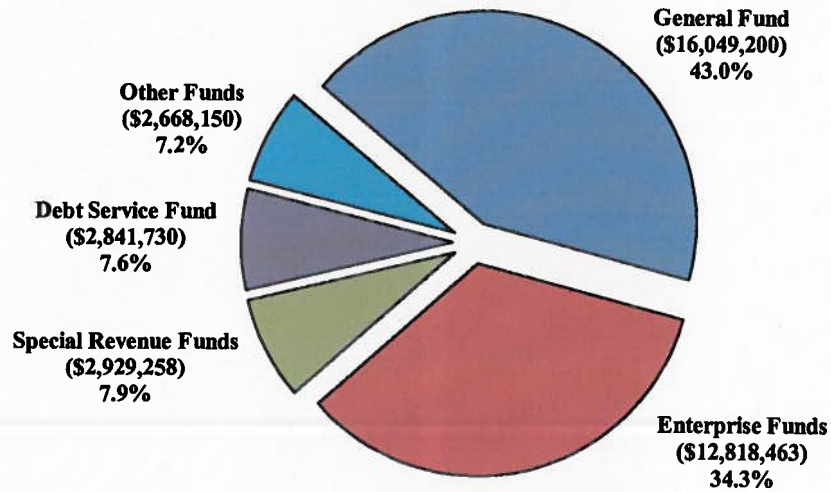


**All City Funds Operating Revenues
Reconciliation Information**

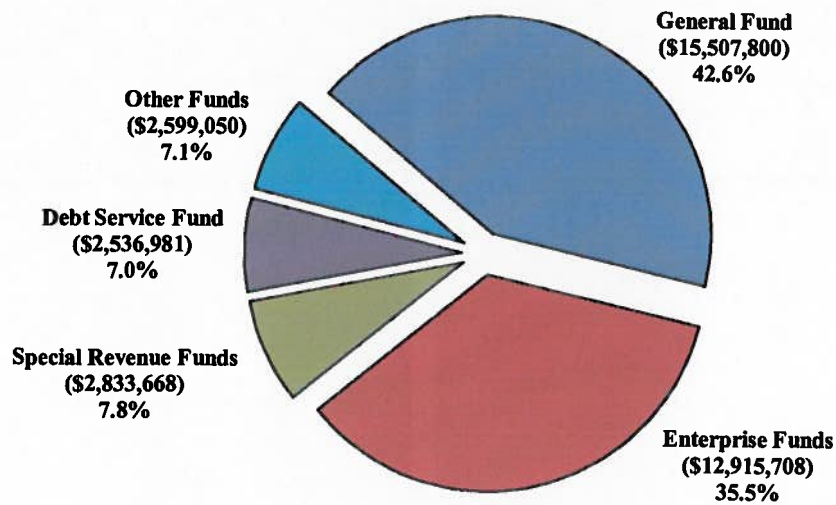
The revenue charts on the preceding page are shown net of interfund transfers. The following is a reconciliation of revenues per the summary statement to revenues net of transfers.

	<u>2011/2012 Budget</u>	<u>2012/2013 Budget</u>
Revenues per Summary Statement	\$ 50,241,389	\$ 52,435,499
Transfers In:		
General Fund		
Trust and Agency Funds	\$ 23,900	\$ 67,100
Special Revenue Funds	5,231,457	5,210,143
Health Insurance Fund	62,900	59,600
Capital Projects Fund	11,200	0
Tax Increment Financing Funds	137,517	140,254
Enterprise Funds	750,900	839,000
Debt Service Fund		
Enterprise Funds	219,731	214,281
Tax Increment Financing	70,225	209,625
Equipment Replacement Fund		
General Fund	168,900	495,000
Computer Replacement Fund		
General Fund	32,500	40,000
COPS Grant Future Commitment Reserve		
General Fund	0	40,000
Airport Operations Fund		
General Fund	67,300	47,300
Transit Operations Fund		
General Fund	300,000	320,000
Landfill Operations		
Landfill Surcharge Reserve	17,500	17,500
Landfill Surcharge Reserves		
Landfill Operations	54,250	54,250
Landfill Closure and Post-Closure Reserves		
Landfill Operations	140,700	110,000
Transfer Station		
Landfill Surcharge Reserve	36,750	36,750
Water Pollution Control Fund		
Sewer Reserve Funds	156,500	131,500
Sewer Reserves		
Water Pollution Control Fund	270,000	200,000
Collection & Drainage Fund	180,000	180,000
Sewer Sinking Fund	1,021,395	1,063,339
West Hill Sewer Separation Project Reserve Fund	0	400,000
Local Option Tax Pavement Management Allocation		
Local Option Sales Tax	<u>487,000</u>	<u>511,700</u>
Total Transfers In	<u>9,440,625</u>	<u>10,387,342</u>
Non-Budgeted Fund		
Equipment Services Operations	<u>1,118,100</u>	<u>1,189,000</u>
Budgeted Revenues Net of Transfers	<u><u>\$ 39,682,664</u></u>	<u><u>\$ 40,859,157</u></u>

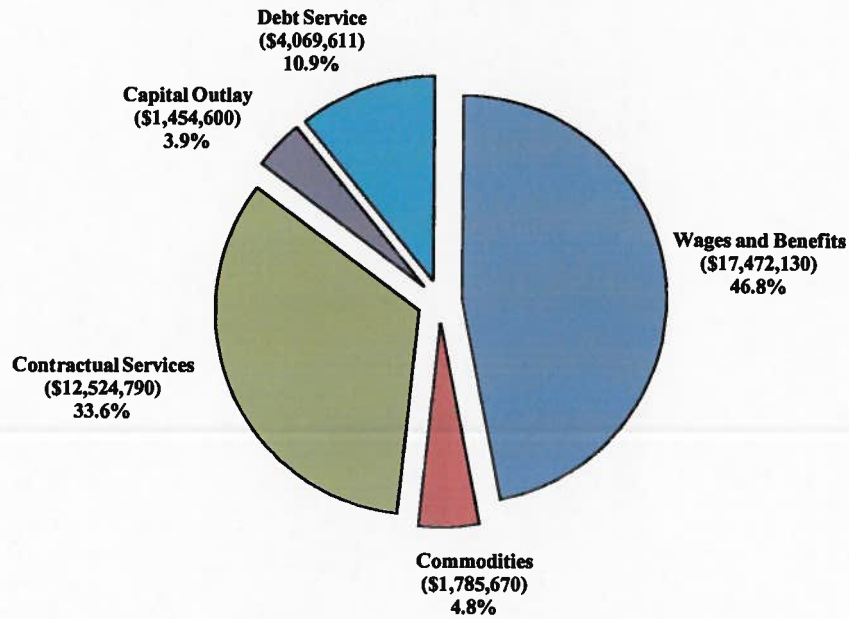
**All City Operating Expenditures By Fund
Budget 2012/2013
\$37,306,801**



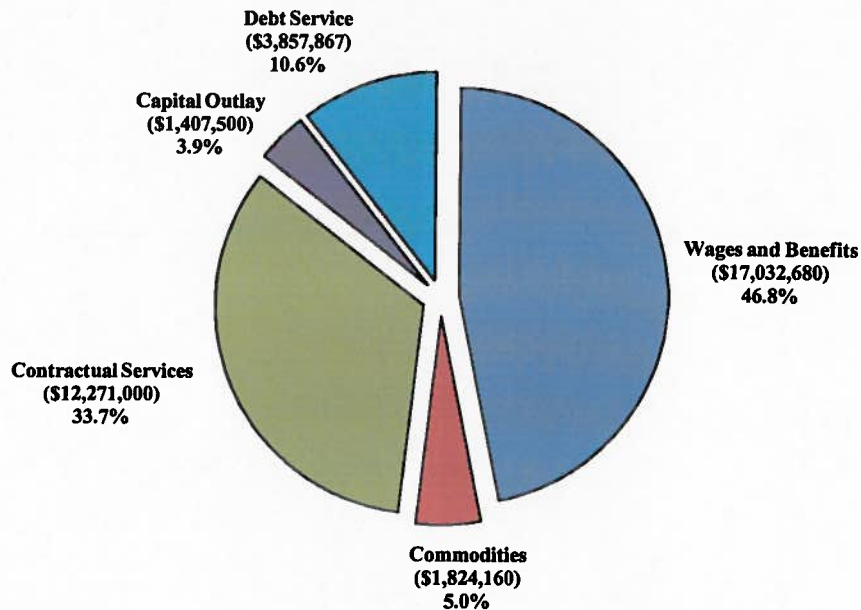
**All City Operating Expenditures By Fund
Budget 2011/2012
\$36,393,207**



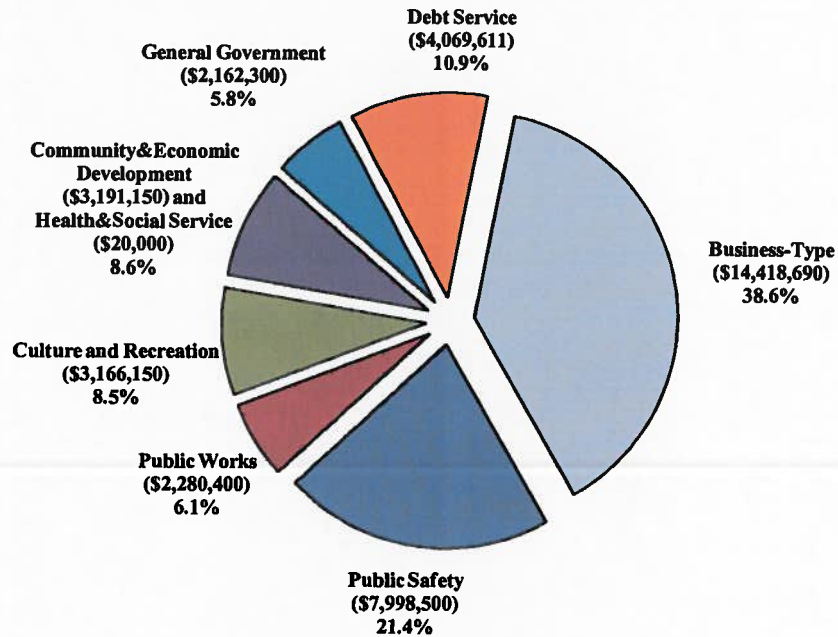
**All City Operating Expenditures By Type
Budget 2012/2013
\$37,306,801**



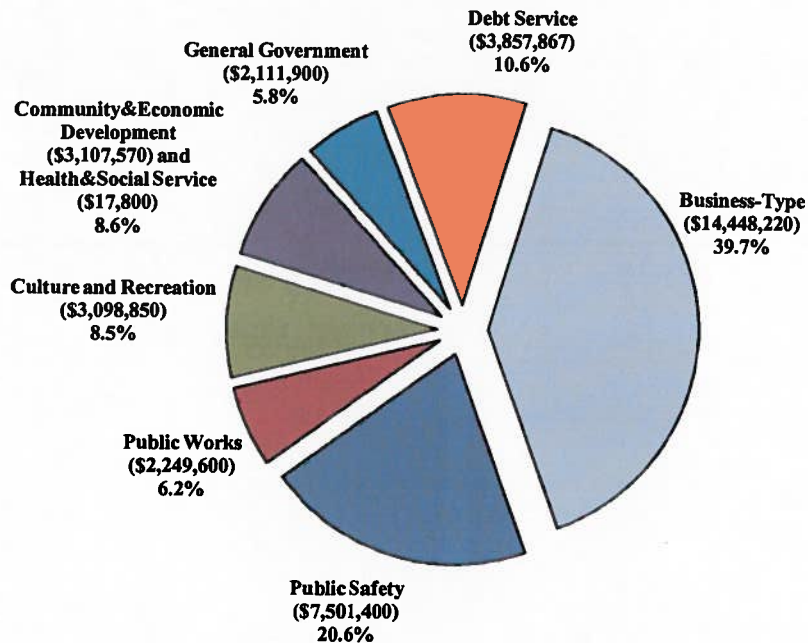
**All City Operating Expenditures By Type
Budget 2011/2012
\$36,393,207**



All City Operating Expenditures By Function *
Budget 2012/2013
\$37,306,801



All City Operating Expenditures By Function *
Budget 2011/2012
\$36,393,207



* Function descriptions and a matrix of expenditures by function follow these charts.

BUDGET FUNCTIONS

GENERAL GOVERNMENT:

Provides for the operation of the government and assures general administration of the municipality.

PUBLIC SAFETY:

Provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events.

CULTURE AND RECREATION:

Promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

PUBLIC WORKS:

Provides for safe and well-maintained infrastructure for the City. Activities include public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control and engineering.

COMMUNITY AND ECONOMIC DEVELOPMENT:

Provides for planning and development of the City including the social, physical and economic needs of the City. Activities include Community Development, Economic Development, the Section 8 Housing Program, and Tax Increment Funds.

HEALTH AND SOCIAL SERVICES:

Provides for assistance to service agencies involved in providing health and social services to the community. The Economic Well Being activity is the only budget in this function.

DEBT SERVICE:

Provides for the accumulation of resources for and the payment of principal and interest on long-term debt of the City.

BUSINESS TYPE ACTIVITIES:

Provides for activities of the City that are financed in whole, or in part, by fees charged for goods or services. For budget purposes, these activities include the City's enterprise funds and internal service funds.

City of Muscatine
Matrix of 2012/2013 Operating Budget by Function
(Excludes Transfers)

Fund/Activity:	General Government	Public Safety	Culture and Recreation	Community and Economic Development	Health and Social Services	Public Works	Debt Service	Business Type/ Internal Service	Total
General Fund:									
Mayor and Council	\$ 72,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,800
Legal Services	70,600	0	0	0	0	0	0	0	70,600
City Administrator	247,500	0	0	0	0	0	0	0	247,500
Human Resources	137,000	0	0	0	0	0	0	0	137,000
Wellness Program	59,600	0	0	0	0	0	0	0	59,600
Finance and Records	514,700	0	0	0	0	0	0	0	514,700
Computer Operations	210,700	0	0	0	0	0	0	0	210,700
Risk Management	288,900	0	0	0	0	0	0	0	288,900
Building and Grounds	520,500	0	0	0	0	0	0	0	520,500
Police Operations	0	4,213,100	0	0	0	0	0	0	4,213,100
Animal Control	0	125,900	0	0	0	0	0	0	125,900
Fire Operations	0	3,447,800	0	0	0	0	0	0	3,447,800
Emergency Management	0	26,700	0	0	0	0	0	0	26,700
Library	0	0	1,050,500	0	0	0	0	0	1,050,500
Cable Television Operations	0	0	25,500	0	0	0	0	0	25,500
Art Center	0	0	307,200	0	0	0	0	0	307,200
Park Administration	0	0	158,900	0	0	0	0	0	158,900
Park Maintenance	0	0	654,900	0	0	0	0	0	654,900
Kent Stein Park	0	0	171,800	0	0	0	0	0	171,800
Soccer Complex	0	0	182,100	0	0	0	0	0	182,100
Swimming Pools	0	0	177,700	0	0	0	0	0	177,700
Recreation	0	0	120,200	0	0	0	0	0	120,200
Cemetery	0	0	149,600	0	0	0	0	0	149,600
Community Development	0	0	0	724,600	0	0	0	0	724,600
Economic Development	0	0	0	90,000	0	0	0	0	90,000
Economic Well-Being	0	0	0	0	20,000	0	0	0	20,000
Public Works Administration	0	0	0	0	0	163,600	0	0	163,600
Roadway Maintenance	0	0	0	0	0	1,277,800	0	0	1,277,800
Traffic Control	0	0	0	0	0	153,600	0	0	153,600
Snow and Ice Control	0	0	0	0	0	372,100	0	0	372,100
Street Cleaning	0	0	0	0	0	177,500	0	0	177,500
Engineering	0	0	0	0	0	135,800	0	0	135,800

(Continued)

(Continued)

Fund/Activity:	General Government	Public Safety	Culture and Recreation	Community and Economic Development	Health and Social Services	Public Works	Debt Service	Business Type/ Internal Service	Total
Enterprise Funds:									
Airport Operations	0	0	0	0	0	0	0	116,800	116,800
Transit Operations	0	0	0	0	0	0	0	1,168,700	1,168,700
Parking System	0	0	0	0	0	0	0	203,400	203,400
Golf Course	0	0	0	0	0	0	0	774,000	774,000
Boat Harbor Operations	0	0	0	0	0	0	0	24,400	24,400
Marina Operations	0	0	0	0	0	0	0	19,800	19,800
Ambulance Operations	0	0	0	0	0	0	0	400,700	400,700
Public Housing	0	0	0	0	0	0	0	814,390	814,390
Refuse Collection	0	0	0	0	0	0	0	1,973,100	1,973,100
Landfill Operations	0	0	0	0	0	0	0	663,100	663,100
Transfer Station	0	0	0	0	0	0	0	1,923,300	1,923,300
Collection and Drainage	0	0	0	0	0	0	0	741,200	741,200
Water Pollution Control	0	0	0	0	0	0	0	2,934,000	2,934,000
Sewer Sinking Fund	0	0	0	0	0	0	1,061,573	0	1,061,573
Special Revenue Funds:									
Equipment Replacement	0	180,000	80,000	17,500	0	0	0	0	277,500
Southend Tax Increment	0	0	0	165,720	0	0	166,308	0	332,028
Cedar Develop Tax Increment	0	0	0	178,500	0	0	0	0	178,500
Musc Mall Tax Increment	0	0	0	13,400	0	0	0	0	13,400
Heinz Tax Increment	0	0	0	14,500	0	0	0	0	14,500
Section 8 Housing	0	0	0	1,924,830	0	0	0	0	1,924,830
Home Ownership Program	0	0	0	42,600	0	0	0	0	42,600
Sunset Park Children's Education Program	0	0	0	19,500	0	0	0	0	19,500
Police Forfeiture Fund	0	5,000	0	0	0	0	0	0	5,000
Computer Replacement Fund	40,000	0	0	0	0	0	0	0	40,000
Debt Service Fund	0	0	0	0	0	0	2,841,730	0	2,841,730
Internal Service Fund:									
Health Insurance Fund	0	0	0	0	0	0	0	2,537,800	2,537,800
Dental Insurance Fund	0	0	0	0	0	0	0	124,000	124,000
Trust and Agency Funds:									
Library Trusts	0	0	16,400	0	0	0	0	0	16,400
Cemetery Trust	0	0	3,350	0	0	0	0	0	3,350
Art Center Trusts	0	0	68,000	0	0	0	0	0	68,000
Total	\$ 2,162,300	\$ 7,998,500	\$ 3,166,150	\$ 3,191,150	\$ 20,000	\$ 2,280,400	\$ 4,069,611	\$ 14,418,690	\$ 37,306,801

**All City Funds Operating Expenditures
Reconciliation Information**

The expenditure charts on the preceding pages are shown net of interfund transfers. The following is a reconciliation of expenditures per the summary statement to expenditures net of transfers.

	<u>2011/2012 Budget</u>	<u>2012/2013 Budget</u>
Expenditures per Summary Statement	\$ 49,993,876	\$ 54,362,310
Transfers Out:		
General Fund		
Transit Operations Fund	\$ 300,000	\$ 320,000
Airport Operations Fund	67,300	47,300
Equipment Replacement Fund	168,900	495,000
Computer Replacement Fund	32,500	40,000
COPS Grant Future Commitment Reserve	0	40,000
Capital Projects Fund	57,444	192,747
Trust and Agency Funds		
General Fund	23,900	67,100
Special Revenue Funds		
General Fund	5,231,457	5,210,143
Capital Projects Fund	3,383,500	5,260,700
Tax Increment Financing	208,242	389,879
Golf Course Fund		
Capital Projects Fund	42,700	50,000
Ambulance Fund		
General Fund	750,900	839,000
Landfill Operations Fund		
Landfill Surcharge Reserve	54,250	54,250
Landfill Closure/Post-Closure Reserve	140,700	110,000
Debt Service Fund	119,838	114,312
Landfill Surcharge Reserve		
Landfill Operations Fund	17,500	17,500
Transfer Station Fund	36,750	36,750
Refuse Collection Fund		
Debt Service Fund	99,893	99,969
Transfer Station Operations Fund		
Capital Projects Fund	44,400	30,820
Water Pollution Control Fund		
Sewer Reserves	1,291,395	1,463,339
Water Pollution Control Plant Replacement Reserve		
Water Pollution Control Fund	0	131,500
Capital Projects Fund	0	330,000
Collection & Drainage		
Sewer Reserves	180,000	380,000
Capital Projects Fund	175,000	100,000
Health Insurance Fund		
General Fund	<u>62,900</u>	<u>59,600</u>
Total Transfers Out	<u>\$ 12,489,469</u>	<u>\$ 15,879,909</u>
Non-Budgeted Fund		
Equipment Services Operations	<u>1,111,200</u>	<u>1,175,600</u>
Budgeted Expenditures Net of Transfers	<u><u>\$ 36,393,207</u></u>	<u><u>\$ 37,306,801</u></u>

**City of Muscatine
Fulltime Employee Trends**

General Fund

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Budget 2011-12	Actual 2011-12	Budget 2012-13
City Administrator	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wellness Program	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Human Resources	1.50	1.50	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Risk Management	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Finance	5.68	5.35	5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.65
Information Technology	1.00	1.00	1.65	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Buildings and Grounds	6.20	6.20	6.20	6.20	5.70	5.70	5.40	4.35	4.35	4.35	4.35
Police	40.00	39.75	40.60	40.75	40.88	41.88	42.88	41.88	42.88	43.88 (1)	44.88 (1)
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Communications	9.50	1.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	30.00	29.00	29.50	30.00	36.50	36.50	36.50	36.50	36.50	36.50	37.50 (2)
Library (FTE)	15.58	15.75	15.75	15.75	15.75	15.77	15.93	15.91	15.90	15.74	15.78
Art Center (FTE)	4.30	4.43	4.33	4.33	4.33	4.33	4.04	4.57	4.30	4.54 (3)	4.25
Park Administration	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Park Maintenance *	6.25	6.25	6.32	6.50	6.75	6.75	6.75	6.08	6.00	6.00	6.00
Kent Stein Park *	1.00	1.00	1.04	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
Soccer Complex *	1.00	1.00	1.03	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Recreation *	2.00	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery *	1.75	1.75	1.69	1.50	1.25	1.25	1.25	1.00	1.00	1.00	1.00
Community Development	9.00	7.00	7.00	7.00	6.50	6.33	6.17	6.67	6.67	6.72 (4)	6.92 (4)
Street Cleaning	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Roadway Maintenance	11.33	11.33	11.33	11.33	11.43	11.43	11.43	11.43	11.43	11.43	11.43
Traffic Control Operations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	1.33	1.33	1.33	1.33	1.33	1.00	1.00	1.00	1.00	1.00	1.00
Public Works Administration	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Total General Fund	157.00	145.60	145.25	146.42	151.90	152.42	152.83	150.87	151.51	152.64	154.59

**City of Muscatine
Fulltime Employee Trends**

Enterprise/Other Funds

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Budget 2011-12	Actual 2011-12	Budget 2012-13
Parking System	3.65	3.65	3.65	3.60	3.60	3.10	3.10	3.10	3.10	3.10	3.10
Golf Course *	3.00	3.00	2.75	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Boat Harbor Operations	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Transit System *	2.83	2.83	2.83	2.83	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Refuse Collection	9.80	9.80	9.80	9.80	10.30	10.30	11.30	10.45	10.66	10.66	10.66
Landfill	0.83	0.83	0.33	0.33	0.33	0.33	0.33	0.30	0.25	0.25	0.25
Transfer Station	3.17	3.17	3.67	3.67	3.67	3.67	3.67	3.58	3.42	3.42	3.42
Water Pollution Control											
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Plant Operations	12.00	11.50	11.00	11.00	11.00	11.00	11.00	10.75	10.75	10.75	10.75
Pumping Stations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Laboratory Operations	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.75	3.75	3.75
Biosolids Operations	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Collection and Drainage	5.50	5.25	5.25	5.25	5.45	6.78	6.78	6.53	6.53	6.53	6.53
Storm Water Operations	0.00	0.50	1.00	1.00	1.00	1.00	0.33	0.58	0.58	0.58	0.58
Ambulance Operations	7.75	8.75	8.25	7.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Housing (FTE)	10.50	10.50	10.50	10.50	10.50	10.50	10.75	12.50	12.50	12.13 (5)	12.13 (5)
Equipment Services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Enterprise/Other Funds	75.53	76.28	75.53	74.23	69.63	70.46	71.04	71.07	71.07	70.70	70.70
Grand Total	232.53	221.88	220.78	220.65	221.53	222.88	223.87	221.94	222.58	223.34	225.29

* These departments have a substantial number of part time employees, primarily seasonal employees.

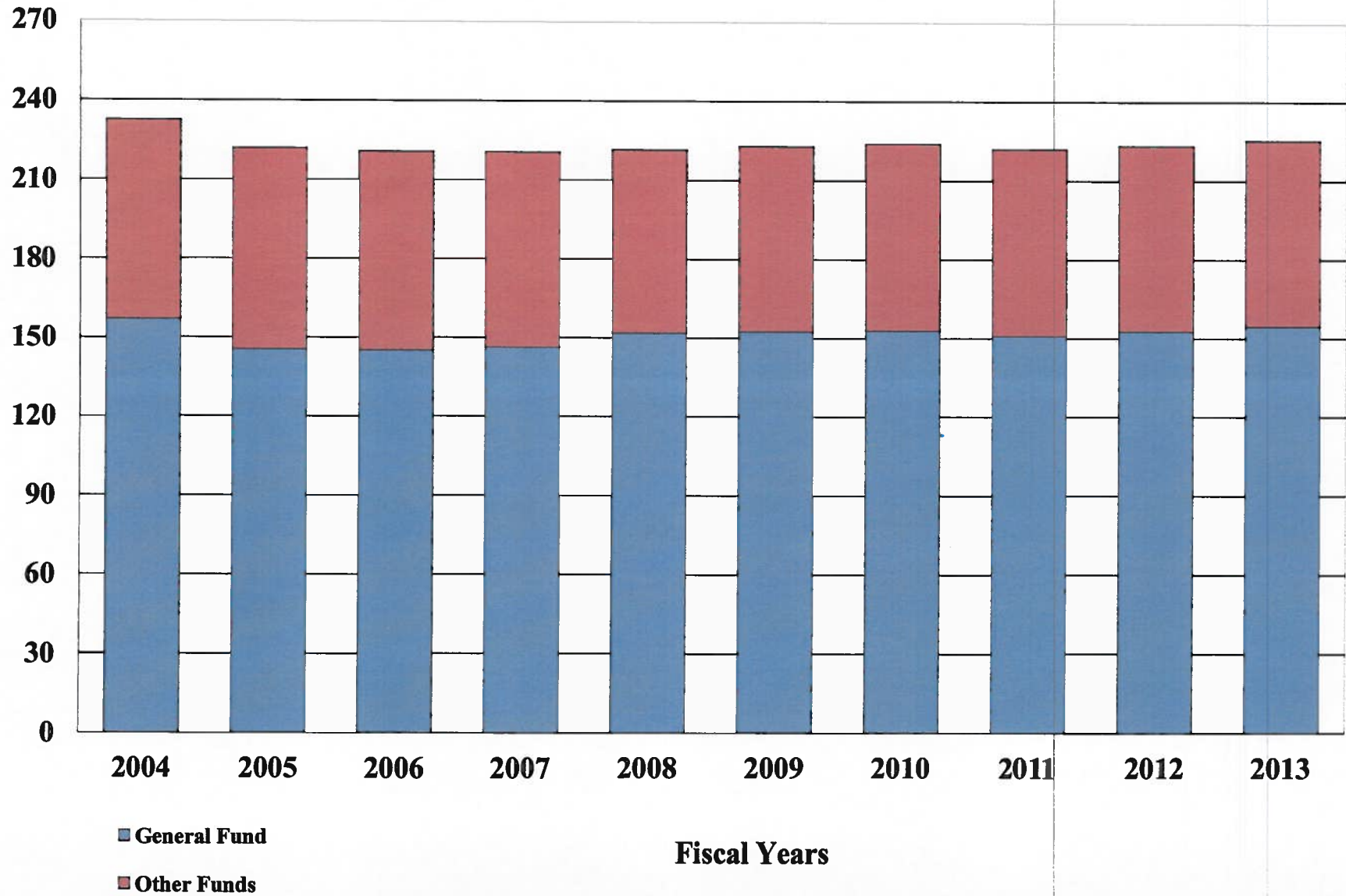
Position Changes/Reallocations for the 2011/2012 Revised Estimate and 2012/2013 Budget:

1. Two police officer positions were added midway through the 2011/2012 year (100% COPS grant funded).
2. One new firefighter position was added for the 2012/2013 budget.
3. The 2011/2012 revised estimate includes additional grant funded hours for the Art Center.
4. The half time Community Services Officer position will increase to a 3/4 time position effective May 1, 2012 as part of a department reorganization.
5. The full time Clark House custodian retired and was replaced with a 3/4 time position in 2011/2012. A half time position at Sunset Park was also reduced to 3 hours/day.

Fulltime Employee Trends Ten Year History

Number of Employees

63



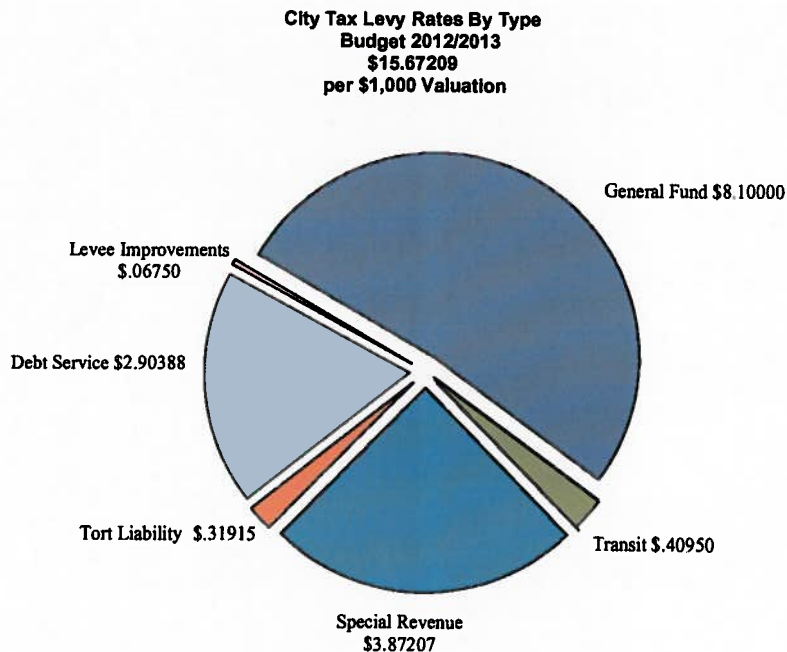
PROPERTY TAX SCHEDULES

City of Muscatine

Property Tax Levy Comparison

	2011/2012 Budget		2012/2013 Budget		Percent of Levy Increase (Decrease)	Change in Dollars Levied	Percent Change in Dollars Levied
	Collections	Levy Per \$1,000 of Assessed Valuation	Collections	Levy Per \$1,000 of Assessed Valuation			
General Fund	\$ 6,125,305	\$ 8.10000	\$ 6,299,276	\$ 8.10000	0.00%	\$ 173,971	2.84%
Transit System	298,620	0.39489	318,463	0.40950	3.70%	19,843	6.64%
Tort Liability	224,330	0.29665	248,199	0.31915	7.58%	23,869	10.64%
Special Revenue:							
Police and Fire Retirement	\$ 1,020,710	\$ 1.34977	\$ 1,116,495	\$ 1.43566	6.36%	\$ 95,785	9.38%
FICA/IPERS	525,082	0.69436	557,941	0.71744	3.32%	32,859	6.26%
Other Employee Benefits	1,525,868	2.01778	1,436,761	1.84748	(8.44%)	(89,107)	(5.84%)
Reduction *	-	-	(99,941)	(0.12851)		(99,941)	
Subtotal	\$ 3,071,660	\$ 4.06191	\$ 3,011,256	\$ 3.87207	(4.67%)	\$ (60,404)	(1.97%)
Debt Service	2,219,574	2.85051	2,326,416	2.90388	1.87%	106,842	4.81%
Levee Improvements	51,044	0.06750	52,494	0.06750	0.00%	1,450	2.84%
Total	\$ 11,990,533	\$ 15.77146	\$ 12,256,104	\$ 15.67209	(0.63%)	\$ 265,571	2.21%
Agricultural Land	2,721	3.00329	2,639	3.00397	0.02%	(82)	(3.01%)
Grand Total	\$ 11,993,254	\$ 15.77146	\$ 12,258,743	\$ 15.67209	(0.63%)	\$ 265,489	2.21%
		\$ 3.00329		\$ 3.00397	0.02%		

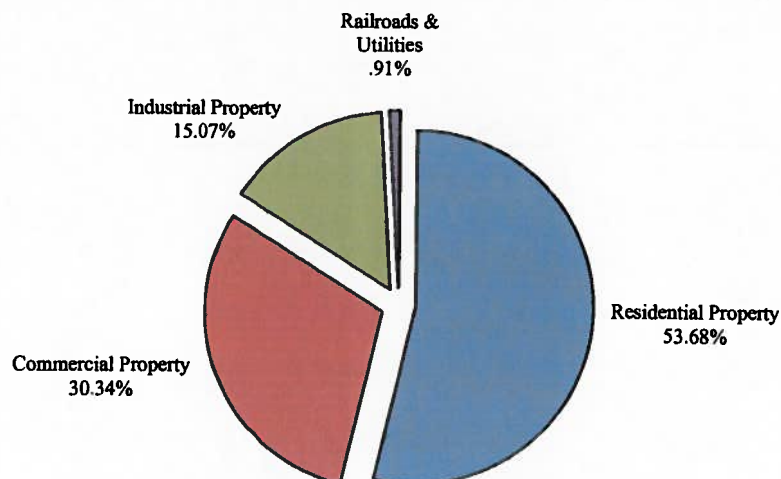
* The Employee Benefits levy has been reduced to keep the overall City tax levy rate at the rate approved by City Council. This will result in \$99,941 of the General Fund balance being used for employee benefits during 2012/2013.



City of Muscatine
Taxable Property Valuation Comparison
(Excludes Tax Increment Values)

	<u>January 1, 2010</u>	<u>January 1, 2011</u>	<u>Valuation Increase (Decrease)</u>	<u>Percent Increase (Decrease) in Taxable Value</u>	<u>MEMO ONLY Percent Increase (Decrease) in Actual Value</u>
Residential Property (1)	\$ 397,168,357	\$ 418,570,988	\$ 21,402,631	5.39%	0.65%
Commercial Property (2)	235,275,621	236,549,608	1,273,987	0.54%	0.54%
Industrial Property (3)	118,497,883	117,483,923	(1,013,960)	-0.86%	-0.86%
Railroads	748,112	628,206	(119,906)	-16.03%	-16.03%
Utilities (4)	6,591,170	6,457,240	(133,930)	-2.03%	-2.03%
Total Valuations	\$ 758,281,143	\$ 779,689,965	\$ 21,408,822	2.82%	0.45%
Less Military Exemptions	<u>2,070,643</u>	<u>2,001,533</u>	<u>(69,110)</u>	-3.34%	
Total Net Valuation	<u>\$ 756,210,500</u>	<u>\$ 777,688,432</u>	<u>\$ 21,477,932</u>	2.84%	
MEMO ONLY					
Total if Gas and Electric Utilities were Included	<u>\$ 759,702,874</u>	<u>\$ 781,443,576</u>	<u>\$ 21,740,702</u>	2.87%	

1. Residential taxable valuations realized an increase in the rollback factor from 48.5299% to 50.7518% for January 1, 2011 (an increase of 4.58%).
2. Commercial valuations for January 1, 2011 are at 100%, the same as in 2010 (0% change).
3. Industrial property continues to be valued at 100% of assessed value.
4. Beginning with January 1, 1999 valuations, gas and electric utility values have been excluded from the actual values shown. The taxation of these utilities is no longer based on assessed values. These utilities pay an excise tax based on the amount of energy delivered in a one year period. The amount of the City's utility tax revenue depends upon the amount of energy produced and used statewide and each city's proportional share.

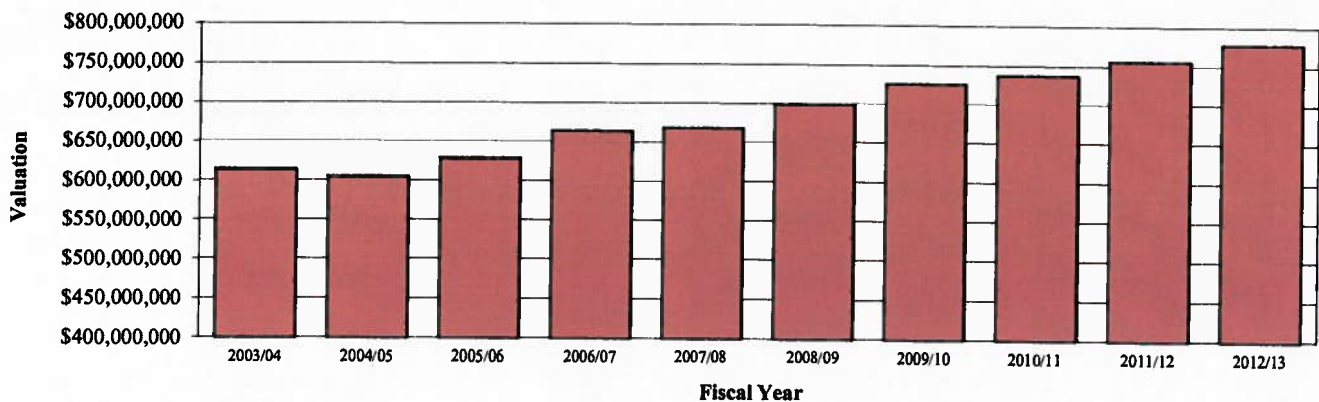


2011 Taxable Valuations by Type
(Valuations Used for 2012/2013 Tax Levy)

City of Muscatine
Taxable Property Valuation History
(Excludes Tax Increment Values)

Fiscal Year	Real Property	Public Utilities	Military Exemption	Total	Agricultural Land
2003/04	608,849,356	7,163,614	2,679,844	613,333,126	1,319,465
2004/05	600,461,872	6,486,449	2,547,347	604,400,974	1,035,415
2005/06	622,763,734	7,311,377	2,455,752	627,619,359	1,007,245
2006/07	658,604,362	7,712,376	2,382,598	663,934,140	1,078,685
2007/08	663,799,345	6,652,746	2,376,768	668,075,323	1,074,675
2008/09	694,284,386	6,926,265	2,278,038	698,932,613	1,109,792
2009/10	720,403,370	7,312,791	2,215,335	725,500,826	984,243
2010/11	731,822,753	7,233,428	2,126,455	736,929,726	828,855
2011/12	750,941,861	7,339,282	2,070,643	756,210,500	906,007
2012/13	772,604,519	7,085,446	2,001,533	777,688,432	878,503

Taxable Property Valuation
Ten Year History

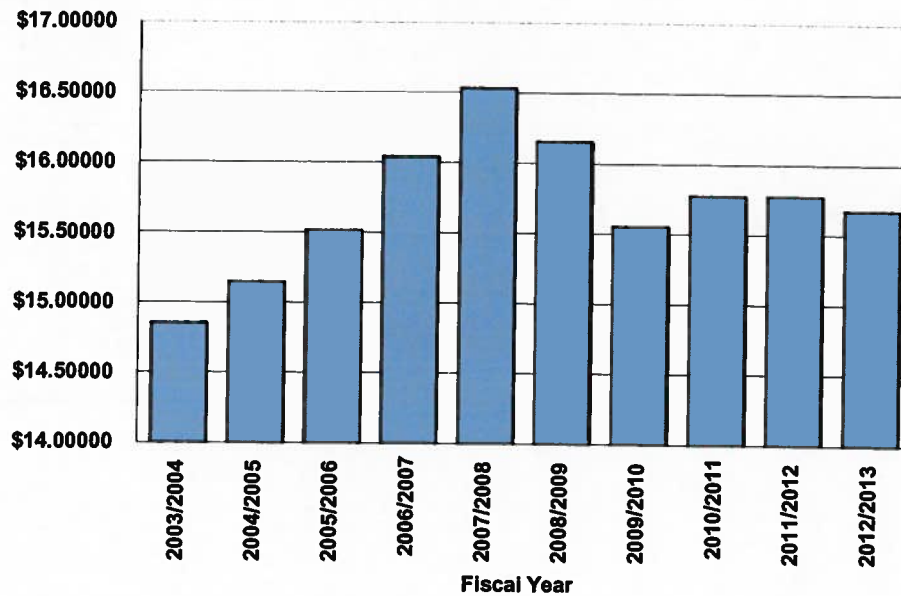


City of Muscatine
City Tax Rate History
Fiscal Years 2003/2004 through 2012/2013

<u>Fiscal Year</u>	<u>Tax Rate (Per \$1,000 Valuation)</u>	<u>Percent Change</u>
2003/2004	\$ 14.84915	3.43%
2004/2005	15.14549	2.00%
2005/2006	15.51344	2.43%
2006/2007	16.03891	3.39%
2007/2008	16.52993	3.06%
2008/2009	16.15095	-2.29%
2009/2010	15.55353	-3.70%
2010/2011	15.77146	1.40%
2011/2012	15.77146	0.00%
2012/2013	15.67209	-0.63%

**Tax Rate
(Per \$1,000
Valuation)**

Tax Rate Ten Year History



Tax Levies by Entity

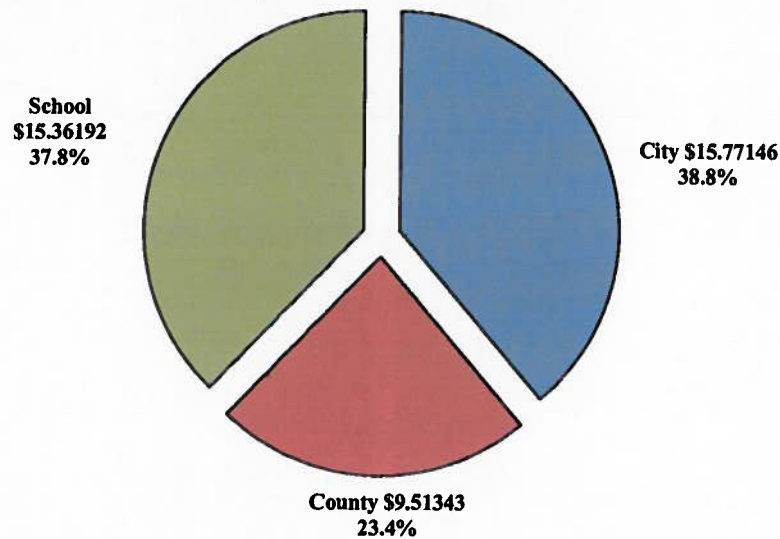
Historical Comparison

Certified Levies Per \$1,000 of Valuation

	<u>City</u>	<u>County</u>	<u>School</u>	<u>Total</u>
2003/2004	14.84914	7.58716	15.51555	37.95185
2004/2005	15.14549	7.41669	16.28523	38.84741
2005/2006	15.51344	7.73543	15.55390	38.80277
2006/2007	16.03891	8.44031	14.70326	39.18248
2007/2008	16.52992	8.79042	15.15328	40.47362
2008/2009	16.15095	8.64189	14.86671	39.65955
2009/2010	15.55353	9.18309	14.90569	39.64231
2010/2011	15.77146	9.60976	14.90920	40.29042
2011/2012	15.77146	9.51343	15.36192	40.64681
Percent of 2011/2012 Total Levy	38.8%	23.4%	37.8%	100.0%
Budget 2012/2013 *	15.67209	N/A	N/A	N/A

* Tax levy rates for 2012/2013 for Muscatine County and the Muscatine Community School district are not yet available.

Tax Levy Rates By Entity Fiscal Year 2011/2012 \$40.64681 per \$1,000 Valuation



MAJOR REVENUE SOURCES SCHEDULES

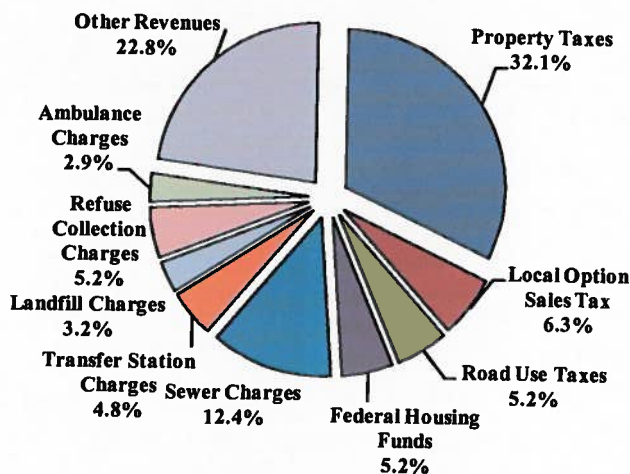
**City of Muscatine
Major Revenue Sources
Fiscal Year 2012/2013 Budget**

General Information

The City of Muscatine budgeted operating revenues of \$40,859,157 for 2012/2013 include all budgeted revenues of the City with the exception of revenues funding the City's capital projects. Capital project revenues include bond proceeds, state and federal grants and transfers from other funds. As capital project revenues and expenditures vary significantly from year to year, these amounts have been excluded from the summary schedules in this section of the budget to more accurately compare revenue and expenditure trends over the last several years. Of the total 2012/2013 budgeted operating revenues, 77.2% is estimated to be received from nine major revenue sources. This section of the budget includes the basis for the budget estimates for each of these nine categories as well as relevant trends in these revenue sources.

	<u>2012/2013 Budget</u>	<u>Percent of Total</u>
Property Taxes	\$ 13,106,743	32.1%
Local Option Sales Tax	2,558,700	6.3%
Road Use Taxes	2,139,800	5.2%
Federal Housing Funds	2,112,220	5.2%
Sewer Charges	5,077,900	12.4%
Transfer Station Charges	1,941,350	4.8%
Landfill Charges	1,290,000	3.2%
Refuse Collection Charges	2,104,000	5.2%
Ambulance Charges	1,200,000	2.9%
Other Revenues	<u>9,328,444</u>	<u>22.8%</u>
Total Operating Revenues	<u>\$ 40,859,157</u>	<u>100.0%</u>

**Operating Revenues
Budget 2012/2013**



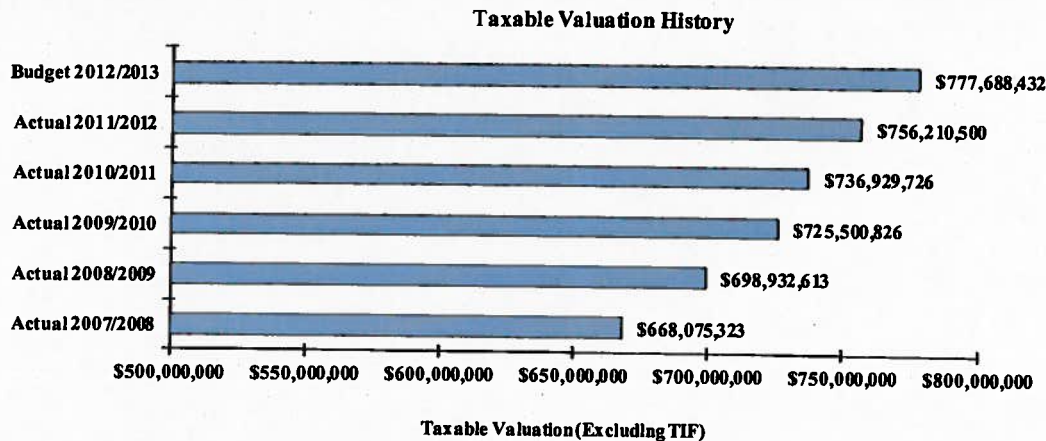
Property Taxes
FY 2012/2013 Budget \$13,106,743

General Information

Property taxes comprise 32.1% of the City's operating revenues. The taxes in this category include both regular property taxes and property taxes from tax increment financing (TIF) districts. The City has a strong tax collection rate with the rate of collection of current year taxes generally over 99%.

Budgeted property tax revenue is determined based on taxable valuation of property and tax rates for various categories of taxes as provided for by the State of Iowa. Following are charts of taxable property valuations, tax rates and property taxes for the last four years, the estimated amounts for the current year and budgeted amounts for 2012/2013. Relevant assumptions and comments are included for each of the charts. Additional detailed schedules of taxable valuations and tax rates are also included in the "Property Tax Schedules" section, which immediately precedes this section.

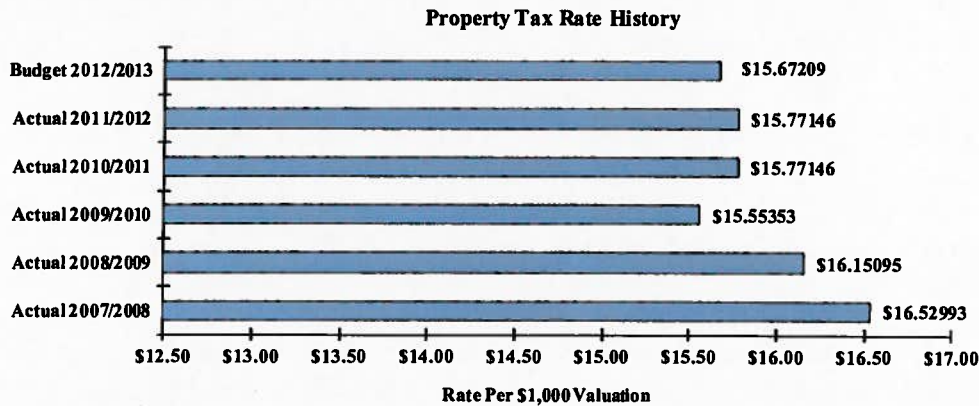
Taxable Valuations



Taxable valuations are received from the County Auditor each year. Changes in taxable valuation occur due to new growth or improvements to existing properties, changes in property values by the County Assessor, changes in the State "rollback" factors for the different categories of property and other State-mandated valuation requirements.

For 2012/2013 actual property valuations increased by .45% and taxable property valuations increased by 2.84%. Residential property increased in valuation for 2012/2013 by .65% in actual and 5.39% in taxable values. Commercial property increased by .54% in both actual and taxable value. Industrial property decreased in both actual and taxable valuation by .86%. The decrease in industrial valuations was due to revaluations by the County Assessor. The difference between actual and taxable values for residential property is due to changes in the State "rollback" factors for residential property. The rollback factor for residential property was set at 50.7518% for 2012/2013 compared to 48.5299% for 2011/2012 (an increase of 4.58%). The changes in the residential rollback for 2012/2013 and also for 2011/2012 and 2010/2011 were unusual in that the rollback decreased which resulted in increased taxable values in each of these years. In most prior years the rollback increased which resulted in decreases in taxable values. Commercial and industrial values were valued at 100% in 2012/2013, the same as for 2011/2012.

Property Tax Rates



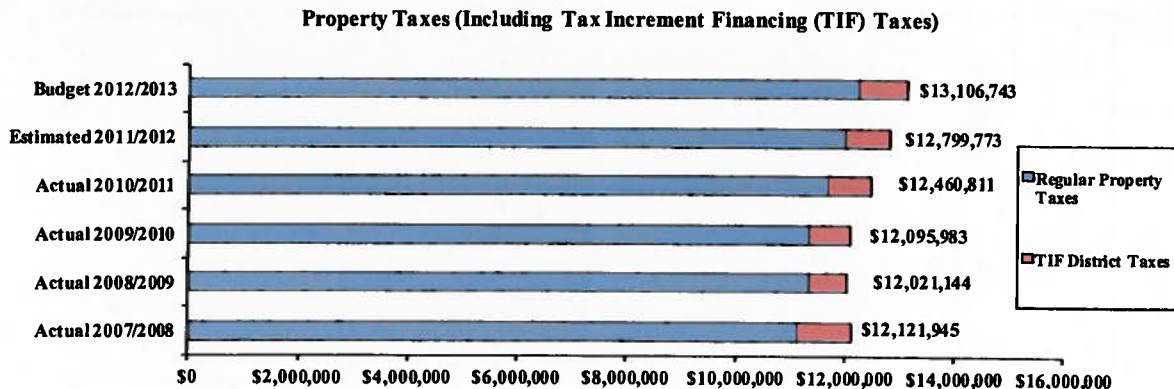
The City's tax rate for 2012/2013 is comprised of six different categories as provided for by the State of Iowa. These include the General Fund, Transit, Tort Liability, Employee Benefits, Debt Service, and Levee Improvement levies.

Three of the tax categories are limited by State law to maximum rates per \$1,000 of valuation. These maximums are \$8.10 per \$1,000 of valuation for the General Fund, \$.95 for Transit, and \$.0675 for Levee Improvements. The City is at the maximum rate for the General Fund and Levee Improvement categories, but is less than the maximum for the Transit levy.

The other tax categories do not have limits per \$1,000 of valuation. The Debt Service levy is the amount required for principal and interest on general obligation debt, the Employee Benefits levy is based on budgeted employee benefits in the General Fund, and the Tort Liability levy is based on estimated insurance costs.

The City's tax rate for 2012/2013 decreased by approximately \$.10/\$1,000 of valuation compared to the prior year. Increases in the transit, tort liability, and debt service tax levy rates were offset by a decrease in the employee benefits tax levy rate. The overall decrease in the tax rate was due to the employee benefit levy funding \$99,941 less than the full amount of General fund employee benefits eligible to be funded from that levy. In effect, that amount of employee benefits will be funded from the General fund in 2012/2013.

Property Tax Revenue



Property taxes estimated for 2012/2013 total \$13,106,743, including \$12,258,743 from regular property tax and \$848,000 from tax increment financing (TIF) taxes. This is a 2.2% increase in regular property taxes and a 2.4% increase in total taxes including TIF taxes.

Local Option Sales Tax
FY 2012/2013 Budget \$2,558,700

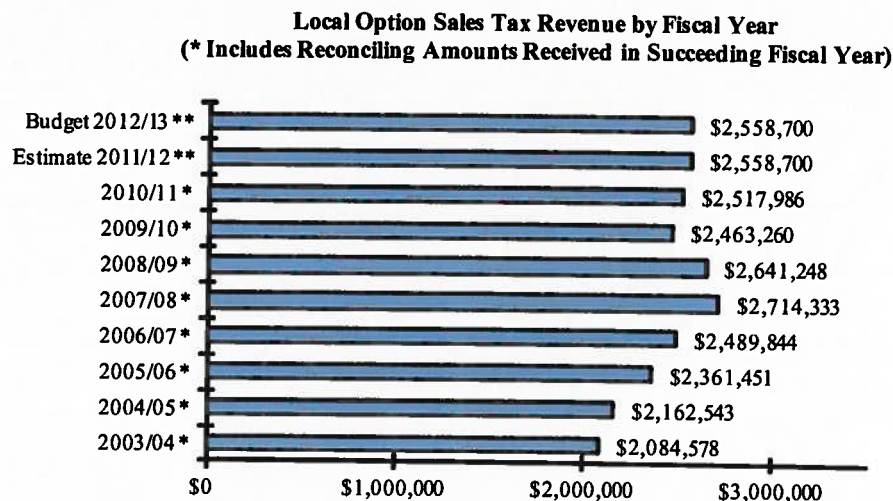
General Information

Voters in the City of Muscatine first approved the 1% local option sales tax in 1994 for a five year period from July 1, 1994 through June 30, 1999. Proceeds from this tax were required by the referendum to be used for storm and sanitary sewer projects in the City. In 1998 voters approved the extension of this tax for another five year period through June 30, 2004 to continue the sewer improvement program. In January 2003 voters approved allocating up to 10% of the local option tax to the "Pearl of the Mississippi Project". This project included a new aquatic center, skatepark, trail extension, marina improvements, boat launch ramp relocation, Riverview Center renovation and community art. In January 2004 voters approved an additional five year extension to this tax through June 30, 2009 with 90% of the tax to be used for sewer projects and up to 10% to be used for the "Pearl of the Mississippi Project". In 2008 voters approved extension of this tax for a 10-year period with 80% of the tax proceeds used for storm and sanitary sewer projects and 20% for the City's pavement management program.

Basis of Local Option Tax Estimate

Each fiscal year the Iowa Department of Revenue and Finance makes estimated local option sales tax payments to the City. The following fiscal year, the City receives an additional payment which reconciles actual local option sales tax amounts to the estimates previously remitted to the City. The following chart shows the local option sales taxes earned by the City each fiscal year. These amounts include the reconciliation amounts received the following year. Due to economic conditions in recent years, local option taxes have been conservatively estimated for both 2011/2012 and 2012/2013 at the State's most recent projection without a reconciliation amount.

Local Option Tax Revenue Trends



**Both the 2011/2012 and 2012/2013 amounts have been conservatively estimated due to economic conditions in recent years.

Road Use Tax
FY 2012/2013 Budget \$2,139,800

General Information

The State of Iowa collects taxes on gasoline sales, vehicle license fees and weight taxes. A portion of the funds collected are distributed to cities as Road Use Taxes on a per capita formula basis.

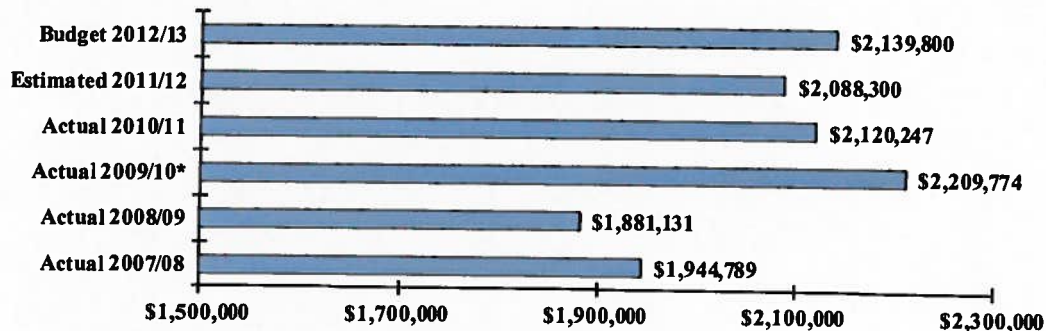
Basis of Road Use Tax Estimate

The estimated per capita rate of distribution of the Road Use Tax is provided by the Iowa Department of Transportation based on current laws regarding specific revenue to and disbursement from the State's Road Use Tax Fund.

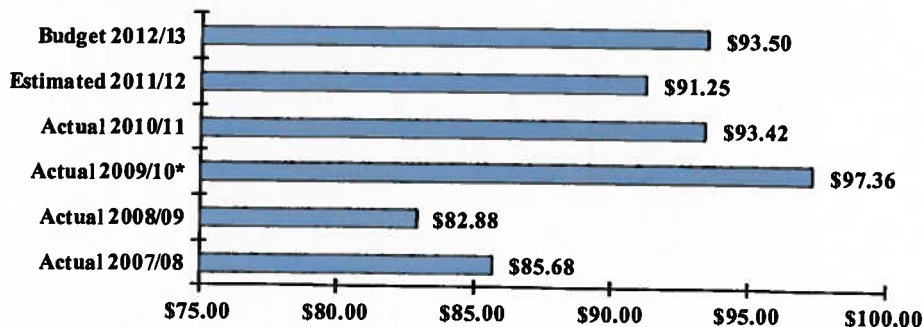
Road Use Tax Revenue Trends

The first chart below shows actual Road Use Tax revenues for the previous four fiscal years and the estimated amounts for both the current year and 2012/2013. The second chart shows the actual and estimated per capita tax distribution rates for the same years. The per capita estimate is based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

Road Use Tax Revenue



Road Use Taxes (Per Capita Basis)



* Road use tax revenues in 2009/2010 reflect 13 months of Road Use Tax receipts. Beginning in 2009/2010 the City is accruing two months of road use taxes at fiscal year end.

**Federal Housing Funds
FY 2012/2013 Budget \$2,112,220**

General Information

Federal Housing Funds are received from the Department of Housing and Urban Renewal (HUD) for the City's Section 8 Housing Choice Voucher Program and the City's Public Housing Program.

HUD funds for the Section 8 Housing Choice Voucher Program provide housing assistance payments to qualifying individuals living in privately owned rental housing units as well as funds for the City to administer this program.

The City operates two public housing facilities - the 100-unit Clark House elderly/handicapped building and the 50-unit Sunset Park family apartment complex. Tenants pay monthly rent to the City based on their income. These rents are used to fund operating expenditures of the two facilities. The City also receives assistance annually through the HUD Operating Subsidy program to assist in funding operational costs. The amount of funding is based on a formula which takes into account the rents, occupancy rates, allowable expense levels and utility costs. HUD also allocates capital funds to public housing agencies for improvements and/or operating costs.

Basis of Federal Housing Fund Estimates

Section 8 Housing Voucher Program. The maximum number of units eligible for Section 8 funding has been 376 since 2001. In 2004 HUD changed the allocation basis for Section 8 funds which resulted in a decrease in the number of individuals and families that can be assisted through this program. Under this funding structure the subsidy amounts for housing assistance payments are set at fixed amounts which are determined annually. Housing assistance payments (HAPS) to tenants vary based on incomes and increases in the average housing assistance payment result in a reduction in the number of individuals and families that can be assisted. Prior to this change HUD funds varied based on actual tenant assistance payments (which are based on tenant income) and occupancy levels.

For calendar year 2012 HUD made additional changes to how the Section 8 Voucher program funds are distributed to housing agencies. As part of the HUD funding for 2012, housing agencies will need to use previous year unspent HAP funds to fund a portion of the current year's HAP payments. This will result in a lower HAPS reserve at the end of 2011/2012 and 2012/2013. According to information from HUD, this is not intended to reduce the number of families and individuals receiving rent subsidies under the Section 8 Voucher program, but only to lower the reserves held by housing agencies. Based on the current average rent subsidy and the calendar year 2012 funding, the City has not been provided sufficient HUD funding to assist the maximum number of individuals or families authorized (376). The goal of the Housing staff is to maximize usage of the allowed HUD funds and to strive to obtain increased funding for housing assistance payments each year.

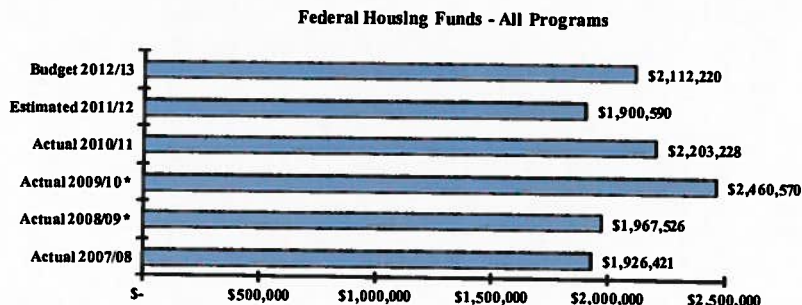
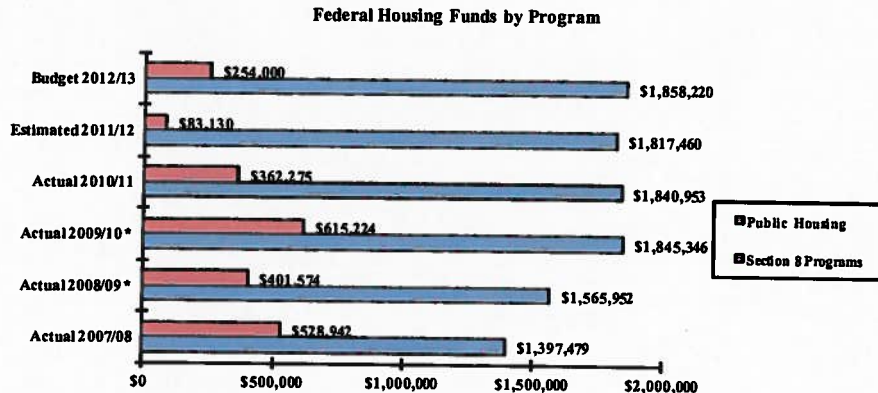
Public Housing. In most recent years the City has been eligible to receive operating assistance for the City's public housing program through the HUD Operating Subsidy program. Eligibility for receipt of these funds is normally computed based on rent revenue of the housing program, allowable expense levels, utility expense and other factors. HUD Operating funds were \$159,614 in 2007/2008, \$173,593 in 2008/2009, \$184,564 in 2009/2010, and \$165,584 in 2010/2011. For calendar year 2012, however, HUD changed how capital funds were allocated taking into consideration the operating reserve for each housing agency. This resulted in the City's Public Housing Program

receiving no Operating Subsidy during calendar year 2012. Since the calendar year encompasses two City fiscal years, the Operating Subsidy for the first six months of the 2011/2012 fiscal year is \$83,130 and no funding will be received in the last six months of the year. An estimated \$83,000 in Operating Subsidy has been budgeted for the last six months of fiscal year 2012/2013 (January-June, 2013).

Since 2000/2001 HUD has been allocating funds to Public Housing programs under the Capital Funds program. The City's allocation for 2007/2008 was \$188,725, for 2008/2009 \$202,533, for 2009/2010 \$198,736, and for 2010/2011 \$196,691. The HUD 2011 Capital Funds allocation was \$171,006 and an additional \$151,875 was allocated in 2012. In prior years the City (with HUD approval) had been drawing down the HUD Capital Funds as operating funds and then including those funds in the overall operating and capital budgets for both the Clark House and Sunset Park. Since having those funds in the Operating Reserve negatively impacted the Public Housing program when the Operating Subsidy was calculated, these funds will not be drawn down for operations in 2011/2012. With that change, the revised estimate reflects no HUD Capital Funding revenue. Housing agencies are given two years to obligate each year's capital funding allocation. The 2012/2013 budget reflects the draw down and expenditure of the 2011 Capital Funds allocation in the amount of \$171,006.

Federal Housing Funds Revenue Trends

The first chart below shows the revenue trends by housing program for the last four fiscal years, the estimated amounts for 2011/2012 and the budgeted amounts for 2012/2013. The second chart shows the total HUD funds received and estimated to be received for the housing programs for the same years.



* In 2008/2009 and 2009/2010 an additional \$256,398 was received in Public Housing Capital Funds through the federal Stimulus program.

**Sewer Charges for Services
FY 2012/2013 Budget \$5,077,900**

General Information

Sewer service charges of the City are accounted for in the Water Pollution Control and Collection and Drainage enterprise funds. These charges include residential and commercial charges, industrial charges, collection and drainage charges, sewer connection fees and industrial sampling charges. The City contracts for in depth rate studies to assist the City in setting sewer rates for the various types of sewer users. The usage and revenue estimates in the model are updated annually during the budget review process.

In 2002 the City contracted for consultant services to assist in developing a new sewer rate structure. One component of the new structure was to provide a multi-year contract with the City's major industrial sewer customer (Heinz USA) to provide a guaranteed minimum of industrial sewer revenues. Another component provided for a separate "collection and drainage" charge as part of all residential and commercial customer sewer bills. The new structure went into effect July 1, 2003 and included provisions for additional increases in sewer rates effective July 1, 2004 and July 1, 2005. A new rate study was completed in the spring of 2006 setting rates for a one-year period for regular sewer fees and a three-year period for collection and drainage fees. In the spring of 2007, sewer rates were set for both 2007/2008 and 2008/2009. In the spring of 2009, rates were set for a four-year period from 2009/2010 through 2012/2013 for both sewer services and collection and drainage.

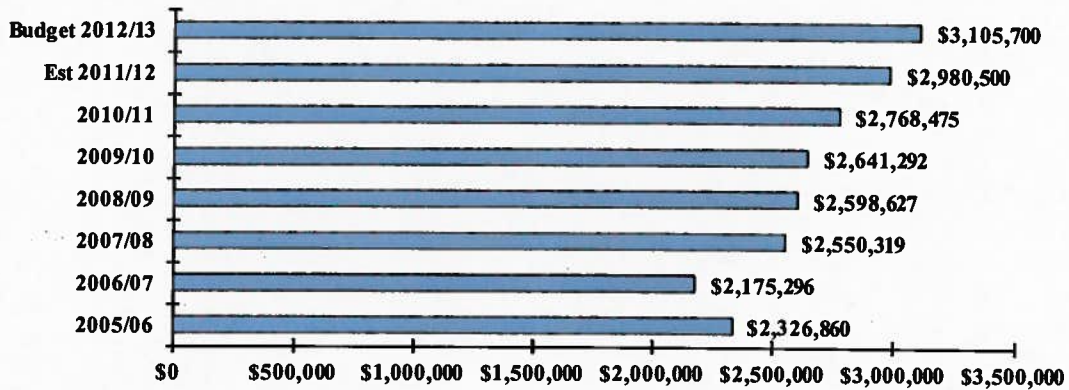
Basis of Revenue Estimates

Staff of the Water Pollution Control department review historical residential and commercial customer usage to estimate the expected volumes to be received from these classes of customers for the upcoming year. For industrial customers, historical usage is reviewed and staff also contacts the City's major industrial customers for any usage changes which they may be projecting.

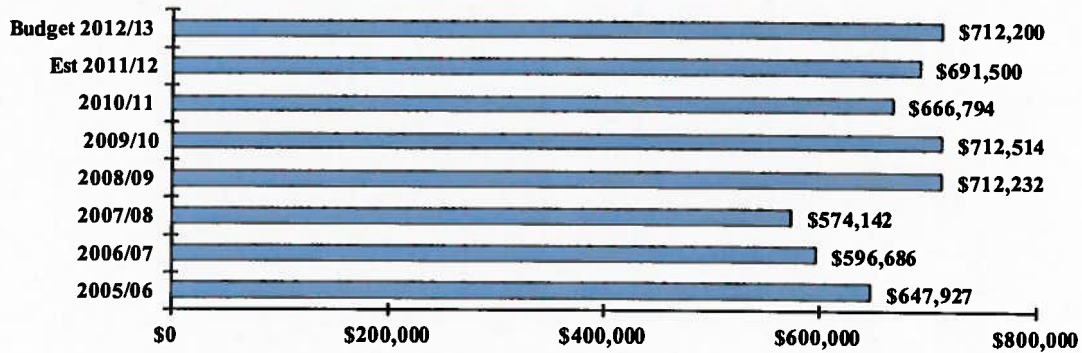
Residential and commercial sewer usage remains fairly constant each year. Industrial usage, however, has varied significantly over the last several years. Industrial sewer revenue and usage decreased in prior years primarily due to reduced volumes from the City's major industrial customer, Heinz USA. As noted above, under the new rate structure the City contracts with Heinz USA for a guaranteed minimum of sewer revenue. This began in 2003/2004 and continues through the 2012/2013 fiscal year. The charts below reflect the sewer service charges for the last six fiscal years, the estimated amounts for 2011/2012 and the projections for 2012/2013. The sewer rates for 2012/2013 are budgeted to increase by approximately 5%. This is the fourth of four annual 5% increases in rates needed as part of the Water Pollution Control Plant Comprehensive Facilities Improvement Project financing.

Sewer Revenue Trends

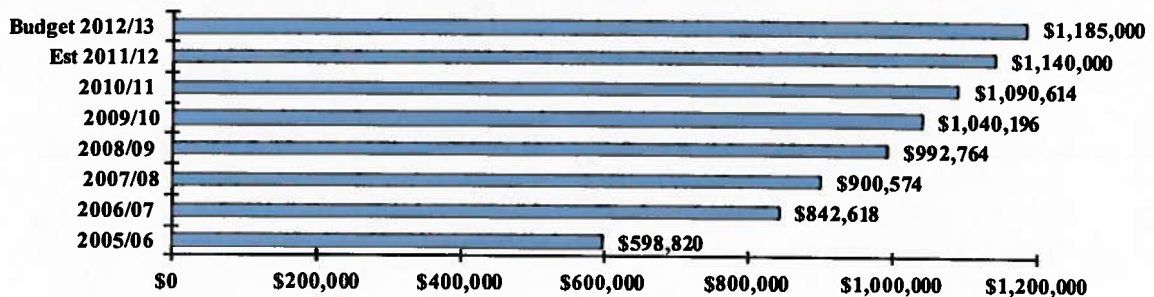
Residential and Commercial Sewer Revenue



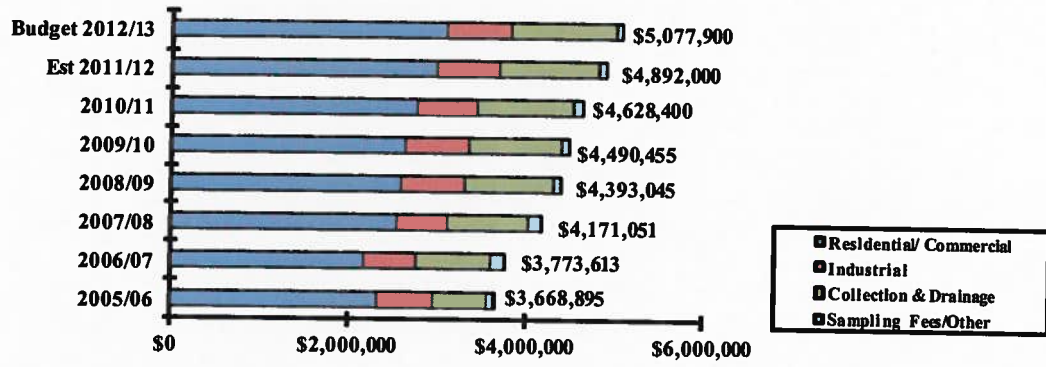
Industrial Sewer Revenue



Collection and Drainage Revenues



Sewer Revenues - All Types



**Transfer Station Charges for Services
FY 2012/2013 Budget \$1,941,350**

General Information

The City's Transfer Station opened in August of 1995. Refuse is delivered to this facility by public and private refuse collection services, businesses and individuals. The refuse is compacted and transported by semi-trailers to the landfill.

Basis of Estimate

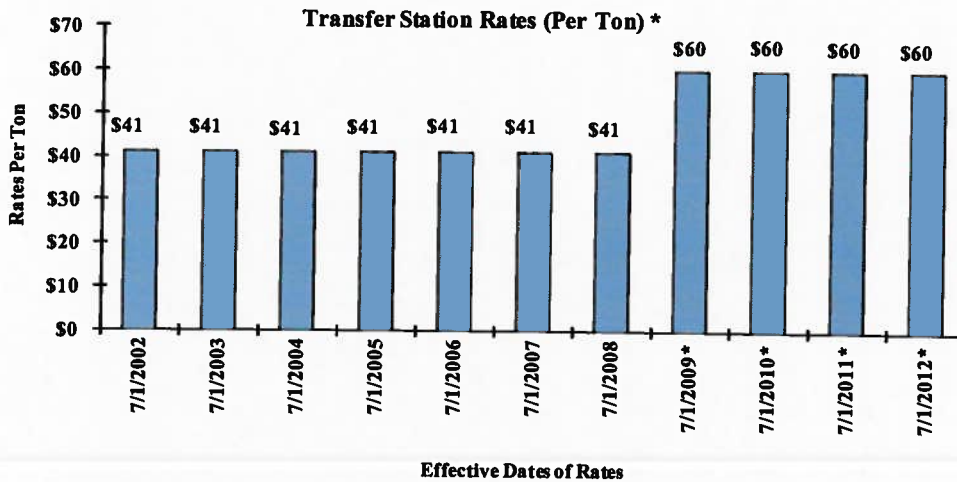
The City sets a "per ton" fee for the disposal of refuse at the Transfer Station. This fee is reviewed annually as part of the budget process. Analysis of the fees required is based on estimated volumes of refuse, estimated operating and capital expenditure needs, and in previous years the annual debt service payments for the construction of this facility. Consideration is also given when setting rates, to the potential loss of customers to Illinois landfills if the rates are increased significantly from their current levels. Beginning in 2004/2005, debt service requirements on the general obligation bonds that financed construction of the Transfer Station are being funded from the debt service tax levy rather than Transfer Station revenues as had originally been anticipated.

The transfer station rate was \$38.00 per ton in 2001/2002 and it increased to \$41.00 per ton for 2002/2003. The 2002/2003 increase was in part due to reduced waste volumes received in 2001/2002. Since Transfer Station fees also fund landfill expenditures, this rate increase was also needed to fund increased expenditures at the landfill, including land acquisition costs. The Transfer Station rate increased to \$60.00 per ton effective July 1, 2009 and that rate will continue through 2012/2013. The Landfill fund had a deficit balance of over \$2.5 million at the end of 2009/2010 primarily due to the significant costs of developing new cells at the Landfill. The rate increase was part of the plan to eliminate this deficit over the next several years. In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. This was implemented to retain waste volume at the Transfer Station that might otherwise have gone to Illinois landfills. Additional negotiated disposal rates were implemented midway through the 2010/2011 year to increase the waste volume coming to this facility.

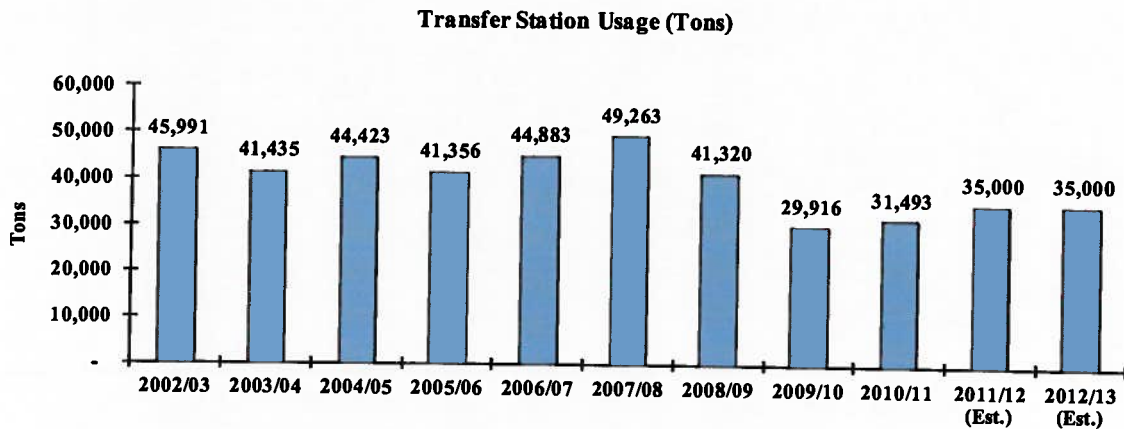
The actual Transfer Station waste volume for 2002/2003 was 45,991 and it decreased to 41,435 in 2003/2004. The waste volume was 44,423 tons in 2004/2005, 41,356 in 2005/2006, 44,883 in 2006/2007, 49,263 in 2007/2008, 41,320 in 2008/2009, 29,916 in 2009/2010, and 31,493 in 2010/2011. The 2011/2012 revised estimate and the 2012/2013 budget are based on a projected 35,000 tons of waste.

Transfer Station Revenue Trends

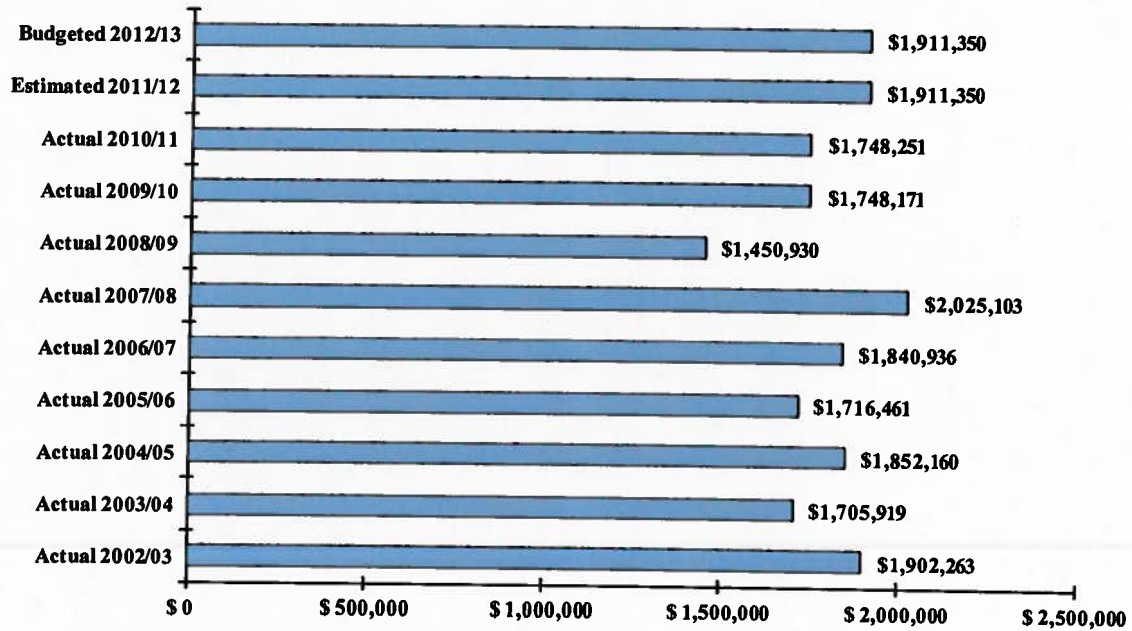
The following charts show Transfer Station rates, usage, and revenues since 2002/2003:



***In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Additional negotiated industrial rates were implemented midway through the 2010/2011 fiscal year.**



Transfer Station Revenues



Landfill Fees
FY 2012/2013 Budget \$1,290,000

General Information

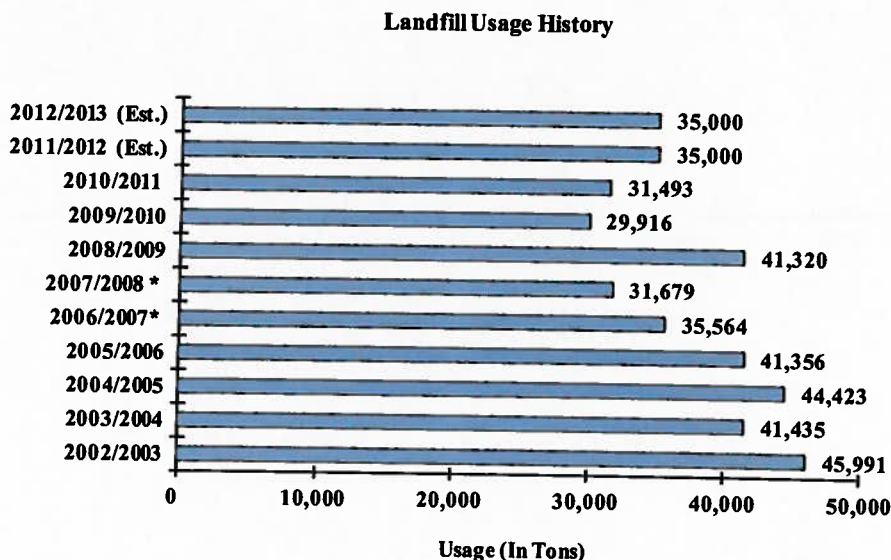
The City's Transfer Station fees include funding for the Landfill. The Transfer Station pays the Landfill on a per-ton basis for waste disposed of at the Landfill. This rate has varied in recent years due to operational and capital requirements at both the Landfill and Transfer Station.

Basis of Revenue Estimate

The landfill waste volume for 2002/2003 was 45,991 and it decreased to 41,435 in 2003/2004. The waste volume was 44,423 tons in 2004/2005, 41,356 in 2005/2006, 35,564 in 2006/2007, 31,679 in 2007/2008, 41,320 in 2008/2009, 29,916 in 2009/2010, and 31,493 in 2010/2011. The waste volume was reduced in both 2006/2007 and 2007/2008 due to landfill capacity issues which required waste to be hauled to the Scott County Landfill for portions of each of these years. The 2011/2012 revised estimate and the 2012/2013 budget are each based on a projected 35,000 tons of waste. The rate per ton paid to the Landfill was \$25 (of the \$41 Transfer Station rate) for 2006/2007 through 2008/2009. The Transfer Station rate increased to \$60 per ton effective July 1, 2009 with \$40 of this rate paid to the Landfill fund. These rates will remain in effect through 2012/2013. The City negotiated several new industrial contracts in 2011 with revenues from these new contracts directed to the Landfill fund deficit. The rate increase on July 1, 2009 was needed due to the significant cost of developing new cells at the landfill.

Landfill Revenue Trends

The following two charts show the tons of waste disposed of at the Landfill and the rates charged. As noted previously, the rates customers pay at the Transfer Station also fund Landfill costs. Both the Transfer Station rate and the rate the Transfer Station pays the Landfill are reflected in the second chart.



* 9,319 tons of waste were taken to the Scott County Landfill in 2006/07 and 7,584 in 2007/08 due to landfill capacity issues

Transfer Station and Landfill Rates (Per Ton)



*** In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Additional negotiated industrial rates were implemented midway through the 2010/2011 fiscal year.**

**Refuse Collection Charges for Services
FY 2012/2013 Budget \$2,104,000**

General Information

The Refuse Collection activity involves the pickup of solid waste by refuse trucks in the City of Muscatine. Refuse at residential dwellings is collected once each week. The department also collects refuse from some apartment complexes, commercial businesses and industrial customers. Non-residential refuse collection is made only upon request, as many businesses contract with private haulers for this service.

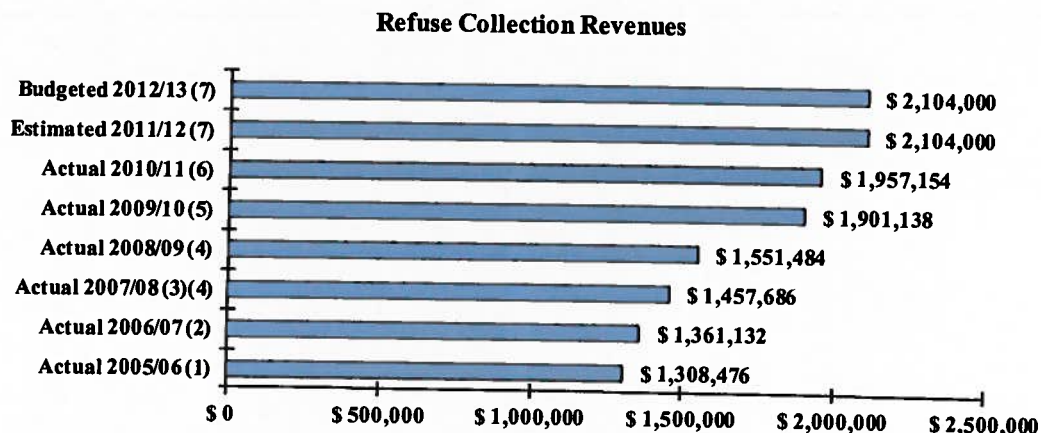
Basis of Revenue Estimate

The refuse collection rates in 2007/2008 were \$15.50 per month for regular residential customers, \$10.50 per month for senior citizens, and commercial account charges are based on the amount of refuse collected. The rates were increased to \$18.25 in 2009/2010 for regular residential and \$13.25 for senior citizens with a corresponding increase in rates for commercial customers (15%). This rate increase was needed to fund the increased Transfer Station tipping fee of \$60 per ton compared to the previous rate of \$41 per ton, the cost of additional recycling trailers, and increased personnel and fuel costs. In 2009/2010 this division began providing refuse collection and recycling service to the City of Fruitland, bringing in an additional \$70,000 of revenue to this fund. Rates increased to \$20.00 for regular residential and \$15.00 for senior citizens effective April 1, 2011 when the contracted single sort curbside recycling program was implemented.

Revenue estimates are developed by a review of the average number of senior and regular residential customers, as well as commercial customers, multiplied by the respective rates. Revenues from commercial customers, however, can vary from the estimates since these customers have the option of using private refuse haulers.

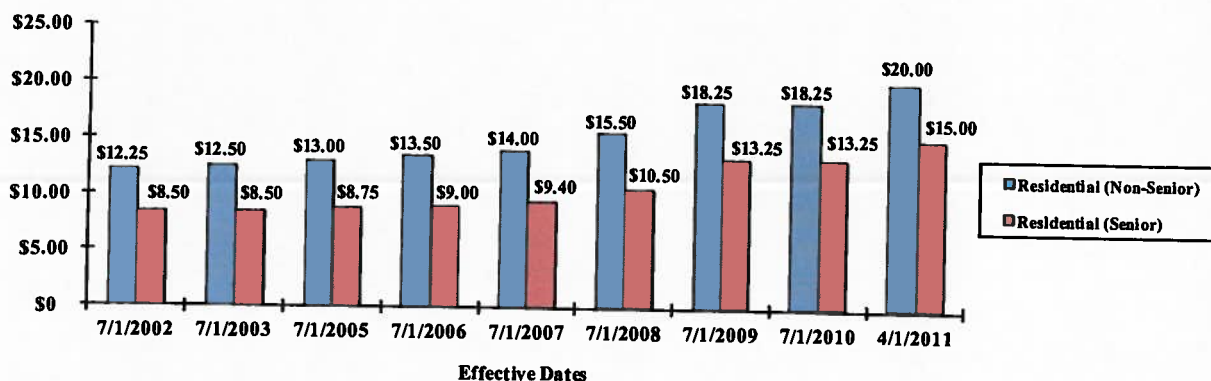
Refuse Collection Revenue Trends

Refuse Collection revenues for the last six years, the estimated revenue for 2011/2012 and the budgeted revenue for 2012/2013 are shown in the following chart. The second chart shows the refuse collection rates since July 1, 2002.



1. Rates were increased by \$.50 and \$.25, respectively, for regular and senior citizens for 2005/2006.
2. Rates increased by \$.50 and \$.25, respectively, for regular and senior citizens for 2006/2007.
3. Rates increased by \$.50 and \$.40, respectively, for regular and senior citizens for 2007/2008.
4. Rates were increased by \$1.50 and \$1.10, respectively, for regular and senior citizens effective April 1, 2008.
5. Rates increased by \$1.70 for both regular and senior citizens for 2009/2010.
6. Includes \$70,000 for charges for City of Fruitland services beginning in 2009/2010.
7. Rates were increased by \$1.75 for regular and senior citizens effective April 1, 2011 when the single sort curbside recycling program was implemented. These rates were maintained for 2012/2013.

Refuse Collection Rate History (Rates Per Month)



**Ambulance Charges for Services
FY 2012/2013 Budget \$1,200,000**

General Information

Through June 30, 2000, ambulance service for the City of Muscatine and surrounding townships was provided by a private ambulance service under contracts between the City and each respective township, and the ambulance service. The agreement with the previous ambulance provider expired on June 30, 2000.

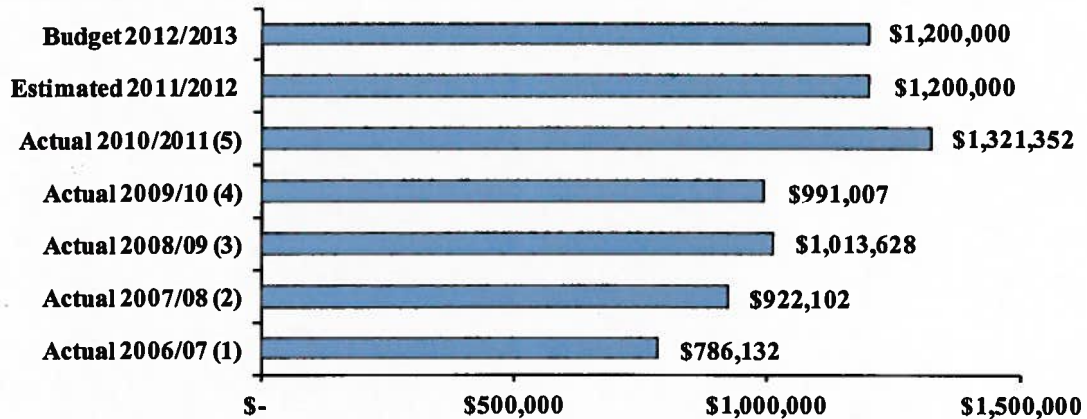
In August of 1998 the City contracted with an outside consultant to provide a thorough analysis of the City's system of pre-hospital care involving the Muscatine Fire Department and Muscatine Ambulance, Inc. The consultant's report was used as a basis for development of specifications and a request for proposals (RFP) for potential providers of ambulance services upon the expiration of the ambulance contract on June 30, 2000. Two proposals to provide ambulance service were received and evaluated by the Emergency Medical Services (EMS) Review Team. After review and analysis of the proposals received and interviews with each potential provider, the EMS Review Team recommended the Muscatine Fire Department be awarded the contract to provide ambulance services beginning July 1, 2000.

Basis of Revenue Estimate

Ambulance fees frequently take several months or longer to collect. Based on actual revenue results from past years, collection rates have been in the range of 60-70% of total billed charges and 80-85% of collectible charges. Collectible charges are the charges remaining after the mandated reductions for Medicare patients. At the end of each fiscal year, staff estimates the amount expected to be collected on the current year charges and accrues this amount to the year in which the service was provided. A conservative estimate was used in the first years of this operation which resulted in collections on prior year accounts over the amounts expected. These additional amounts or any reductions to the accrued amounts are reflected in the revenue amount the following year. These are detailed in the footnotes to the chart below. The City also has made incremental changes in the ambulance fee schedule based on surveys from other regional providers as well as amounts allowed by medical insurance providers.

Ambulance Revenue Trends

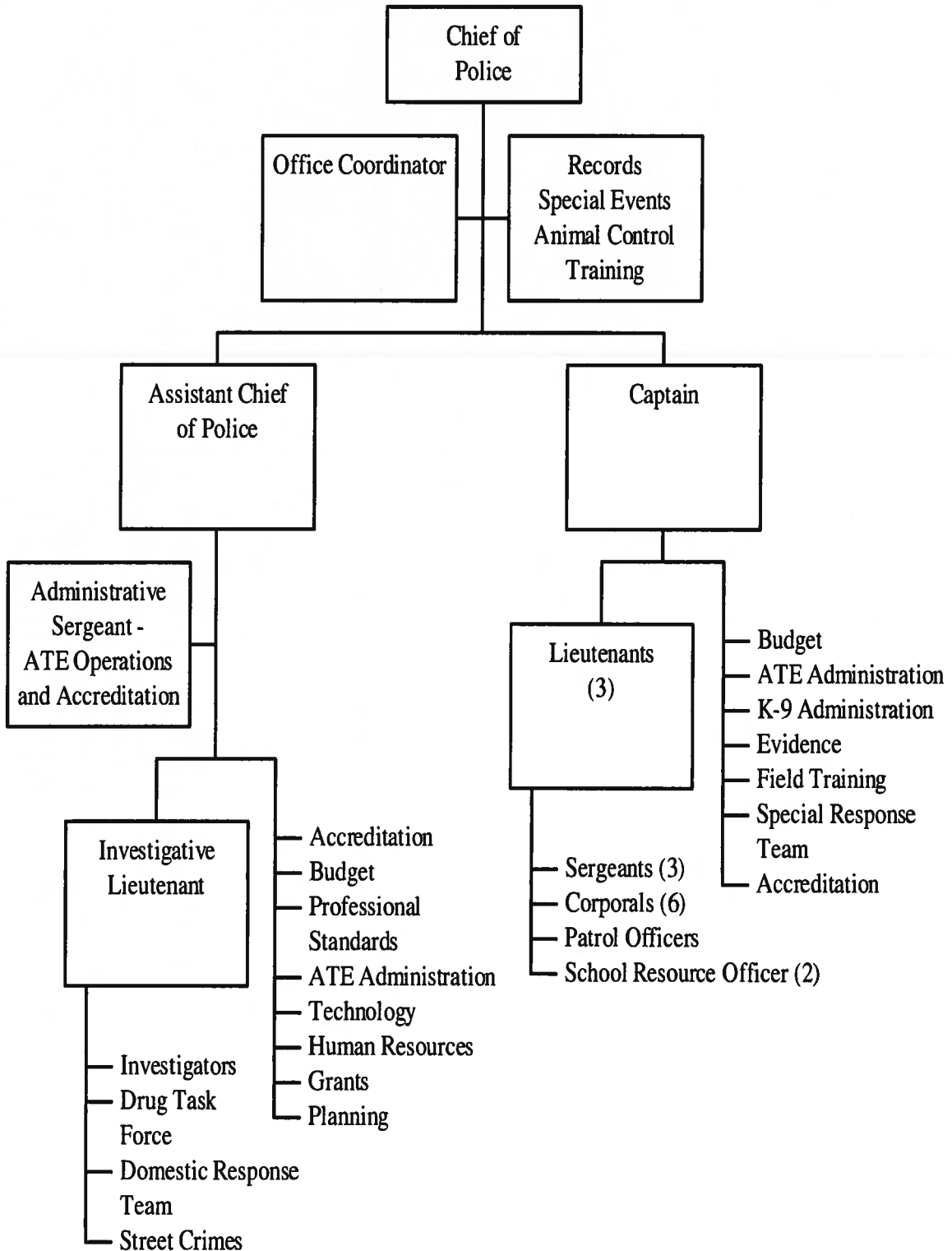
Ambulance Revenues



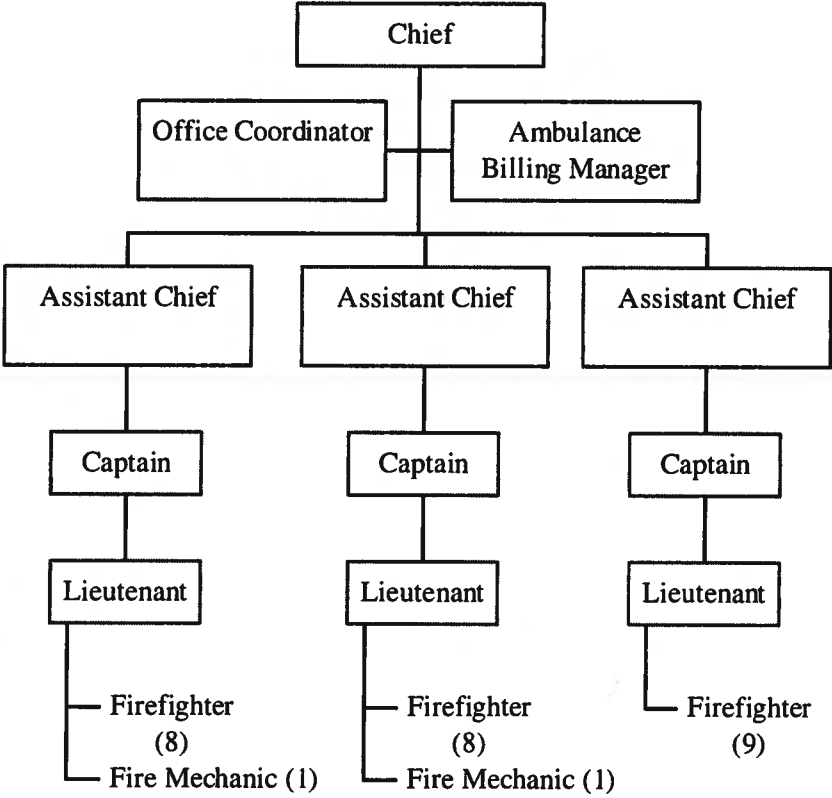
1. FY 2006/2007 revenues include an \$11,432 adjustment to decrease the amount accrued on prior year accounts. An increase in the Ambulance base rate from \$450 to \$485 was effective April 1, 2006.
2. FY 2007/2008 revenues include a \$22,159 adjustment to decrease the amount accrued on prior year accounts. An increase in the Ambulance base rate to \$525 was effective April 1, 2007. Tiered rates were also established with the ALS1 at \$575, the ALS2 rate at \$675, and the Skilled Care Transport rate at \$775.
3. FY 2008/2009 revenues include a \$9,144 adjustment to increase the amount accrued on prior year accounts. Rates were adjusted in January, 2009 which increased the ALS1 rate to \$586 and the Skilled Care Transport to \$1,002.
4. FY 2009/2010 revenues include a \$17,072 adjustment to decrease the amount accrued on prior year accounts. Ambulance rates did not change in 2009/2010.
5. FY 2010/2011 revenues include a \$75,716 adjustment to increase the amount accrued on prior year accounts. The ALS1 ambulance rate increased to \$616, the ALS2 to \$891 and the Skilled Care Transport to \$1,053 for 2010/2011. The BLS rate did not change for 2010/2011.

DEPARTMENT ORGANIZATIONAL CHARTS

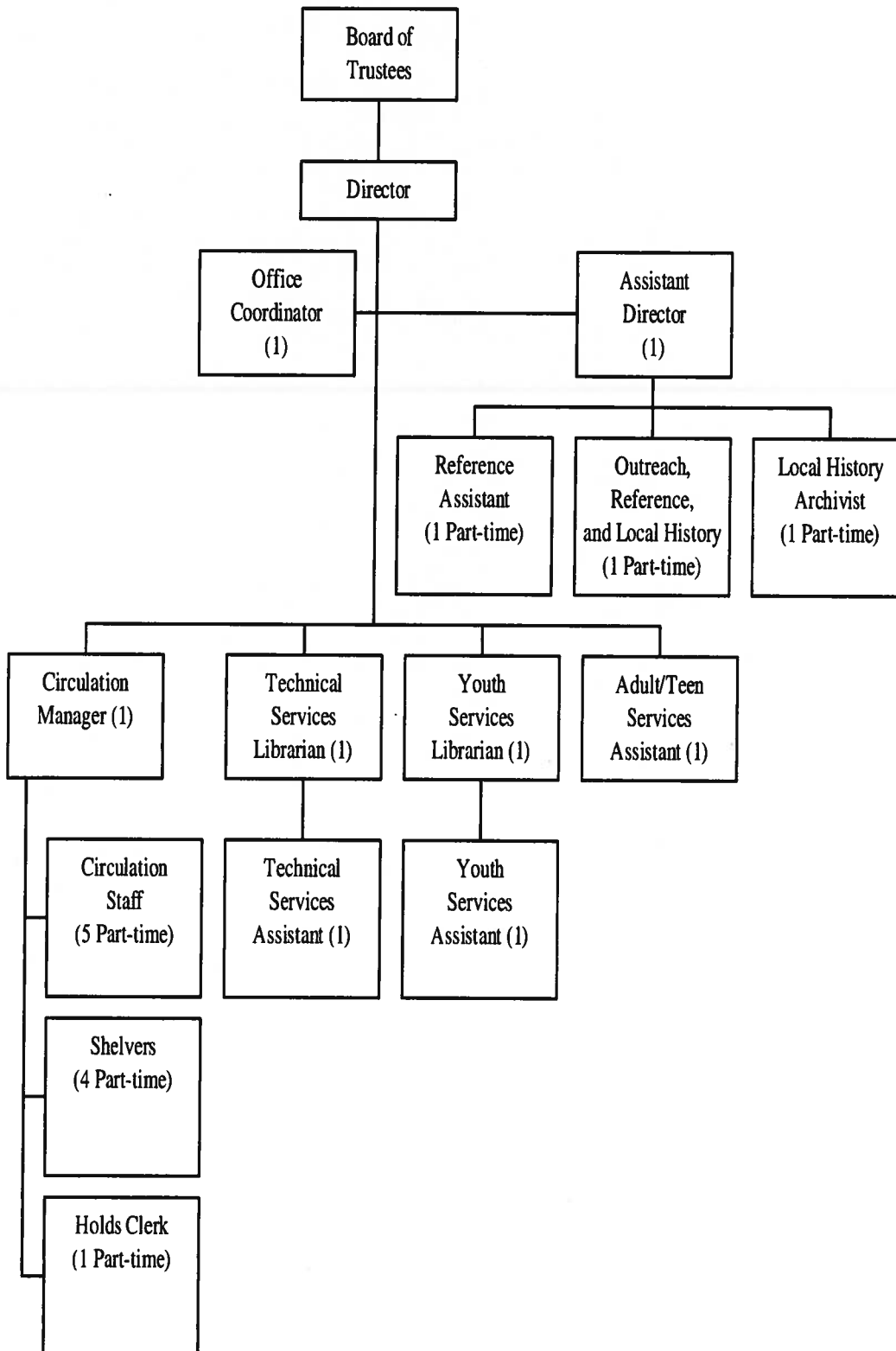
CITY OF MUSCATINE POLICE DEPARTMENT



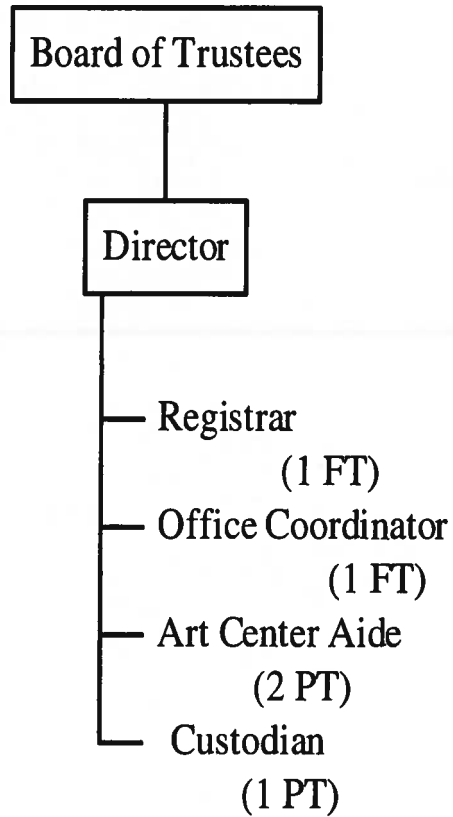
CITY OF MUSCATINE FIRE DEPARTMENT



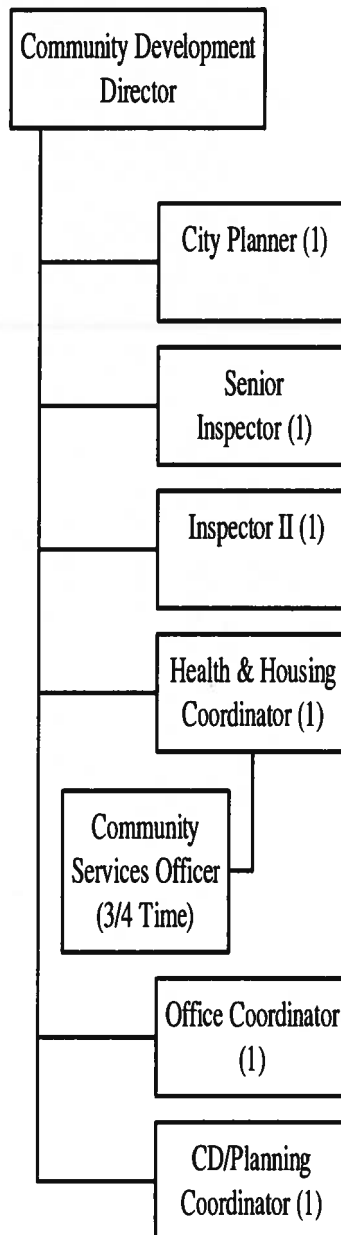
CITY OF MUSCATINE LIBRARY



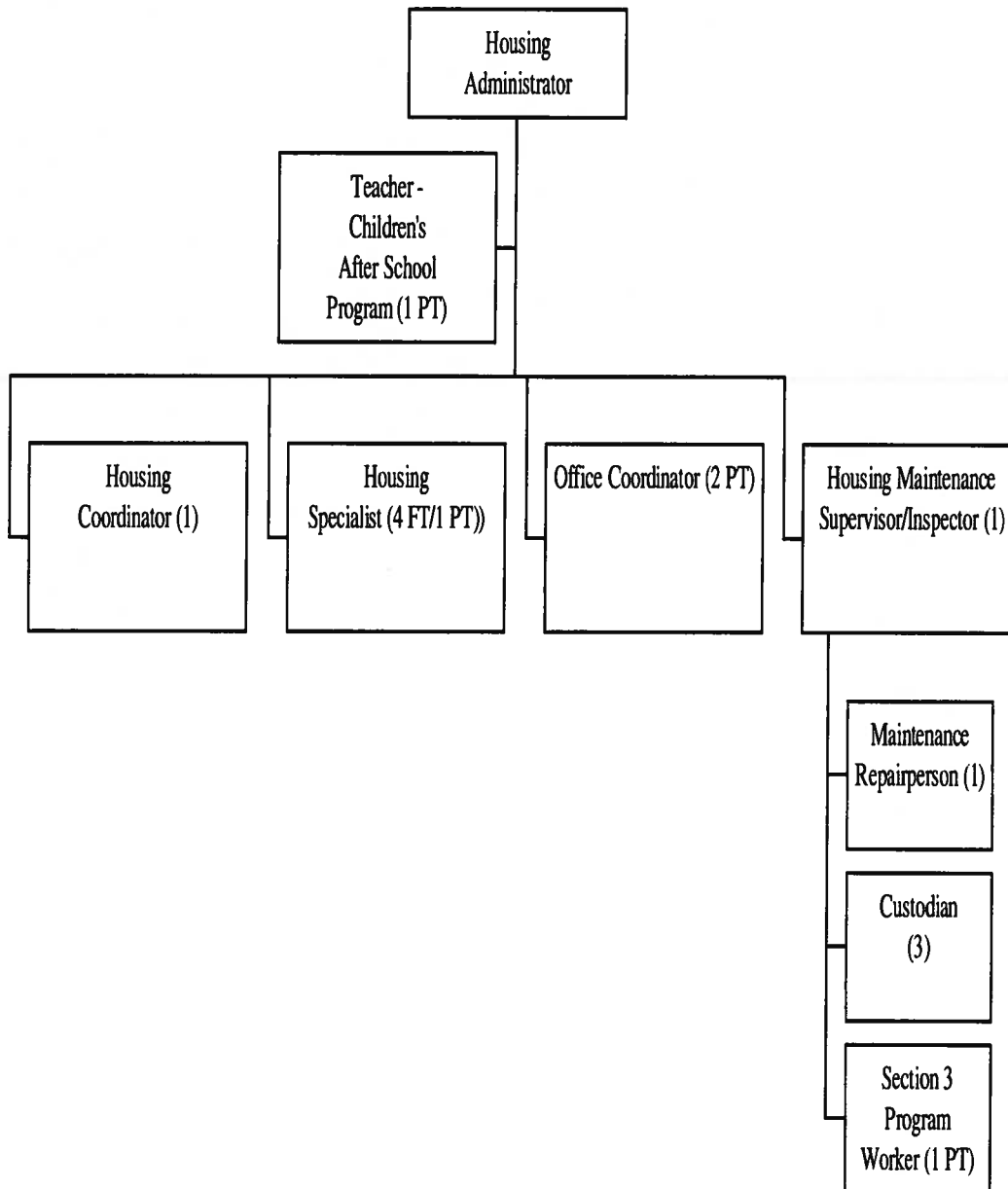
CITY OF MUSCATINE ART CENTER



CITY OF MUSCATINE COMMUNITY DEVELOPMENT DEPARTMENT

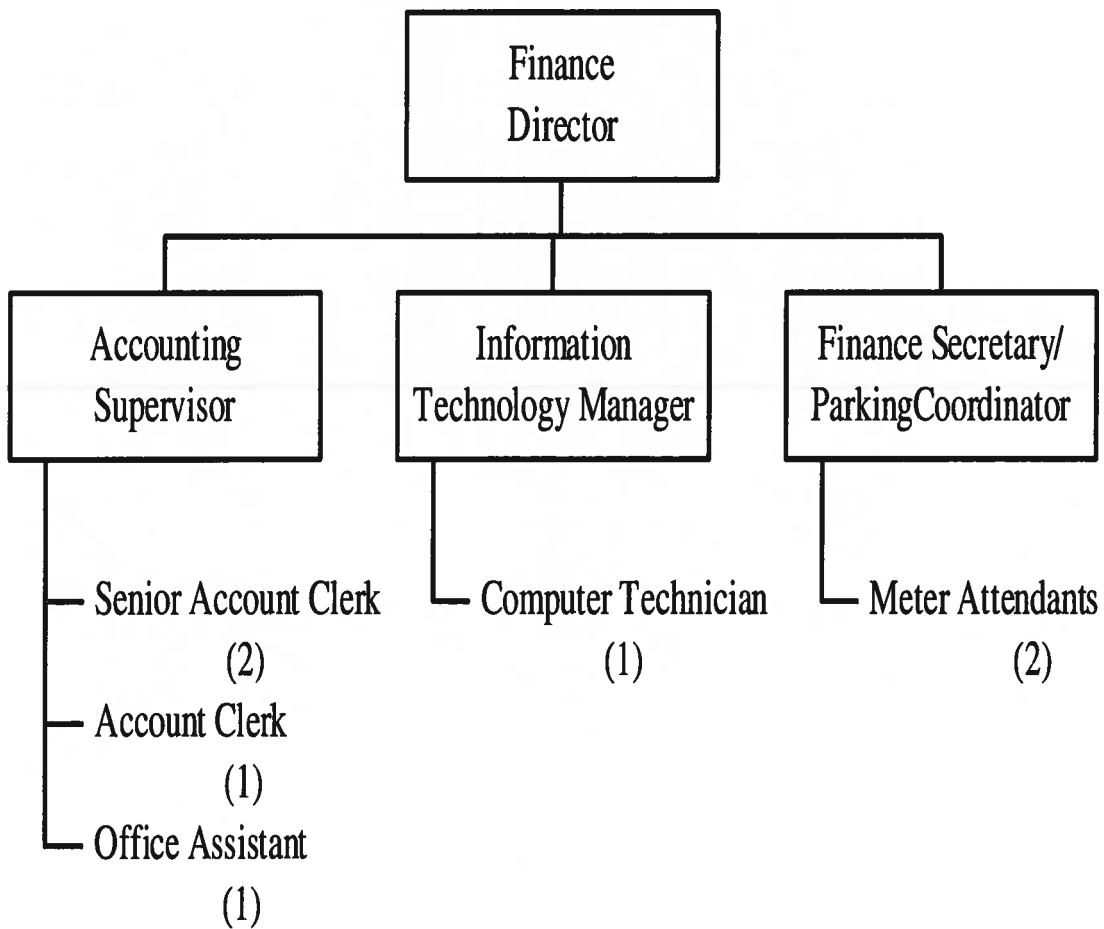


CITY OF MUSCATINE HOUSING DEPARTMENT



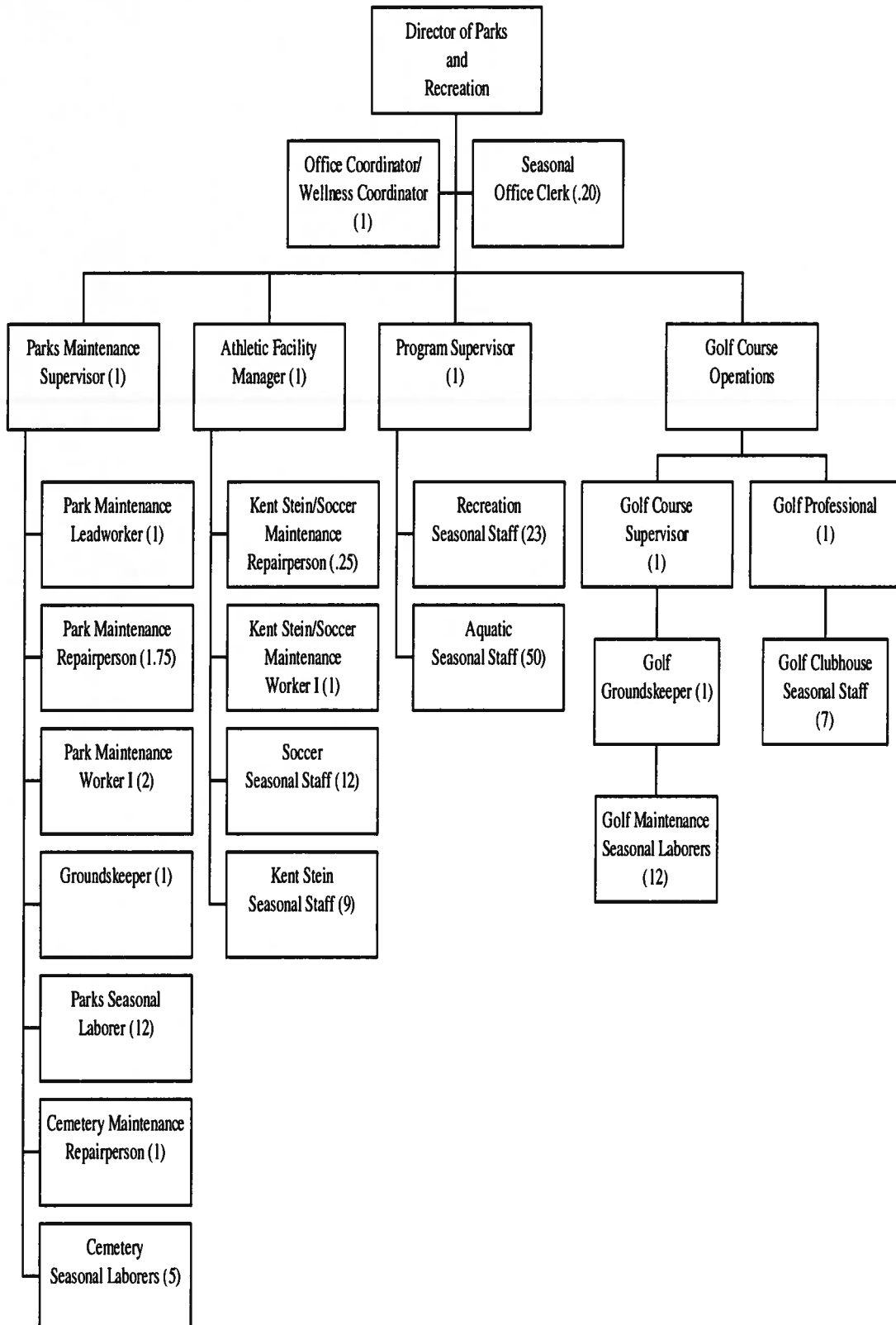
CITY OF MUSCATINE

FINANCE DEPARTMENT

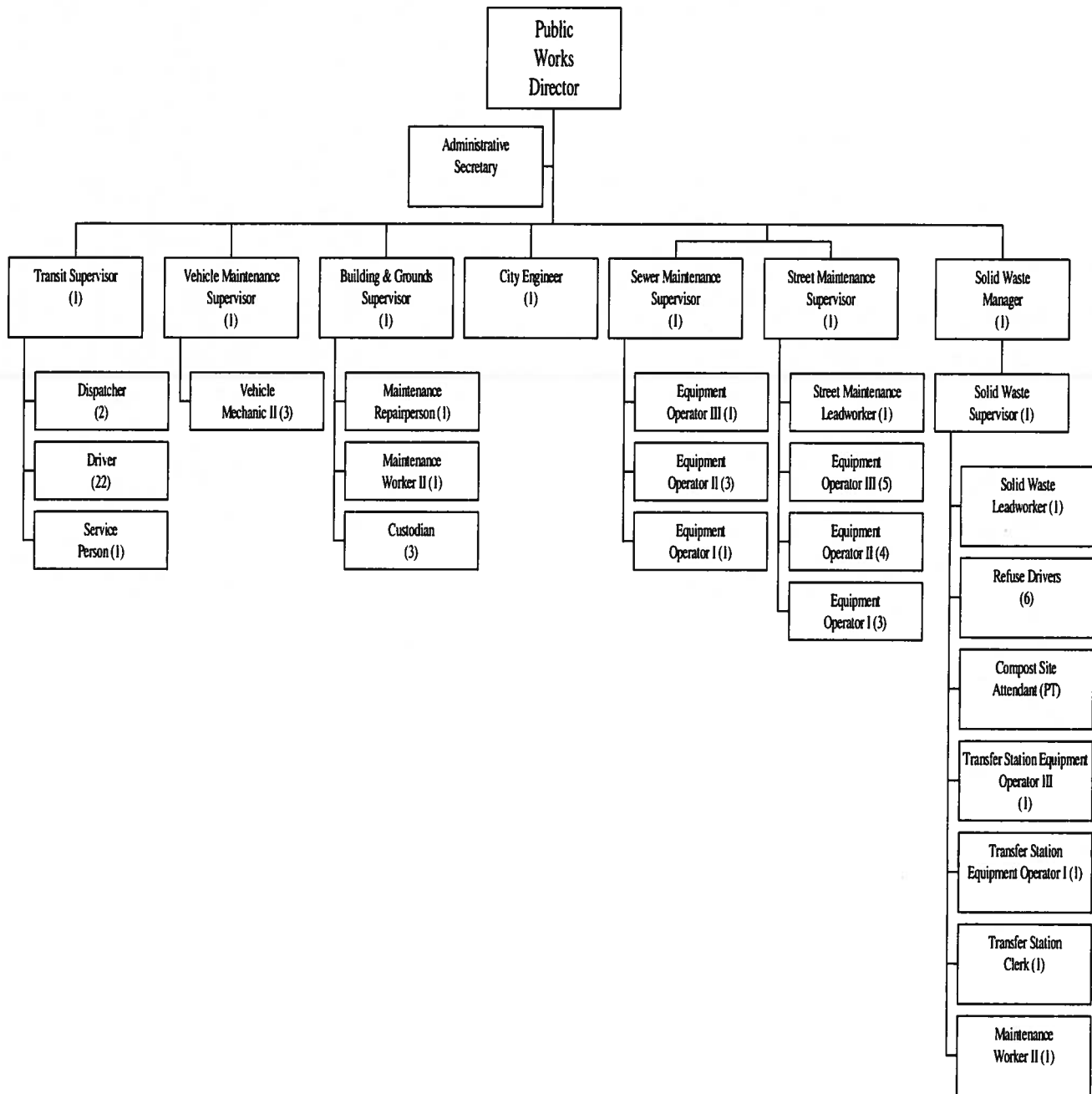


CITY OF MUSCATINE

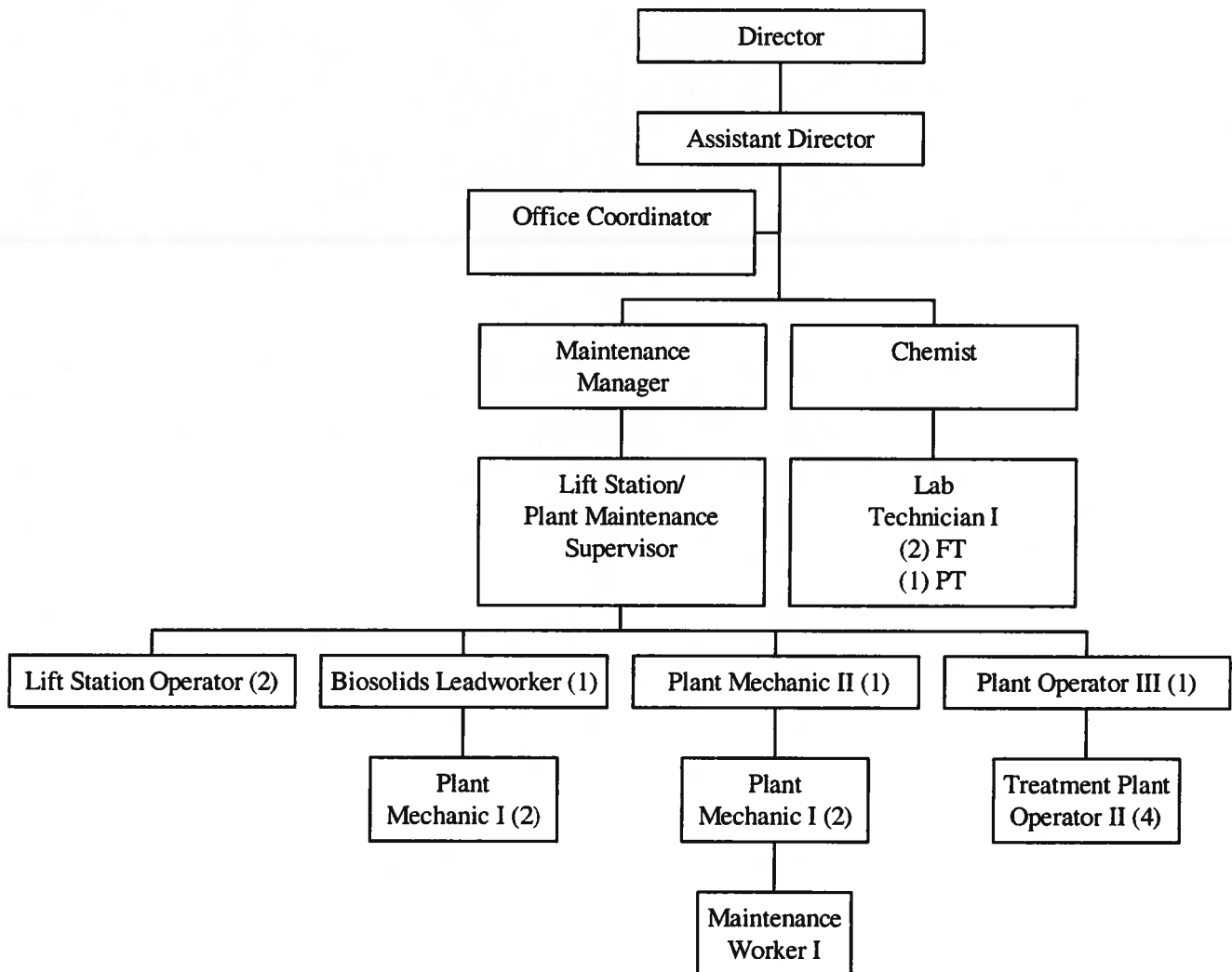
PARKS AND RECREATION DEPARTMENT



CITY OF MUSCATINE PUBLIC WORKS DEPARTMENT



CITY OF MUSCATINE WATER POLLUTION CONTROL DEPARTMENT



GENERAL FUND

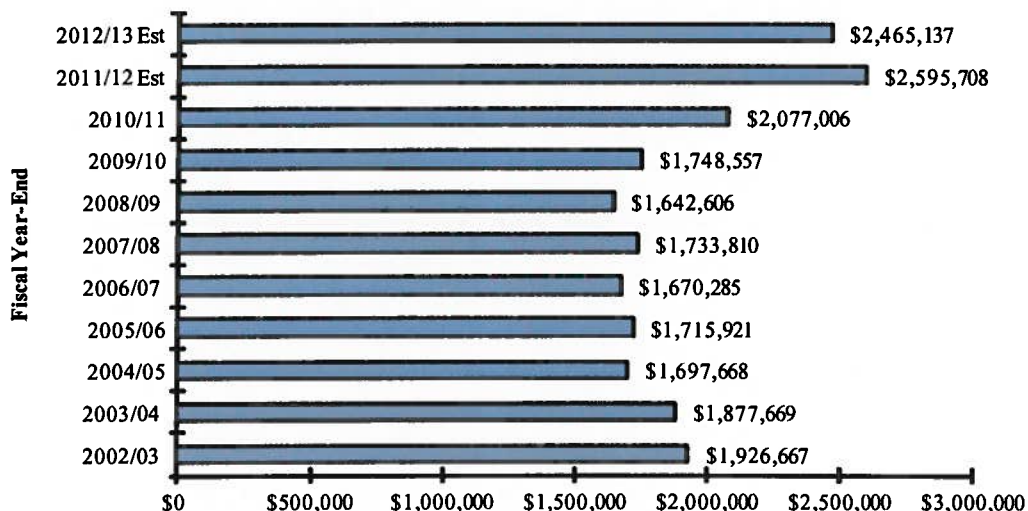
GENERAL FUND

The General Fund for the City of Muscatine accounts for all transactions of the City which pertain to the general administration and services traditionally provided to citizens, except those specifically accounted for elsewhere. Services within the General Fund include police and fire protection, street maintenance, cemetery operations, library and art center, parks and recreation, engineering, building and grounds maintenance, and general administration. The General Fund is the primary source of appropriations to fund costs of providing these services. Consequently, considerable importance is placed upon the fund's financial condition. The City Council and staff's objective is to maintain an acceptable level of service for its citizens within the limitations of revenue sources available to support these activities.

General Fund Balance

To attain the objective of maintaining the General Fund as a self-funding entity, revenues and/or available balances must be provided to support expenditures during the entire fiscal year. Additionally, the City's budget policies require the ending balance for the year to be at least 10% of the budgeted expenditures in the General Fund or approximately \$1,718,000 based on the 2012/2013 budget. The City Council in recent budgets has been making efforts to increase the General Fund balance over the minimum of 10% required by the City's financial policies to at least 15%. This effort is in part due to comments in the 2008 Moody's bond rating report which stated that Moody's considers our 10% fund balance requirement to be "relatively narrow" and that higher reserve levels may be appropriate for challenges to the city's financial operations. The ending balance for 2012/2013 is budgeted at \$2,465,137 which is 14.3% of General Fund expenditures. This demonstrates City Council's commitment towards the goal of increasing the General Fund balance. Additionally, General Fund revenues are budgeted conservatively and department expenditures are generally less than their approved budgets and it is expected that the actual ending balance should exceed the amount budgeted. The following is a history of the General Fund balances:

General Fund Fund Balance History



In the 2011/2012 Revised Estimate, it is projected that the General Fund balance will increase by \$518,702 to \$2,595,708. This increase is primarily due to increased revenue from fines from automatic traffic enforcement (ATE) cameras that were installed in five locations in the spring of 2011; increased fire department fees

including inspection fees, various permit fees, and fines; and increased hotel/motel taxes. These revenues assisted the City in increasing the General Fund balance from the 10.4% of expenditures in the original 2011/2012 budget to an estimated 15.8% in the 2011/2012 revised estimate, and 14.3% at the end of 2012/2013. The ATE fines have leveled off since the first few months after the cameras were installed. There has also been discussion by the State legislature to limit fine rates or prohibit cities in the State from using the ATE's for traffic enforcement. While no changes were made by the State this legislative session, the City is not using the increased revenues from the ATE's for ongoing expenditures (staffing) and has instead used the revenue to increase fund balance and to fund one-time capital expenditures.

While the General Fund budget for 2012/2013 shows that the General Fund balance will decrease by \$130,571, this is only due to the budget including "assigned" funding for future capital outlay purchases and future grant funding commitments. The "assigned" funding classification is based on a recent change in governmental accounting standards. The funding assignments in the General Fund for 2012/2013 are:

1. The first of three annual allocations of \$40,000 to be set-aside to fund the City's obligation to retain the two new COPS grant-funded police officers for one year subsequent to the 3-year grant period. This is a requirement of the COPS grant.
2. The Fire department budget included a request for \$490,000 to replace a fire engine. The budget includes setting-aside or "assigning" \$250,000 in 2012/2013 to make this purchase in 2013/2014. It is proposed the remaining \$240,000 be funded from the 2013/2014 budget if those funds are available.
3. The budget also includes "assigning" \$140,000 of funding for the replacement of the City's financial software system. Replacement of this software system is included in the City's Five Year Capital Improvements Program.

The funding "assignments" are being made for several reasons: (1) While the General Fund balance and revenues are currently sufficient to fund operations and some capital items, changes by the State legislature could change this significantly in upcoming years. It is proposed that the City only make one-time expenditures from available funds instead of adding recurring costs (staffing increases); (2) Funding the fire engine and Finance software from the General Fund will assist in reducing future year debt service requirements. In prior years, sufficient funding would not have been available in the General Fund and these items would likely have been funded from bond proceeds; (3) Setting aside funds for the future COPS grant obligation will lessen the impact on the General Fund for that year.

Recent Structural and Efficiency Changes in General Fund Departments

Structural changes implemented in 2010/2011 and 2011/2012 also assisted the City in increasing the General Fund balance. The changes in 2010/2011 included (1) a reduction of one fulltime position in the Park Maintenance budget; seasonal staff was increased to partially offset this reduction for a net savings of \$49,300, (2) elimination of one fulltime custodian position with contract cleaning services partially offsetting the cost savings for a net savings of \$7,400, (3) funding economic development administrative costs and the Chamber economic development allocation with TIF funds (a total of \$137,500), (4) not filling the budgeted $\frac{3}{4}$ time Red Light Camera Technician net of the cost of creating an additional sergeant position for this function (\$30,000 savings), and (5) transferring the dredge operation to the Water Pollution Control fund (\$42,000 General Fund savings). These items total to a \$266,200 positive impact on the General Fund.

The changes implemented in 2011/2012 focused on department efficiencies and cost savings including (1) using sponsorships for the Parks seasonal brochure and Golf score cards saving \$4,700 annually; (2) the new eleven foot mower in the Parks department and trackhoe for grave digging at the Cemetery both saved man hours that were redirected to other functions in those divisions; (3) additional Park sites were "adopted" under the "Adopt

a Park” program with this program expanding from four sites in 2010 to eleven in 2011; (4) redesigning the Library circulation system by eliminating a 35-hour/week position and creating a new 30-hour/week “Holds” person at a lower pay rate for a savings of \$17,800; (5) using staggered work times in the Police investigations division which reduced overtime and call-ins saving an estimated \$3,500 in overtime costs annually; (6) activities in the Engineering (engineering design for smaller projects), Community Development (Comprehensive Plan update), and Art Center (printing) were done in-house rather than under contracts resulting in varying amounts of cost savings; (7) using inmate labor to clear the fence line of unwanted growth saved an estimated \$22,000; and (8) the use of automatic traffic enforcement cameras has allowed the Police department to re-direct their time to other areas of law enforcement.

Revenue Trends

Budgeted revenues for 2012/2013 in the General Fund total \$17,053,676, which is a 5.3% increase from the 2011/2012 budget of \$16,193,437. General property taxes comprise 37.0% of total revenue sources for 2012/2013 compared to 37.9% for the budget year 2011/2012. The General Fund tax levy rate remained unchanged at \$8.10 per \$1,000 of valuation which is the General Fund levy limit. When the General Fund levy of a city reaches this legal limit of \$8.10 per \$1,000 of valuation, the employer's share of Social Security and IPERS may be levied from a Special Revenue Fund levy. The City of Muscatine has been at the \$8.10 limit since 1991/92. Consequently, 100% of the FICA and IPERS costs in the General Fund have been funded from this Special Revenue Fund levy through the 2011/2012 year. The levy for FICA and IPERS was \$527,507 for 2011/2012. For the 2012/2013 year the Special Revenue Levy for FICA and IPERS will fund \$460,209 of the total FICA and IPERS costs of \$560,635. This will result in \$100,426 of FICA and IPERS costs funded directly from the General Fund. This was done in order to reduce the City's overall tax levy rate by approximately \$.10/\$1,000 of valuation for 2012/2013. Increases in other General Fund revenues allowed for this funding change to be implemented while still maintaining a strong ending fund balance.

For the 2012/2013 budget year there was a 2.84% increase in taxable property valuations in the City. This resulted in a corresponding 2.84% increase in General Fund property tax revenues based on the \$8.10 levy rate. For the previous year (2011/2012) the City's taxable valuations increased by 2.62%; in 2010/2011 it increased by 1.58%; in 2009/2010 it increased by 3.8%, in 2008/2009 it increased by 4.62%; and in 2007/2008 it increased by only .62%.

A key budget issue for 2010/2011 was the consideration of and ultimate adoption of a Utility Franchise Fee on Alliant Energy, the provider of natural gas to the community. The ordinance change adopting this fee provides that the fee may be up to 5% on natural gas sales by Alliant in the community. The initial rate was set at 2% which was effective July 1, 2010. Implementation of this fee allowed for a reduction in the City's overall property tax rate for 2010/2011, specifically the Emergency Tax Levy rate which was reduced from \$.27/\$1,000 in 2009/2010 to \$.08/\$1,000 in the 2010/2011 budget. The Emergency tax levy was eliminated in the 2011/2012 budget and the budget for 2012/2013 again does not include this levy. As part of the 2012/2013 budget, City Council chose to reduce the Utility Franchise Fee to 1% of natural gas sales from the current 2%. The 1% fee is expected to generate \$112,500 in 2012/2013. If economic conditions change, the Utility Franchise Fee can be increased (up to 5%) with 90 days notice to the utility company.

The City's hotel/motel tax rate has been at 7% since April 1, 1992. The 2011/2012 revised estimate includes an estimated \$350,000 in hotel/motel taxes and that same amount has been budgeted for 2012/2013. Hotel/motel tax receipts decreased to \$302,273 in 2009/2010 due to local economic conditions. Since then these receipts have been increasing and it is projected they will again be back to previous levels. Hotel/Motel tax funds are distributed 25% to Library Operations and 25% to the Art Center. Of the remaining 50%, \$55,000 was allocated to the tourism and convention activity of the Chamber of Commerce in 2011/2012 and this same

allocation is budgeted for 2012/2013. If the tourism program is successful, additional hotel/motel taxes should be generated. The remaining hotel/motel taxes are considered general revenues of the City.

As in prior years, Road Use Taxes from the State will be utilized to fund street maintenance expenses. For the 2012/2013 fiscal year, the amount transferred to the General Fund to support street-related maintenance activities (including capital purchases), is budgeted at \$2,065,200, an increase of \$8,400 (.4%) from the 2011/2012 budget of \$2,056,800. This small increase is in part due to only needing to budget for the purchase one barge load of salt in 2012/2013, instead of the two barge loads normally budgeted, due to the mild winter of 2011/2012.

Revenue sources identified in the General Fund for 2012/2013 also include charges for services, licenses and permits, and other fees. Construction permits for 2012/2013 are estimated at \$175,000 and rental housing inspection fees are estimated at \$35,000 with these inspections performed on a tri-annual basis.

A fee for administrative services performed by activities within the General Fund continues to be charged to enterprise funds. The budgeted amount of \$323,100 for 2012/2013 represents charges to the Water Pollution Control, Refuse Collection, Landfill Operations, Golf Course, Parking System, Transit System, Airport Operations, Ambulance, Collection and Drainage, and Boat Harbor Funds for general City administration. A fee for Park administration totaling \$24,100 has been charged to the Golf Course and Boat Harbor Operations budgets for 2012/2013. Administrative costs for Public Works Administration have been allocated to the Refuse Collection, Landfill Operations, Transit, Collection and Drainage, and Equipment Services budgets in the amount of \$59,200 for 2012/2013. In 2012/2013 the Ambulance enterprise fund will transfer \$839,000 to the General Fund for a prorated portion (25.5%) of the cost of fire department personnel used for the ambulance operation.

Expenditure Trends

The projected level of expenditures for the General Fund of \$17,184,247 for 2012/2013 is 6.5% (\$1,050,303) above the 2011/2012 budget of \$16,133,944. The 2012/2013 expenditure amount includes \$430,000 of “assigned” funding for future capital purchases or grant commitments as discuss above. If this amount were not included, the budgeted expenditures for 2012/2013 would be 2.0% higher than the budgeted amount for 2011/2012. Of the total expenditures, \$12,435,100 (72.4%) is for employee wage and benefit costs since a substantial portion of services provided are by employees in this fund including police, fire, streets, parks and recreation, planning and zoning, library, art center and general administration. The 2012/2013 budget for the General Fund of the City of Muscatine provides an expenditure level to fund most core services at essentially the same level as in previous years for most departments. The budget, however, continues to provide reduced services in several areas, primarily due to the reduction in General Fund revenues in recent years. There were 170 full-time equivalent positions in the City's General Fund in 2001/2002 and this has been reduced to 155 for 2012/2013. Some of these reductions were part of the plan to address the 2003/2004 budget shortfall when the State eliminated State aid to cities after the budget for that year was adopted (\$360,000 revenue reduction for the City of Muscatine). The other reductions were needed to address the 2004/2005 budget revenue shortfall which included an additional \$70,000 state funding reduction. Following Council's wishes, the reductions have tried to minimize the impact on existing employees by eliminating positions that became vacant.

Changes in General Fund authorized positions for 2012/2013, 2011/2012 and 2010/2011 are as follows:

2012/2013

- Two full-time Police Officer positions were added midway through the 2011/2012 year. These positions will be 100% funded from a COPS grant for three years.

- One firefighter position was added for 2012/2013 with this position funded from a transfer from the Ambulance fund.

2011/2012

- One full-time Police Officer position was added for the Street Crimes Unit.

2010/2011

- A ¾ time Red Light Camera Technician was included in the original 2010/2011 budget. After further consideration, this position was not filled. This function was assigned to a new Sergeant position which was filled by the promotion of a current police officer (no increase in staffing).
- A reduction of one fulltime custodian position in the Building and Grounds budget. Contracted custodial services will be used for this function.
- A ¾ time registrar position at the Art Center was increased to full-time with the additional costs funded from outside sources.
- A reduction of one full-time park maintenance repair person; 75% allocated to the Park Maintenance budget and 25% allocated to the Cemetery budget. Additional seasonal staff is being used in lieu of the fulltime staff.

The 2012/2013 budget continues funding for the two police officer positions assigned to the Drug Task Force. One of these positions is funded from a HIDTA (High Intensity Drug Trafficking Area) grant and the other receives partial funding from the Governor's Office on Drug Control Policy.

For fiscal year 2012/2013 the city will continue to provide support for several non-profit service organizations within the community. Despite limited revenue growth, the City Council has remained committed to assisting these groups as best they can. These agencies provide valuable services to the entire community. For 2012/2013 the City Council chose to continue financial contributions for the Greater Muscatine Chamber of Commerce and Industry (Chamber), Convention and Visitors Bureau (CVB), the Muscatine Humane Society and Senior Resources. The contribution to Senior Resources increased from \$17,800 in 2011/2012 to \$20,000 in 2012/2013. The subsidies to the Humane Society, Chamber, and CVB were maintained at their current levels of \$60,000, \$35,000, and \$55,000, respectively.

The 2012/2013 budget includes funding transfers to both the Equipment Replacement and Computer Replacement Funds in the amounts of \$245,000 and \$40,000, respectively. Allocations had been made annually to these funds in years through 2006/2007. Due to General Fund funding limitations no allocations were made to the Equipment Replacement or Computer Replacement fund in 2007/2008. These purchases totaling \$126,700 for equipment replacements and \$70,300 for computer/technology purchases were instead included in the June 1, 2008 bond issue. Funding transfers have again been made from the General Fund in the years from 2008/2009 through 2012/2013.

The General Fund annually makes subsidy payments to the Airport Operations fund. In 2006/2007 the subsidy was \$60,202, in 2007/2008 \$70,835, in 2008/2009 \$70,906, in 2009/2010 \$89,959, and in 2010/2011 \$60,325. The revised estimate subsidy for 2011/2012 is \$65,300 with the subsidy for 2012/2013 budgeted at \$47,300. The decrease in subsidy for 2012/2013 is primarily due to the re-negotiation of the lease for the farm land surrounding the airport which increased the farm income significantly. Additionally, the farm rental income will all be credited to the Airport fund beginning 2012/2013. In prior years approximately one half of the income was credited to the Water Pollution Control fund. The Airport subsidy fluctuates primarily due to the amount of capital outlay purchases and maintenance costs each year. It is anticipated that Airport

Operations enterprise fund revenues will continue to be insufficient to fund expenditures and accordingly, general property taxes will continue to be required to subsidize the Airport Operation in future years.

The Mayor and City Council activity budget in years prior to 1989/90 included a contingency allocation for emergency or non-budgeted items. The City Council eliminated this allocation beginning in 1989/90 and again has not made a budget allocation for contingencies in 2012/2013. Accordingly, funding for any emergency or non-budgeted items will require City Council to follow established budget amendment procedures. For 2012/2013, however, City Council chose to continue to maintain the 2009/2010 allocation of \$80,000 in the Emergency Tax Levy Fund in the event of revenue shortfalls due to economic conditions or unforeseen emergencies.

Departments in the General Fund continue to strive to improve the efficiency of their operations to negate the necessity for any additional service level reductions. Programs of the General Fund and changes associated with them are outlined in the respective departmental activity budgets which follow.

General Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 1,642,606	\$ 1,748,557	\$ 1,613,919	\$ 2,077,006	\$ 2,595,708
Revenues	15,393,508	15,629,117	16,193,437	16,928,782	17,053,676
Encumbrance Variance	<u>6,772</u>	<u>271</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 17,042,886	\$ 17,377,945	\$ 17,807,356	\$ 19,005,788	\$ 19,649,384
Expenditures	<u>15,294,329</u>	<u>15,300,939</u>	<u>16,133,944</u>	<u>16,410,080</u>	<u>17,184,247</u>
Ending Balance, June 30	<u>\$ 1,748,557</u>	<u>\$ 2,077,006</u>	<u>\$ 1,673,412</u>	<u>\$ 2,595,708</u>	<u>\$ 2,465,137</u>

Increase (Decrease) in Fund Balance	\$ 105,951	\$ 328,449	\$ 59,493	\$ 518,702	\$ (130,571)

Minimum Fund Balance Per City Financial Policies (10% of General Fund Expenditures)	\$ 1,529,000	\$ 1,530,000	\$ 1,613,000	\$ 1,641,000	\$ 1,718,000

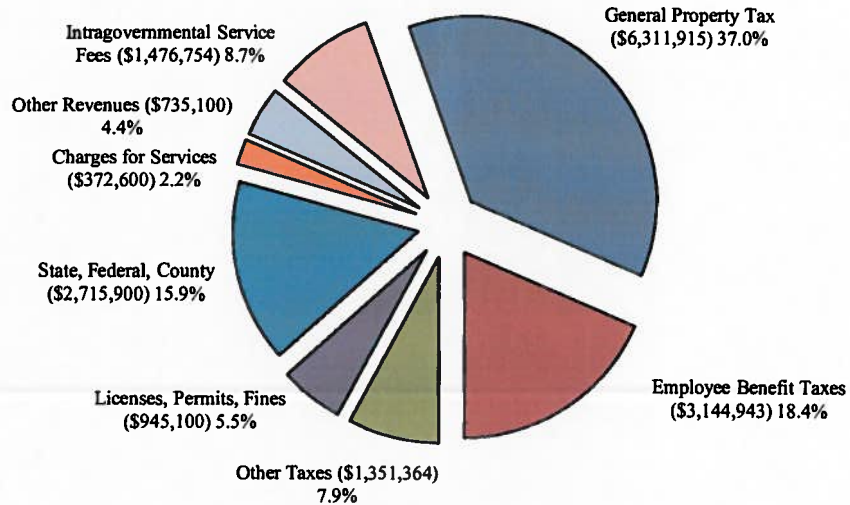
Amount Over (Under) Policy Minimum	\$ 219,557	\$ 547,006	\$ 60,412	\$ 954,708	\$ 747,137

Ending Balance as a Percent of General Fund Expenditures	<u>11.4%</u>	<u>13.6%</u>	<u>10.4%</u>	<u>15.8%</u>	<u>14.3%</u>

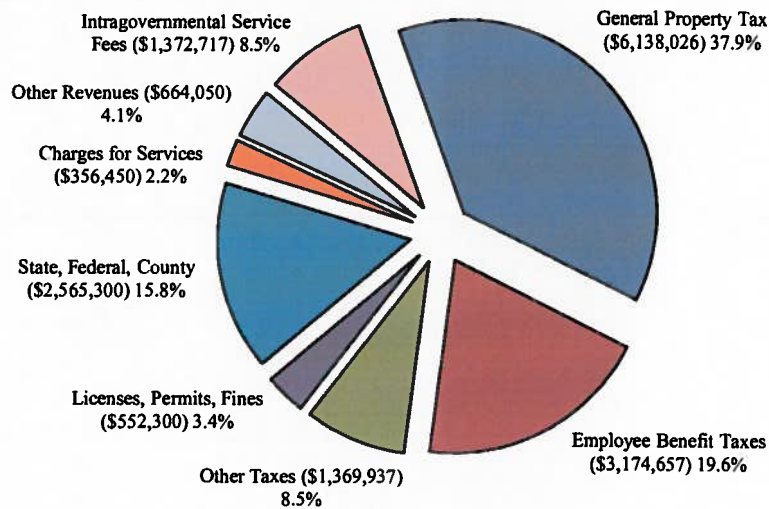
Explanation of Increases or Decreases in Fund Balances:

The City's financial policies provide that the working balance of the General Fund be at least 10% of budgeted expenditures. The 2012/2013 ending fund balance exceeds this minimum target level. The Moody's bond rating report in 2008 stated "Moody's considers the 10% level to be relatively narrow, and higher reserve levels may mitigate any unforeseen one-time expenses that may challenge financial operations". With that in mind, City Council has been considering incremental increases in the General Fund balance as part of the budget process. At the end of 2012/2013, the budgeted General Fund balance is 14.3% of General Fund expenditures.

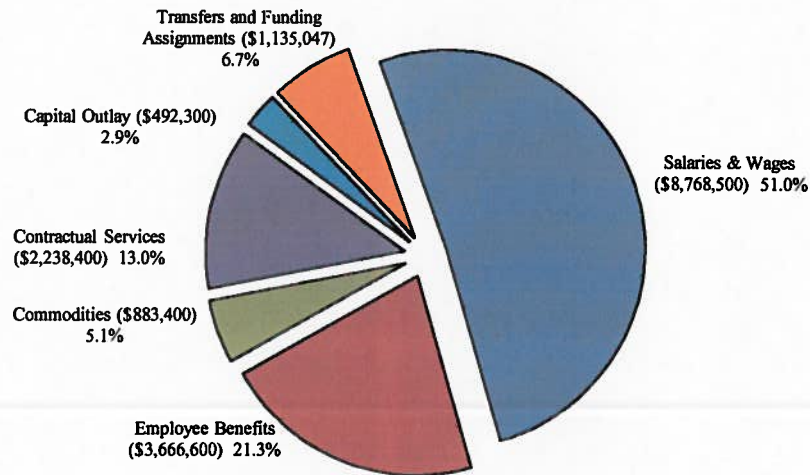
**General Fund Revenues By Source
Budget 2012/2013
\$17,053,676**



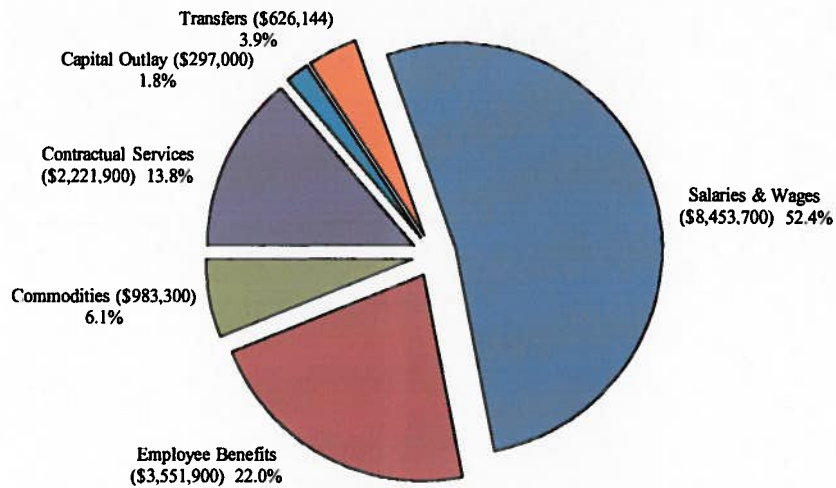
**General Fund Revenues By Source
Budget 2011/2012
\$16,193,437**



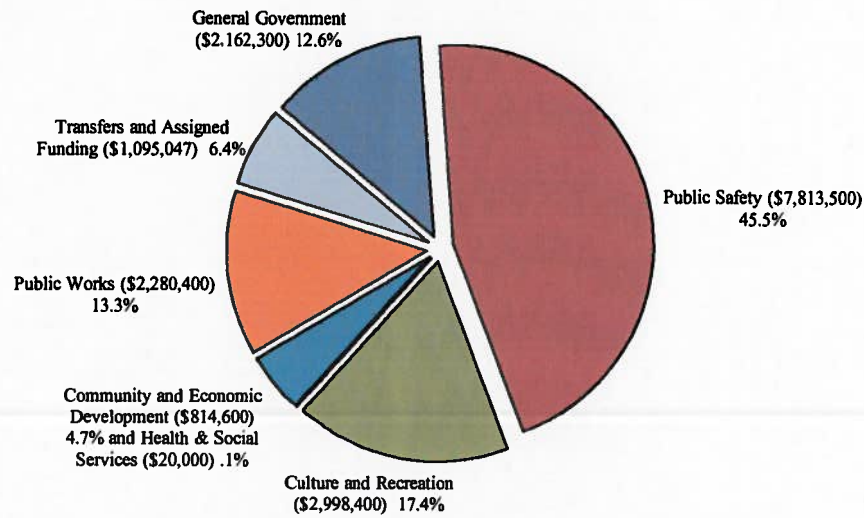
**General Fund Expenditures By Type
Budget 2012/2013
\$17,184,247**



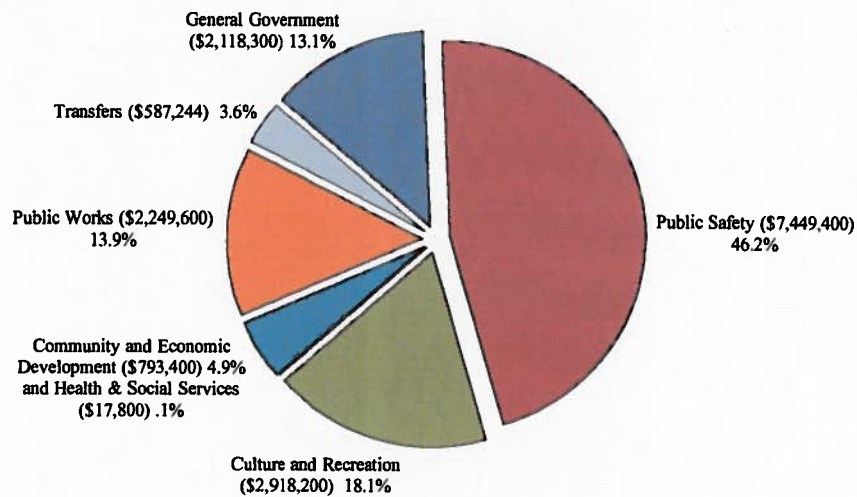
**General Fund Expenditures By Type
Budget 2011/2012
\$16,133,944**



**General Fund Expenditures By Function
Budget 2012/2013
\$17,184,247**



**General Fund Expenditures By Function
Budget 2011/2012
\$16,133,944**



General Fund
Revenues by Type

	Actual 2009/2010	Actual 2009/2010	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change from 2011/2012 Budget
Taxes	\$ 6,982,782	\$ 7,318,419	\$ 7,507,963	\$ 7,554,263	\$ 7,663,279	2.1%
Licenses and Permits	285,955	271,372	298,800	280,600	295,600	-1.1%
Fines and Forfeitures	183,714	393,340	243,500	842,500	642,500	163.9%
Intergovernmental Revenue	886,150	509,165	458,100	579,900	597,400	30.4%
Charges for Services	537,896	632,876	603,500	618,150	629,250	4.3%
Use of Money and Property	160,508	156,642	164,350	162,200	162,200	-1.3%
Miscellaneous Revenues	824,179	761,448	699,350	727,050	747,350	6.9%
Transfers In	<u>5,532,324</u>	<u>5,585,855</u>	<u>6,217,874</u>	<u>6,164,119</u>	<u>6,316,097</u>	1.6%
Total	<u>\$ 15,393,508</u>	<u>\$ 15,629,117</u>	<u>\$ 16,193,437</u>	<u>\$ 16,928,782</u>	<u>\$ 17,053,676</u>	5.3%

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Direct and Indirect						
Property Tax Revenues						
General Property Taxes	\$ 5,867,702	\$ 5,967,995	\$ 6,125,305	\$ 6,125,305	\$ 6,299,276	2.84%
Ag Land Tax	2,953	2,490	2,721	2,721	2,639	-3.01%
Transit System Levy	228,622	179,067	298,620	298,620	318,463	6.64%
Tort Liability Levy	249,993	252,675	224,330	224,330	248,199	10.64%
Levee Tax Levy	48,966	49,719	51,044	51,044	52,494	2.84%
Mobile Home Tax	10,070	9,862	10,000	10,000	10,000	0.00%
Special Revenue:						
Emergency Levy	116,964	59,282	0	0	0	
Police Retirement	333,906	389,877	531,561	535,462	589,485	10.90%
Fire Retirement	320,128	388,304	493,863	491,695	532,401	7.80%
Police and Fire Medical Insurance	12,285	12,285	12,285	12,285	12,900	5.01%
Police and Fire Retiree Medical Costs	22,882	17,839	26,600	26,600	26,600	0.00%
Long-term Disability Insurance	8,598	8,964	9,645	8,789	8,654	-10.27%
Workers Compensation Insurance	39,149	36,181	34,754	34,891	38,290	10.17%
Unemployment Insurance	24,053	51,080	56,554	59,887	57,950	2.47%
Health Insurance	1,357,903	1,313,428	1,393,524	1,334,766	1,351,565	-3.01%
Life Insurance	13,899	14,387	15,133	14,908	14,133	-6.61%
Dental Insurance	34,573	34,043	36,752	36,378	37,050	0.81%
Deferred Compensation	9,849	4,773	0	0	0	
Post Employment Health Plan	50,547	58,589	36,479	37,267	15,706	-56.95%
FICA/IPERS	445,724	461,257	527,507	521,974	560,635	6.28%
Employee Benefit Levy Reduction (1)	0	0	0	0	(100,426)	
Subtotal	\$ 9,198,766	\$ 9,312,097	\$ 9,886,677	\$ 9,826,922	\$ 10,076,014	1.92%
Non-Property Tax Revenues						
Hotel/Motel Taxes	\$ 302,273	\$ 363,664	\$ 325,000	\$ 350,000	\$ 350,000	7.69%
Cable Franchise Tax	236,192	236,253	240,000	236,300	236,300	-1.54%
Utility Franchise Fees	0	227,680	200,000	225,000	112,500	-43.75%
Utility Tax Replacement Excise Tax:						
General	33,043	26,847	28,288	28,288	30,417	7.53%
Tort Liability	1,406	1,137	1,039	1,039	1,201	15.59%
Transit	1,286	806	1,380	1,380	1,537	11.38%
Levee	275	224	236	236	253	7.20%
Subtotal	\$ 574,475	\$ 856,611	\$ 795,943	\$ 842,243	\$ 732,208	-8.01%
Intergovernmental Revenues						
Road Use Tax	\$ 1,999,453	\$ 1,958,619	\$ 2,056,800	\$ 2,030,000	\$ 2,065,200	0.41%
Subtotal	\$ 1,999,453	\$ 1,958,619	\$ 2,056,800	\$ 2,030,000	\$ 2,065,200	0.41%

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Licenses and Permits						
Beer, Liquor and Cigarettes	\$ 38,529	\$ 33,988	\$ 38,000	\$ 34,000	\$ 34,000	-10.53%
Animal	2,292	2,920	5,000	3,000	3,000	-40.00%
Alarm Permits	1,125	1,825	1,500	1,500	1,500	0.00%
Miscellaneous	6,664	6,627	6,300	6,600	6,600	4.76%
Subtotal	<u>\$ 48,610</u>	<u>\$ 45,360</u>	<u>\$ 50,800</u>	<u>\$ 45,100</u>	<u>\$ 45,100</u>	-11.22%
Cemetery Fees						
Lot and Niche Sales	\$ 17,360	\$ 29,880	\$ 25,000	\$ 25,000	\$ 25,000	0.00%
Lease of Property-Cell Towers	14,504	15,320	14,500	15,300	15,300	5.52%
Burial Fees	50,300	57,970	50,000	50,000	50,000	0.00%
Miscellaneous Charges	8,562	10,883	10,000	10,000	10,000	0.00%
Commissions	11,390	11,009	8,500	11,000	11,000	29.41%
Perpetual Care Interest	22,155	23,612	23,900	23,900	17,100	-28.45%
FEMA - State Share	307	534	0	0	0	
Subtotal	<u>\$ 124,578</u>	<u>\$ 149,208</u>	<u>\$ 131,900</u>	<u>\$ 135,200</u>	<u>\$ 128,400</u>	-2.65%
Community Development Fees						
Housing Inspection Fees	\$ 33,160	\$ 34,774	\$ 35,500	\$ 35,000	\$ 35,000	-1.41%
Construction Permits	164,602	151,732	175,000	160,000	175,000	0.00%
Electricians Licenses	1,520	260	0	0	0	
Plumbers Licenses	600	250	0	0	0	
Health Licenses	37,463	38,996	37,500	39,000	39,000	4.00%
Health Class Fees/Lead Class Fees	3,671	5,040	5,000	0	0	-100.00%
Zoning Fees	2,425	2,050	3,000	1,500	2,000	-33.33%
Board of Adjustment Fees	800	900	1,000	1,000	1,000	0.00%
Site Plan Review Fees	1,050	1,000	1,000	1,000	1,000	0.00%
Sale of Code Books	58	0	100	100	100	0.00%
Sale of Property	137,441	12,937	20,000	20,000	20,000	0.00%
Reimbursement of Senior Training Program	15,110	14,280	16,200	17,600	26,700	64.81%
Historic Preservation Grant/Donations	0	2,500	5,200	10,600	8,100	
Municipal Infractions Penalties	0	2,125	7,500	2,500	2,500	-66.67%
Nuisance Reimbursements/Administrative Fees	64,309	99,211	70,000	80,000	80,000	14.29%
Miscellaneous	1,291	1,071	0	500	500	
Transfer In:						
CDBG Grant Staff Services	15,988	13,862	0	0	0	
Staff Services Airport/Brownfield Projects	7,091	11,075	6,000	2,100	0	-100.00%
Subtotal	<u>\$ 486,579</u>	<u>\$ 392,063</u>	<u>\$ 383,000</u>	<u>\$ 370,900</u>	<u>\$ 390,900</u>	2.06%

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Parks and Recreation Revenues						
Parks - General						
Shelters	\$ 11,070	\$ 10,470	\$ 12,000	\$ 11,000	\$ 11,000	-8.33%
Pearl City Station Rentals	8,925	7,150	12,000	10,000	10,000	-16.67%
Riverview Center Rentals	15,965	12,225	16,000	13,000	13,000	-18.75%
Donations	50	3,600	0	0	0	
Maintenance Fees	2,122	1,478	1,800	1,500	1,500	-16.67%
Equipment/Miscellaneous Sales	563	814	200	1,200	0	-100.00%
Concession Commission	1,393	1,038	1,500	1,300	1,300	-13.33%
Insurance Reimbursement - Park Damage	0	2,797	0	0	0	
FEMA - Federal Share	102,380	793	0	0	0	
FEMA - State Share	15,179	11,002	0	0	0	
Other	389	0	0	0	0	
Transfers In						
Administration Fees	10,800	11,100	11,400	11,400	11,700	2.63%
Subtotal	<u>\$ 168,836</u>	<u>\$ 62,467</u>	<u>\$ 54,900</u>	<u>\$ 49,400</u>	<u>\$ 48,500</u>	-11.66%
Kent Stein Park						
Maintenance Fees	\$ 7,909	\$ 11,868	\$ 9,600	\$ 11,000	\$ 11,000	14.58%
Commission on Concessions	9,562	11,530	12,000	12,500	12,500	4.17%
Mowing Reimbursement - Housing	8,253	7,750	7,800	7,300	7,300	-6.41%
Storage Building Rental	800	1,200	800	1,200	1,200	50.00%
FEMA Reimbursement	0	1,445	0	0	0	
Other	205	263	0	0	0	
Subtotal	<u>\$ 26,729</u>	<u>\$ 34,056</u>	<u>\$ 30,200</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	5.96%
Soccer Complex Operations						
Maintenance Fees	\$ 30,424	\$ 29,172	\$ 30,000	\$ 31,000	\$ 31,000	3.33%
Commission on Concessions	10,832	11,900	11,000	11,200	11,200	1.82%
Other	0	786	0	0	0	
Transfer In:						
Golf Administrative Fees	11,300	11,600	12,000	12,000	12,400	3.33%
Subtotal	<u>\$ 52,556</u>	<u>\$ 53,458</u>	<u>\$ 53,000</u>	<u>\$ 54,200</u>	<u>\$ 54,600</u>	3.02%
Recreation						
Entry Fees/Admissions	\$ 1,086	\$ 943	\$ 1,100	\$ 2,000	\$ 2,000	81.82%
Lessons	27,195	30,759	32,000	33,000	33,000	3.13%
League and Tournament Fees	7,710	5,514	7,000	6,500	6,500	-7.14%
Equipment Rentals	135	195	200	0	0	-100.00%
Sales Tax	540	386	500	500	500	0.00%
Commissions	609	36	600	200	200	-66.67%
Donations	1,375	950	1,000	1,000	1,000	0.00%
Adventureland Ticket Sales	13,382	11,337	12,000	12,000	12,000	0.00%
Subtotal	<u>\$ 52,032</u>	<u>\$ 50,120</u>	<u>\$ 54,400</u>	<u>\$ 55,200</u>	<u>\$ 55,200</u>	1.47%

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Swimming Pools						
Admissions	\$ 71,754	\$ 81,710	\$ 85,100	\$ 85,000	\$ 85,000	-0.12%
Season Passes	17,384	17,290	24,000	20,000	20,000	-16.67%
Lessons	5,939	5,665	5,750	5,800	5,800	0.87%
Group Sales	13,865	16,543	15,800	17,400	17,000	7.59%
Room Rental	850	750	800	800	800	0.00%
Locker Rental	1,093	1,085	1,250	1,200	1,200	-4.00%
Commission on Concessions	7,263	7,851	8,500	9,000	9,000	5.88%
Donations	1,000	1,000	1,000	500	0	-100.00%
Miscellaneous	265	372	200	400	400	100.00%
Subtotal	\$ 119,413	\$ 132,266	\$ 142,400	\$ 140,100	\$ 139,200	-2.25%
Subtotal - Parks and Recreation	\$ 419,566	\$ 332,367	\$ 334,900	\$ 330,900	\$ 329,500	-1.61%
Library Revenues						
Fines and Charges	\$ 14,909	\$ 17,424	\$ 15,000	\$ 15,000	\$ 15,000	0.00%
County Contributions	111,375	106,018	106,100	105,300	105,400	-0.66%
Illinois Contracts	8,798	8,930	9,100	9,100	9,300	2.20%
Printing Charges	1,738	2,420	1,750	1,750	1,550	-11.43%
Sales	61	23	50	50	50	0.00%
Other	48	899	0	0	0	
Transfers In						
Administrative Fee	11,500	0	0	0	0	
Subtotal	\$ 148,429	\$ 135,714	\$ 132,000	\$ 131,200	\$ 131,300	-0.53%
Art Center Revenues						
Building Rentals	\$ 1,747	\$ 1,200	\$ 1,400	\$ 1,200	\$ 1,200	-14.29%
Class Fees	8,767	3,281	9,000	3,500	5,000	-44.44%
State Grant	14,400	14,400	0	13,500	0	
Support Foundation Contributions	12,419	17,539	18,400	17,500	18,900	2.72%
Friends of the Art Center Contributions	1,900	22,403	19,900	19,900	20,800	4.52%
Other	719	365	1,000	1,000	1,000	0.00%
Subtotal	\$ 39,952	\$ 59,188	\$ 49,700	\$ 56,600	\$ 46,900	-5.63%
Public Works Services						
Repair and Maintenance Services	\$ 22,754	\$ 22,031	\$ 23,500	\$ 23,500	\$ 23,500	0.00%
Sale of Equipment	8,256	10,546	500	7,500	7,500	1400.00%
Miscellaneous Sales	2,909	7,153	3,000	5,000	5,000	66.67%
FEMA Reimbursement - State Share	15,655	1,819	0	0	0	
Reimbursement for Salt	99,420	110,364	90,000	95,100	100,000	11.11%
Other	10,481	2,396	500	500	500	0.00%
Transfers In:						
Engineering Services	33,544	54,103	40,000	40,000	45,000	12.50%
Administrative Fees	54,200	55,800	57,500	57,500	59,200	2.96%
Subtotal	\$ 247,219	\$ 264,212	\$ 215,000	\$ 229,100	\$ 240,700	11.95%

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Police Operations						
Police Grants	\$ 418,356	\$ 329,194	\$ 307,700	\$ 367,000	\$ 448,300	45.69%
Court Fines	149,978	193,816	145,000	160,000	160,000	10.34%
Automatic Traffic Enforcement Fines	0	163,533	60,000	650,000	450,000	650.00%
Parking Violations	17,927	16,392	15,000	15,000	15,000	0.00%
Tobacco Checks/Violations	900	50	1,000	0	0	-100.00%
False Alarm Charges	1,100	2,200	1,000	1,500	1,500	50.00%
Police Services Agreement	41,400	42,228	43,200	43,200	44,300	2.55%
Animal Ordinance Fees and Fines	3,300	2,700	5,000	2,700	2,700	-46.00%
Printing Charges	4,218	3,760	4,000	3,500	3,500	-12.50%
Contributions - Street Crimes	0	10,000	0	0	0	
Contributions - Mentor Program	4,182	4,695	5,000	5,000	5,000	0.00%
Lease - Public Safety Cell Tower	20,375	22,667	23,400	23,400	23,400	0.00%
Insurance Reimbursement - Police Range	0	9,360	0	0	0	
Subtotal	<u>\$ 661,736</u>	<u>\$ 800,595</u>	<u>\$ 610,300</u>	<u>\$ 1,271,300</u>	<u>\$ 1,153,700</u>	89.04%
Fire Operations						
Fire Grants/Reimbursements	\$ 164,597	\$ 0	\$ 0	\$ 0	\$ 0	
Fire Hazmat Agreements	7,200	7,200	7,200	9,000	9,000	25.00%
Fire Open Burn Permits	0	0	0	1,500	1,500	
Fire Inspection Fees	0	0	10,000	7,000	7,000	-30.00%
Fire Plan Review Fees	0	0	0	200	0	
Fire Assessment Fees	0	0	0	200	0	
Confined Space Fees (Fire Department)	0	4,500	15,000	36,000	40,500	170.00%
Fire Protection Contracts	16,114	15,660	15,700	15,700	15,700	0.00%
Donations	0	0	0	1,800	-	
Fire Reports	0	0	0	600	700	
Reimbursement of Expenses	0	0	0	4,700	2,000	
Subtotal	<u>\$ 187,911</u>	<u>\$ 27,360</u>	<u>\$ 47,900</u>	<u>\$ 76,700</u>	<u>\$ 76,400</u>	59.50%
Other General Revenues						
Interest Income	\$ 6,314	\$ 3,081	\$ 2,000	\$ 2,000	\$ 2,000	0.00%
Payment in Lieu of Taxes	35,103	34,429	35,200	34,400	34,400	-2.27%
Housing Accounting Fees	38,600	49,600	51,100	51,100	52,600	2.94%
Housing Management Fee	11,266	12,510	11,000	12,500	12,500	13.64%
Contributions	20,680	0	0	0	0	
Lease - Clark House Cell Towers	37,681	37,935	37,900	37,900	37,900	0.00%
FEMA (General)	0	601	0	0	0	
Sale of Equipment/Other	14,551	22,098	7,500	7,500	7,500	0.00%
Other Charges	53,833	50,384	50,000	50,000	50,000	0.00%
Homeland Security Grant Sirens	0	0	0	50,600	0	

**General Fund
Revenue Summary**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change From 2011/2012 Budget
Transfers In:						
Parks and Recreation Trust	0	0	0	0	50,000	
Administrative Fees	295,950	304,850	313,600	313,600	323,100	3.03%
Health Insurance Fund (Wellness)	48,685	50,516	62,900	60,000	59,600	-5.25%
Health Insurance Administrative Fee	3,000	3,000	3,000	3,000	3,000	0.00%
Information Technology Administrative Fee	19,000	23,900	24,700	24,700	25,500	3.24%
Insurance Trust	23,971	0	0	0	0	
Capital Projects Funds for Fire Dept Stove	0	0	3,000	3,000	0	
Capital Projects Funds for Public Works Doors	0	0	8,200	8,500	0	
Ambulance Enterprise Fund	647,600	697,819	750,900	786,300	839,000	11.73%
Tax Increment/Economic Dev Admin Fees	0	5,000	102,517	102,517	105,254	2.67%
Tax Increment Economic Development	0	0	35,000	35,000	35,000	
Subtotal	<u>\$ 1,256,234</u>	<u>\$ 1,295,723</u>	<u>\$ 1,498,517</u>	<u>\$ 1,582,617</u>	<u>\$ 1,637,354</u>	9.26%
Total	<u>\$ 15,393,508</u>	<u>\$ 15,629,117</u>	<u>\$ 16,193,437</u>	<u>\$ 16,928,782</u>	<u>\$ 17,053,676</u>	5.31%

1. The Employee Benefits levy for 2012/2013 was less than the amount that would have been needed to fund 100% of the cost of General Fund employee benefits. This will result in \$100,426 of the General Fund balance being used for employee benefits during 2012/2013. This allowed City Council to lower the overall property tax rate for 2012/2013 by approximately \$.10/\$1,000 of valuation and still maintain an adequate General Fund balance.

General Fund
Expenditures by Type

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>	<u>Percent Change from 2011/2012 Budget</u>
Personal Services	\$ 10,946,509	\$ 11,193,297	\$ 12,005,600	\$ 11,993,200	\$ 12,435,100	3.6%
Commodities	820,925	925,787	983,300	993,600	883,400	-10.2%
Contractual Services	2,128,733	2,206,193	2,221,900	2,388,800	2,238,400	0.7%
Capital Outlay	825,254	435,111	297,000	396,200	492,300	65.8%
Transfers and Assigned Funding	<u>572,908</u>	<u>540,551</u>	<u>626,144</u>	<u>638,280</u>	<u>1,135,047</u>	81.3%
Total	<u>\$ 15,294,329</u>	<u>\$ 15,300,939</u>	<u>\$ 16,133,944</u>	<u>\$ 16,410,080</u>	<u>\$ 17,184,247</u>	6.5%

General Fund
Summary of Expenditures

Function/Activity	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change from 2011/2012 Budget
General Government						
Mayor and Council	\$ 69,763	\$ 71,047	\$ 72,800	\$ 69,500	\$ 72,800	0.00%
Legal Services	39,031	49,293	70,600	75,600	70,600	0.00%
City Administrator	194,943	237,432	242,200	242,200	247,500	2.19%
Human Resources	141,508	156,486	130,700	127,500	137,000	4.82%
Wellness Program	49,816	51,813	62,900	60,000	59,600	-5.25%
Finance and Records	440,388	464,264	501,600	504,600	514,700	2.61%
Information Technology	218,567	236,375	245,200	254,400	250,700	2.24%
Risk Management	262,182	259,418	281,100	274,300	288,900	2.77%
Building and Grounds	487,747	471,156	511,200	499,100	520,500	1.82%
Subtotal	<u>\$ 1,903,945</u>	<u>\$ 1,997,284</u>	<u>\$ 2,118,300</u>	<u>\$ 2,107,200</u>	<u>\$ 2,162,300</u>	2.08%
Public Safety						
Police Operations	\$ 3,705,168	\$ 3,596,249	\$ 3,981,400	\$ 4,037,700	\$ 4,213,100	5.82%
Animal Control	100,356	102,281	155,100	124,800	125,900	-18.83%
Fire Operations	3,191,177	3,148,339	3,275,600	3,425,900	3,447,800	5.26%
Emergency Management	30,355	51,052	37,300	96,300	26,700	-28.42%
Subtotal	<u>\$ 7,027,056</u>	<u>\$ 6,897,921</u>	<u>\$ 7,449,400</u>	<u>\$ 7,684,700</u>	<u>\$ 7,813,500</u>	4.89%
Culture and Recreation						
Library	\$ 997,915	\$ 1,029,600	\$ 1,050,500	\$ 1,050,500	\$ 1,050,500	0.00%
Cable Television Operations	26,588	37,292	17,500	17,500	25,500	45.71%
Art Center	294,289	308,342	300,600	315,000	307,200	2.20%
Park Administration	151,025	153,493	159,200	157,200	158,900	-0.19%
Park Maintenance	637,169	583,319	595,800	602,000	654,900	9.92%
Kent Stein Park	155,984	168,573	175,000	174,000	171,800	-1.83%
Soccer Complex	155,650	168,159	170,700	174,700	182,100	6.68%
Swimming Pools	168,126	177,293	187,400	202,600	177,700	-5.18%
Recreation	112,917	99,283	116,100	116,100	120,200	3.53%
Cemetery	152,812	148,774	145,400	152,000	149,600	2.89%
Subtotal	<u>\$ 2,852,475</u>	<u>\$ 2,874,129</u>	<u>\$ 2,918,200</u>	<u>\$ 2,961,600</u>	<u>\$ 2,998,400</u>	2.75%

General Fund
Summary of Expenditures

Function/Activity	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change from 2011/2012 Budget
Health and Social Services						
Economic Well-Being	\$ 17,100	\$ 17,800	\$ 17,800	\$ 17,800	\$ 20,000	12.36%
Subtotal	\$ 17,100	\$ 17,800	\$ 17,800	\$ 17,800	\$ 20,000	12.36%
Community and Economic Development						
Community Development	\$ 587,835	\$ 666,531	\$ 703,400	\$ 725,900	\$ 724,600	3.01%
Economic Development	80,000	90,000	90,000	90,000	90,000	0.00%
Subtotal	\$ 667,835	\$ 756,531	\$ 793,400	\$ 815,900	\$ 814,600	2.67%
Public Works						
Public Works Administration	\$ 118,912	\$ 141,245	\$ 155,700	\$ 156,500	\$ 163,600	5.07%
Roadway Maintenance	1,364,541	1,228,279	1,174,100	1,175,300	1,277,800	8.83%
Traffic Control	125,930	132,820	129,300	135,800	153,600	18.79%
Snow and Ice Control	425,266	469,879	467,700	466,700	372,100	-20.44%
Street Cleaning	155,792	170,602	193,100	173,500	177,500	-8.08%
Engineering	114,069	123,965	129,700	129,600	135,800	4.70%
Subtotal	\$ 2,304,510	\$ 2,266,789	\$ 2,249,600	\$ 2,237,400	\$ 2,280,400	1.37%
Transfers and Assigned Funding						
Transit System Subsidy	\$ 229,908	\$ 180,141	\$ 300,000	\$ 300,000	\$ 320,000	6.67%
Airport Subsidy	89,959	60,325	67,300	65,300	47,300	-29.72%
Levee Project Subsidy	49,241	50,019	51,044	51,280	52,747	3.34%
Equipment Replacement Allocation	152,300	200,000	168,900	168,900	245,000	45.06%
Equipment Replacement Future Fire Engine Allocation	0	0	0	0	250,000	
COPS Grant Future Commitment	0	0	0	0	40,000	
Finance Software Funding	0	0	0	0	140,000	
Subtotal	\$ 521,408	\$ 490,485	\$ 587,244	\$ 585,480	\$ 1,095,047	86.47%
Total	\$ 15,294,329	\$ 15,300,939	\$ 16,133,944	\$ 16,410,080	\$ 17,184,247	6.51%

Function:
General Government

Department:
Legislative and Council

Activity:
Mayor and Council

GENERAL INFORMATION

The City Council is the legislative branch of the Muscatine City government. All policy-making decisions affecting City government are determined by the City Council and adopted by formal ordinance, resolution, or motion. The presiding officer of the City Council is the Mayor. The Mayor and Council have joint responsibility for appointing all the Boards and Advisory Commissions of the City as well as the hiring and termination of the Fire Chief and Police Chief. There are nineteen (19) different Boards and Advisory Commissions who assist the City Council in formulating the programs and services provided to the citizens of Muscatine. The City Council hires the City Administrator to carry out the day-to-day administration of the City and to administer and implement the policy directions as adopted by the City Council.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is under the budgeted amount by \$3,300 due to a reduced allocation for auditing services. The General fund portion of the annual audit cost is charged to this budget. While the total cost for the audit increased per the audit agreement, the portion allocated to enterprise and grant funds was higher than originally estimated.

The 2012/2013 budget is the same amount as the original 2011/2012 budget. This budget includes \$24,000 for the estimated General fund portion of the annual audit. The audit for the year ended June 30, 2012 will be the fourth year of a five year agreement with McGladrey & Pullen for audit services.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Regular Council Meetings	24	24	24	24	24
In-Depth Meetings	9	10	9	10	10
Budget Meetings	9	9	10	9	9
Other Meetings	2	3	3	3	3
Joint Meetings:					
County Board of Supervisors	1	2	0	0	1
Muscatine School Board	0	0	0	0	1
GMCCI (Greater Muscatine Chamber of Commerce and Industry)	0	0	0	0	1
Muscatine Power & Water	0	0	0	0	1

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

Mission Statement

The City of Muscatine's mission is to provide high quality, effective municipal services; excellent customer service; and sound fiscal management. We engage our community, producing results designed to enhance the well-being and quality of life for our residents and businesses. We are advocates for the City of Muscatine, valuing its history and working to shape its future.

Five-Year Goals (Long-Term Goals)

- Develop effective economic development strategies to encourage local investment and partnership.
- Pursue voluntary and 80/20 voluntary annexation opportunities, specifically North along Hwy 38 and East along Hwy 22. (Under the Iowa Code if at least 80% of affected property owners are in favor of annexation, it is considered a non-consenting voluntary annexation.)
- Monitor the long-term plan to eliminate the accumulated deficit in the landfill fund.
- Work with the County, School District, Muscatine Power and Water (MPW), and Chamber to combine services or cooperate where feasible and appropriate.
 - Work to meet a minimum of once per year with the above entities.

Policy Agenda 2011-2013

Top Priority

- Position the City to address the potential shortfall in revenue from the potential loss of commercial property taxes during the next legislative session.
- Develop a citywide comprehensive plan incorporating Iowa's Smart Planning Principles.
 - Public engagement. April 2012
 - Draft Comprehensive Plan. September 2012
 - Final Comprehensive Plan. December 2012
- Utilize National Citizens Survey (NCS) results for policy and budget decisions.
- Develop policies/incentives to encourage in-fill opportunities within the city limits.
 - Present a housing tax abatement plan to the City Council. June 2012
 - Present a historical housing tax abatement plan to the City Council. June 2012

High Priority

- Provide for the City's existing levels of service.
- Prioritize and determine funding sources for capital projects identified in the 5-Year Capital Improvement Plan and for the Combined Sewer Overflow (CSO) program.
- Request an extension from the EPA of the City's CSO program. June 2012
- Community Development:
 - Work with the Chamber to implement the economic development strategic plan.
 - Working with the Chamber, implement a sustainable Economic Gardening program. Educate the community on Economic Gardening as an economic development tool to grow local businesses and promote entrepreneurship. Identify resources to sustain a program to provide for this long-term economic development strategy. September 2012

Management Agenda 2011-2013

The 2010-2012 Management Agenda was also established. These issues represent short-term projects for the City Administrator and City of Muscatine staff. Included in the Management Agenda are items that are considered major projects that involve significant city resources and may span more than one year for completion

Top Priority

- Maintain and continually improve the City's new website and maximize its potential as a resource for public communication.
- Complete an update of the City Code. December 2012
- Complete a rewrite of the City's 1974 zoning ordinance following completion of the Comprehensive Plan. December 2013

High Priority

- Evaluate staffing needs and funding mechanisms.
- Evaluate establishing a formal "Lean" program with the City and joining the ILC (Iowa Lean Consortium).
- Provide for ongoing maintenance of the pavement management program
- Complete the following Capital Projects:
 - Cedar Street Reconstruction and Trail project – Utility Relocation portion of project in 2012
 - Colorado/Harrison Street Reconstruction in 2012
 - South End Fire Station 2012
 - Mad Creek Levee Project 2012
 - Mississippi Drive Corridor Study 2012
 - Hwy 38/61 Connector Road Study. 2012
 - Soccer Phase 3 (Committee, Plan, and Fundraising)

Function:
General Government

Department:
Legislative and Council

Activity:
Mayor and City Council

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 36,923	\$ 37,702	\$ 38,000	\$ 38,000	\$ 38,000	0.00%
Commodities	1,788	563	800	800	800	0.00%
Contractual Services	30,950	32,782	34,000	30,700	34,000	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 69,661</u>	<u>\$ 71,047</u>	<u>\$ 72,800</u>	<u>\$ 69,500</u>	<u>\$ 72,800</u>	0.00%
Funding Sources						
General Revenues	<u>\$ 69,661</u>	<u>\$ 71,047</u>	<u>\$ 72,800</u>	<u>\$ 69,500</u>	<u>\$ 72,800</u>	0.00%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Part Time Positions:						
Mayor	1	1	1	1	1	
Councilmembers	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	
Total	8	8	8	8	8	\$ 34,500
Employee Benefits						<u>3,500</u>
Total Personal Services						<u>\$ 38,000</u>

Function:
General Government

Department:
Legislative and Council

Activity:
Legal Services

GENERAL INFORMATION

The City Attorney is retained by the City on a part-time basis and paid on an hourly basis. The City's previous long-serving City Attorney retired at the end of October, 2010. After soliciting proposals from interested attorneys, Matt Brick of the Brick Gentry Law Firm was selected to serve as the new City Attorney at a rate of \$150 per hour. The part-time City Attorney is available to the City Administrator and City staff on an "as needed" basis for legal assistance. With the change in City Attorneys, the City's prosecution function was separated from the City Attorney function. Jennifer Lerner was selected to serve as the City Prosecutor at a rate of \$85 per hour.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is \$5,000 higher than the original budget. The City's original 2011/2012 Legal Services budget included \$10,000 toward the cost of updating the City Code. The City Administrator researched various methods of updating the Code including various Code services firms as well as the City Attorney. The City Attorney provided a quote for a full update of the Code in an amount not to exceed \$25,000. This cost includes \$10,000 for the Zoning ordinance portion of the Code which is planned to be completed in 2012/2013 and \$15,000 for all of the remaining sections which are budgeted for completion in the current year. This required a \$5,000 amendment to this budget which City Council approved in September of 2011. The update of the Zoning ordinance portion of the Code is budgeted to be completed in 2012/2013 after the update of the City's Comprehensive Plan. The City's last full City Code update was completed in December of 1981.

The 2012/2013 budget is the same as the original 2011/2012 budget. As mentioned previously, the budget includes \$10,000 to update the Zoning ordinance portion of the City Code. This budget is based on an estimate of the hours of legal services needed during the year. Legal services for capital projects and enterprise funds are charged to those projects or funds.

GOAL STATEMENT

To provide legal services to the Mayor, City Council, City staff, and Advisory Commissions and Boards to insure that all functions of the City are performed on a legal basis in accordance with the City Code, State Statutes, and Federal laws and regulations; to prosecute City Ordinance violations and defend the City when involved in lawsuits.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011**	Estimated 2011/2012	Estimated 2012/2013
Hours of Legal Service Provided:					
City Attorney (previous including prosecutions) *	408	385	106	N/A	N/A
New City Attorney (excluding prosecutions) *	N/A	N/A	613	750	750
City Prosecutor	N/A	N/A	106	250	250

* City Attorney hours include those charged to capital projects and enterprise funds.

** The previous City Attorney retired at the end of October, 2010 and was replaced with a new City Attorney and City Prosecutor.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue to respond to requests for assistance in legal matters by the Mayor, City Council, and City Administrator (all legal services requests are made through the City Administrator).
- * To complete a comprehensive update to the City Code. The Zoning Ordinance review and update will follow completion of the City's comprehensive plan. (**Management Agenda Top Priority**)

Function:
General Government

Department:
Legislative and Council

Activity:
Legal Services

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	100	100	100	0.00%
Contractual Services	39,031	49,293	70,500	75,500	70,500	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 39,031</u>	<u>\$ 49,293</u>	<u>\$ 70,600</u>	<u>\$ 75,600</u>	<u>\$ 70,600</u>	0.00%
Funding Sources						
General Revenues	<u>\$ 39,031</u>	<u>\$ 49,293</u>	<u>\$ 70,600</u>	<u>\$ 75,600</u>	<u>\$ 70,600</u>	0.00%

Function:
General Government

Department:
City Administrator

Activity:
City Administrator

GENERAL INFORMATION

The City Administrator is responsible for the overall management and administrative coordination of activities of the City of Muscatine. All departments under the City Council report to and are responsible to the City Administrator. All Council matters from the various departments, boards and commissions are presented by the City Administrator to the City Council with specific recommendations. Upon approval by the City Council of various programs and policies, it is the responsibility of the City Administrator for their implementation according to Council direction.

The City Administrator is also responsible for the preparation of the annual budget for review and adoption by the City Council. Additionally, the City Administrator interacts with both public and private entities to promote community-based projects.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is the same as the original budget. The 2012/2013 budget is \$5,300 (2.2%) higher than the 2011/2012 budget primarily due to increased personal services and other employee benefit costs.

GOAL STATEMENT

To improve the service and program capabilities of the City of Muscatine through the effective and efficient forecasting and planning of financial, manpower, and material needs of the City; to assist the City Council in developing the City needs in services and programs; to implement such services and programs established by the City Council through continual evaluation of the organizational structure of the City.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
City Council Agenda Items Presented	315	370	379	375	375
Staff Meetings Held	24	24	24	24	24
Greater Muscatine Chamber of Commerce and Industry (GMCCI) Meetings	4	3	3	3	3
Quad City Area Managers Meetings (Bi-State)	11	11	10	10	10
State Association Meetings (IaCMA)	NA	3	3	3	3
International City/County Management Association (ICMA)	NA	1	1	1	1
Municipal Management Institute (IMMI)	NA	1	1	1	1
Municipal Attorneys Association (IMAA)	NA	1	1	1	1
League of Cities (including annual conference)	NA	5	10	10	10
GMCCI Board and Committee Meetings	NA	12	18	18	18
United Way Meetings	NA	12	10	9	8

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

Five-Year Goals (Long-Term Goals)

- Develop effective economic development strategies to encourage local investment and partnership.
- Pursue voluntary and 80/20 voluntary annexation opportunities, specifically North along Hwy 38 and East along Hwy 22. (Under the Iowa Code if at least 80% of affected property owners are in favor of annexation, it is considered a non-consenting voluntary annexation.)
- Monitor the long-term plan to eliminate the accumulated deficit in the landfill fund.
- Work with the County, School District, Muscatine Power and Water (MPW), and Chamber to combine services or cooperate where feasible and appropriate.
 - Work to meet a minimum of once per year with the above entities.

Policy Agenda 2011-2013

Top Priority

- Position the City to address the potential shortfall in revenue from the potential loss of commercial property taxes during the next legislative session.
- Develop a citywide comprehensive plan incorporating Iowa's Smart Planning Principles.
 - Public engagement. April 2012
 - Draft Comprehensive Plan. September 2012
 - Final Comprehensive Plan. December 2012
- Utilize National Citizens Survey (NCS) results for policy and budget decisions.

- Develop policies/incentives to encourage in-fill opportunities within the city limits.
 - Present a housing tax abatement plan to the City Council. June 2012
 - Present a historical housing tax abatement plan to the City Council. June 2012

High Priority

- Provide for the City's existing levels of service.
- Prioritize and determine funding sources for capital projects identified in the 5-Year Capital Improvement Plan and for the Combined Sewer Overflow (CSO) program.
- Request an extension from the EPA of the City's CSO program. June 2012
- Community Development:
 - Work with the Chamber to implement the economic development strategic plan.
 - Working with the Chamber, implement a sustainable Economic Gardening program. Educate the community on Economic Gardening as an economic development tool to grow local businesses and promote entrepreneurship. Identify resources to sustain a program to provide for this long-term economic development strategy. September 2012

Management Agenda 2011-2013

The 2010-2012 Management Agenda was also established. These issues represent short-term projects for the City Administrator and City of Muscatine staff. Included in the Management Agenda are items that are considered major projects that involve significant city resources and may span more than one year for completion

Top Priority

- Maintain and continually improve the City's new website and maximize its potential as a resource for public communication.
- Complete an update of the City Code. December 2012
- Complete a rewrite of the City's 1974 zoning ordinance following completion of the Comprehensive Plan. December 2013

High Priority

- Evaluate staffing needs and funding mechanisms.
- Evaluate establishing a formal "Lean" program with the City and joining the ILC (Iowa Lean Consortium).
- Provide for ongoing maintenance of the pavement management program
- Complete the following Capital Projects:
 - Cedar Street Reconstruction and Trail – Utility Relocation portion of project in 2012
 - Colorado/Harrison Street Reconstruction in 2012
 - South End Fire Station 2012
 - Mad Creek Levee Project 2012
 - Mississippi Drive Corridor Study 2012
 - Hwy 38/61 Connector Road Study. 2012
 - Soccer Phase 3 (Committee, Plan, and Fundraising)

Function:
General Government

Department:
City Administrator

Activity:
City Administrator

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 168,135	\$ 210,266	\$ 218,400	\$ 217,700	\$ 222,500	1.88%
Commodities	2,229	2,115	2,700	2,700	2,700	0.00%
Contractual Services	23,975	24,503	21,100	21,800	22,300	5.69%
Capital Outlay	604	548	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 194,943</u>	<u>\$ 237,432</u>	<u>\$ 242,200</u>	<u>\$ 242,200</u>	<u>\$ 247,500</u>	2.19%
Funding Sources						
General Revenues	<u>\$ 194,943</u>	<u>\$ 237,432</u>	<u>\$ 242,200</u>	<u>\$ 242,200</u>	<u>\$ 247,500</u>	2.19%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
City Administrator	1.00	1.00	1.00	1.00	1.00	
Administrative Secretary	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	2.00	2.00	2.00	2.00	2.00	\$ 173,300
Employee Benefits						<u>49,200</u>
Total Personal Services						<u>\$ 222,500</u>

Function:
General Government

Department:
City Administrator

Activity:
Human Resources

GENERAL INFORMATION

The Human Resources division consists of an allocation of 75% of the Human Resources Manager position and a 50% allocation of the Office Assistant position. The other 25% of the Human Resources Manager position is included in the Risk Management activity budget. The Human Resources division is responsible for the development of a uniform program for all City departments in the areas of hiring, training, risk management and other personnel related issues. This division also assists departments with the administration of labor contracts and personnel guidelines. The City operates under the Iowa Civil Service Code which encompasses all employees except department heads, supervisors, confidential and library employees, and part time employees as specified by the State Code.

Continued updating of the City's Equal Employment Opportunity Plan and Employee Personnel Manual, as well as the sponsoring of workshops and training sessions are responsibilities of the Human Resources Manager. The Human Resources Manager also serves as secretary to the Civil Service Commission and assists the Commission with the implementation of the State Code on Civil Service requirements.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is under the budgeted amount by \$3,200 due to a \$2,500 decrease in labor attorney costs and a \$700 decrease in personal services costs. The decrease in labor attorney costs was due to the negotiation of 3-year contracts with each of the City's three bargaining units for fiscal years 2011/2012 through 2013/2014.

The 2012/2013 budget is \$6,300 (4.8%) higher than the 2011/2012 budget primarily due to increased personal services, travel and education, and dues and membership costs. The budget includes a \$5,000 allocation for city-wide "Lean" initiatives training including participation in CPM 101, an ICMA metrics program. The budget also includes \$1,000 for City membership in the Iowa Lean Consortium (ILC). Increases in these line items were partially offset by a reduction in the allocation for labor attorney services.

GOAL STATEMENT

To provide centralized human resources services and technical assistance to City departments and staff, Commissions, City employees, and applicants in an efficient and timely manner, and to maintain and process accurate records and information pertaining to employment related activities and commission actions.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Full-time Positions Hired	13	9	13	18	15
Permanent Part-time Positions Hired	1	5	10	3	5
Retirements	0	8	9	8	8
Personnel Actions Processed	416	309	381	370	350
Employment Applications Received	992	672	968	1,000	900
Civil Service Examinations Administered	9	12	10	9	10
Employee Training Programs	2	2	3	2	2
Employee Newsletter "COMET" Issues	12	12	12	12	12
Civil Service Commission Meetings	12	12	12	12	12

RECENT ACCOMPLISHMENTS

Training was presented to a select group of supervisors that focused on Local Government Management to further their understanding of citywide processes such as budgeting and finance, human resource issues, and a variety of other topics. Additional training to continue broadening this knowledge is being sought. In addition, the HR Manager recently presented training on time management skills to the fire department at their request. A number of other departments have requested training in various areas and Human Resources will continue to work on facilitating these requests.

In April 2011, the City began using a bill review service for medical costs of former police and fire employees that retired due to job-related disabilities. Per the State Code, the City is responsible for all medical payments related to the disabilities. From April through November 2011, the City realized a savings of \$12,500 in these medical costs.

This year has brought an increase in the number of applications received and processed. This is due in part to the higher than normal unemployment rate that has increased the number of people seeking work as well as several retirements that resulted in position openings.

The city recently changed life and long-term disability insurance companies which resulted in an overall annual cost savings to the City of \$8,500 while at the same time enhancing the benefit to employees.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue efforts to electronically store records and to create ways to process information electronically including various employee forms and personnel action forms
- * To research and implement, as appropriate, "Lean" concepts throughout the organization. (**Management Agenda Top Priority**)
- * To continue efforts to develop a structured training and development program with continued emphasis on supervisory skills.

- * To complete the process of job task analysis and the update of job descriptions.
- * To update the evaluation form for non-supervisory employees.

Function:
General Government

Department:
City Administrator

Activity:
Human Resources

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 91,915	\$ 94,596	\$ 100,000	\$ 99,300	\$ 102,500	2.50%
Commodities	2,739	2,012	2,900	3,000	2,900	0.00%
Contractual Services	46,854	59,878	27,800	25,200	31,600	13.67%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 141,508	\$ 156,486	\$ 130,700	\$ 127,500	\$ 137,000	4.82%
Funding Sources						
General Revenues	\$ 141,508	\$ 156,486	\$ 130,700	\$ 127,500	\$ 137,000	4.82%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position Allocations:						
Human Resources Manager	0.75	0.75	0.75	0.75	0.75	
Office Assistant	0.50	0.50	0.50	0.50	0.50	
Total	1.25	1.25	1.25	1.25	1.25	\$ 72,300
Employee Benefits						30,200
Total Personal Services						\$ 102,500

Function:
General Government

Department:
Parks and Recreation

Activity:
Wellness Program

GENERAL INFORMATION

The City's Employee Wellness Program has been funded annually from the City's Health Insurance Fund. Wellness program activities vary a great deal and have included blood screening, physical fitness evaluations, flu shots, recreational activities and alcohol and drug awareness programs. All full-time and part-time employees are eligible to participate. Spouses are also encouraged to participate. Other programs initiated by the wellness program include Smoke Stoppers, Weight Watchers, personal safety classes, stress management, and other health-related seminars and clinics. An ongoing emphasis of the wellness program is to promote a healthy lifestyle for employees and their families.

The program also provides an ongoing employee blood pressure screening program as well as the Employee Fitness Scholarship Program. This particular program offers partial reimbursement to employees who participate in local fitness centers.

CURRENT TRENDS AND ISSUES

Responsibility for the Wellness Program has been assigned to the Parks and Recreation Department. Through the summer of 2011 the Parks Department Office Coordinator served as the Wellness Coordinator. With the change in the Office Coordinator position, the Program Supervisor is currently leading this program with the assistance of other Parks staff. The Wellness Program is also coordinated with representatives of the Human Resources and Public Works departments in order to develop and implement employee safety programs as well as providing traditional Wellness programs. Participation in the wellness program continues to elicit positive feedback from employees.

The revised estimate for 2011/2012 is \$2,900 less than the budgeted amount due to personnel cost savings with the change in the Office Coordinator position. The budget for 2012/2013 is \$3,300 (5.2%) less than the original 2011/2012 budget due to decreased personal services costs with the staffing change. The budget for 2012/2013 continues the wellness and health screening programs offered through Genesis Health Systems.

GOAL STATEMENT

To provide City of Muscatine employees and spouses with the knowledge necessary to help them become the best they can be physically and emotionally as individuals and as employees of the City, as part of the City's continued effort to improve employee efficiency and productivity.

PERFORMANCE MEASURES

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Employee Wellness Opportunities *	N/A	N/A	10	12	12
Employee Wellness Participants *	N/A	N/A	346	350	350
Employee Assistance Program Participation Levels *	N/A	14.47%	12.15%	15%	15%
Disease Management Program Participation *	N/A	N/A	129	130	130

* New performance measures were created in 2011 to better measure the effectiveness of the Wellness program. Past numbers are not available for all benchmarks.

RECENT ACCOMPLISHMENTS

Wellness continues to be important to City employees as demonstrated through their participation and continued interest in the wellness offerings.

The Genesis Wellpower program has been offered for three years (2009-2011). This year there were 93 participants in the health screenings. Those who have participated in multiple years are given comparative results from year to year that allows them to track their progress. Continuing these tests is important as typically these tests are not performed by a doctor until there are symptoms present, which in turn can make it more difficult/costly to treat. The health screenings received through the wellness program are a good way for employees who might have a borderline problem to get treatment or make lifestyle changes before a health crisis presents itself.

To give employees the extra incentive to lose weight through diet and exercise, the wellness program again had a "Biggest Loser" contest.

Wellness scholarships continue to be offered to employees. Participants are reimbursed for a portion of their fitness memberships by providing a log of their attendance at a fitness facility.

Other programs held throughout the year include the Employee Assistance Program (counseling services), Influenza Vaccinations, Hepatitis B Vaccinations with Bloodborne Pathogens training, and Hearing Tests.

This fall, the Wellness Program transitioned from the Office Coordinator to the Program Supervisor. The wellness offerings for city employees will continue to be evaluated to serve the needs of the employees.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To research comprehensive screening programs and see what would be a good fit for the City of Muscatine employee group.
- * To create a new incentive program to motivate employees to improve their health screening numbers.
- * To increase participation in the WellPower program.
- * To offer new wellness programs to increase employee participation.
- * To explore and implement “Lean” initiatives related to the Wellness program. (**Management Agenda High Priority**)

Function:
General Government

Department:
Parks and Recreation

Activity:
Wellness Program

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 28,496	\$ 29,149	\$ 30,100	\$ 27,200	\$ 26,800	-10.96%
Commodities	1,018	913	2,000	2,000	2,000	0.00%
Contractual Services	20,302	21,751	30,800	30,800	30,800	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 49,816	\$ 51,813	\$ 62,900	\$ 60,000	\$ 59,600	-5.25%
Funding Sources						
Health Insurance Funds	\$ 49,816	\$ 51,813	\$ 62,900	\$ 60,000	\$ 59,600	-5.25%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position Allocation:						
Office Coordinator	0.50	0.50	0.50	0.50	0.50	\$ 17,000
Employee Benefits						9,800
Total Personal Services						\$ 26,800

Function:
General Government

Department:
Finance

Activity:
Finance and Records

GENERAL INFORMATION

The Finance department is responsible for managing all financial operations of the City of Muscatine. The primary function of the department is to maintain the City's financial records in accordance with generally accepted governmental accounting principles and to prepare the necessary financial data for the City Council, boards and commissions, City Administrator and department heads. The Finance Director oversees all Finance activities as well as the Information Technology and Parking divisions. Separate budgets are prepared for Information Technology and Parking.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is \$3,000 higher than the original budget due to a change from single to family health insurance coverage for one employee.

The 2012/2013 budget is 2.6% (\$13,100) higher than the 2011/2012 budget. This includes an increase of \$17,800 in personal services costs (which again includes the change in employee health insurance coverage) and \$4,000 for the bi-annual GASB 34 actuarial update. These increases have been offset in part since there is no city election in 2012/2013. The 2012/2013 capital projects budget includes an allocation of \$140,000 for replacement of the City's financial software.

GOAL STATEMENT

Finance - To provide a financial information system which provides City Council, commissions, boards, and staff with pertinent and necessary information in order to make informed decisions.

Records - To provide the City with an accurate and complete set of records which includes all proceedings and actions of the City Council, and to provide an orderly retrieval process for requested information.

Purchasing - To provide a purchasing program for all departments in the City in order to effectively search the marketplace for quality purchases at the lowest possible costs; and to assure that such materials and equipment will assist in performing the activities of the City in an efficient manner.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Finance:					
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Submit Application	Submit Application
GFOA Budget Award	Yes	Yes	Yes	Yes	Submit Application
City Vendors Checks Issued	5,334	5,478	5,305	5,500	5,500
Housing Programs Checks Issued	2,440	2,423	2,581	2,600	2,600
Payroll Checks Issued	3,909	3,515	3,801	3,750	3,750
Payroll Direct Deposit Transactions	4,999	5,307	5,444	5,500	5,500
Accounts Payable Transactions	22,742	23,481	24,652	24,700	24,700
City Receipt Transactions	8,283	7,779	8,137	8,200	8,200
Housing Receipt Transactions	2,094	1,892	2,039	2,050	2,050
Interest Earned	\$557,630	\$197,976	\$78,516	\$77,000	\$75,000
Records:					
Public Documents Recorded	315	370	379	375	375
Council Minutes Prepared	48	46	47	46	46
Notices Published	48	39	35	40	40
Purchasing:					
Purchase Orders Processed	2,103	2,164	2,245	2,250	2,250

RECENT ACCOMPLISHMENTS

The City received GFOA's Distinguished Budget Presentation Award for the 2011/2012 Budget. This was the 27th consecutive year the City received this award. The City was awarded its 21st consecutive Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011.

The Finance Director participated in and prepared financial information for the Chamber Committee appointed to study and evaluate the landfill deficit of over \$2.5 million as of the end for the 2009/2010 fiscal year. Recommendations of the Committee were implemented in October of 2010 which are projected to assist in substantially decreasing this deficit over the upcoming years. In September of 2011, Finance staff prepared and presented reports to the Committee and Council of actual progress in reducing this deficit as of the end of the 2010/2011 fiscal year (\$412,000 deficit reduction). This plan will continue to be monitored as part of the current and upcoming budgets.

During the past year Finance staff also established administrative procedures for the Automatic Traffic Enforcement system including selection of a collection agent for unpaid fines. Monitoring of collection procedures continues.

The research and preliminary evaluation of new financial software is underway. The Finance Director spoke with various software vendors at the GFOA National Conference as well as the State IMFOA conference. These vendors included those that focused on much larger governmental entities, smaller governments, various other regions of the country, or mid-sized cities similar to the City of Muscatine. One on-site and one web-based demonstration have been presented to a committee consisting of the Finance Director, Accountant, IT Manager, and HR Manager. Price quotations have been received from both of these vendors. More in-depth review of each of these systems will be made before a formal recommendation is made.

The Finance department also successfully completed the transition to Public Financial Management (PFM), the City's new financial consultant, to assist the City with future capital project financing. One of the most significant projects is the upcoming West Hill Sewer Separation project. This project is mandated by a Consent Order with the U.S. Environmental Protection Agency and has a preliminary cost estimate exceeding \$50 million. This project is planned to be done in ten phases beginning in 2012. Based on the project work and financing schedule, the City will be requesting a four-year extension to the current 2024 Consent Order deadline.

The Finance Director continued as the City's Point of Contact for the FEMA projects from the 2008 flood and windstorm events. The required documentation for all projects has been submitted. Finance staff continues to respond to the requests for additional information or documentation for the official close-out of the last several projects which include the Pearl City Station bulkhead improvements, riverfront slope and concrete work, and the harbor dredging.

OBJECTIVES TO BE ACCOMPLISHED IN 2011/2012

- * To continue to submit the City's budget for consideration for the Distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA).
- * To continue to submit the City's comprehensive annual financial report for consideration for the Certificate of Achievement for Excellence in Financial Reporting from GFOA.
- * To continue to implement Governmental Accounting Standards Board (GASB) Statements as they become effective. Statements 57 which will be effective for the year ended June 30, 2012 should have no impact on the City. Statements 60-64 will be effective for the year ending June 30, 2013. Impacts from these Statements have not yet been determined.
- * To continue to monitor the long-term plan to eliminate the accumulated deficit in the landfill fund.
(City Council Long-term Goal)
- * To assist in prioritizing and determine funding sources for capital projects identified in the Five Year Capital Improvement Plan including financing for the West Hill Sewer Separate project and the request for extension to the E.P.A. Consent Order deadline **(City Council High Priority)**
- * To complete the evaluation for a new financial software system and begin implementation. Once a software system is selected and approved, implementation is expected to take up to twelve months. Implementation will include business process reviews for all of the current finance department processes including general ledger, accounts payable, accounts receivable, payroll, purchase orders, budgeting, and human resources functions.

- * As part of the business process review for the financial software conversion, look for “Lean” initiatives in all Finance processes while maintaining necessary accounting internal controls. **(Management Agenda High Priority)**

Function:
General Government

Department:
Finance

Activity:
Finance and Records

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 351,392	\$ 372,954	\$ 396,400	\$ 399,400	\$ 414,200	4.49%
Commodities	9,084	10,799	12,300	12,300	12,300	0.00%
Contractual Services	79,912	80,511	89,900	89,900	88,200	-1.89%
Capital Outlay	-	-	3,000	3,000	-	
Debt Service	-	-	-	-	-	
Total Expenditures	<u>\$ 440,388</u>	<u>\$ 464,264</u>	<u>\$ 501,600</u>	<u>\$ 504,600</u>	<u>\$ 514,700</u>	2.61%
Funding Sources						
Licenses and Permits	\$ 47,485	\$ 43,535	\$ 49,300	\$ 43,600	\$ 43,600	-11.56%
Housing Accounting Fees	38,600	49,600	51,100	51,100	52,600	2.94%
General Revenues	<u>354,303</u>	<u>371,129</u>	<u>401,200</u>	<u>409,900</u>	<u>418,500</u>	4.31%
Total Funding Sources	<u>\$ 440,388</u>	<u>\$ 464,264</u>	<u>\$ 501,600</u>	<u>\$ 504,600</u>	<u>\$ 514,700</u>	2.61%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Finance Director	0.90	0.90	0.90	0.90	0.90	
Accounting Supervisor	-	-	-	-	1.00	
Accountant	1.00	1.00	1.00	1.00	-	
Senior Account Clerk	2.00	2.00	2.00	2.00	2.00	
Account Clerk	1.00	1.00	1.00	1.00	1.00	
Finance Secretary/ Parking Coordinator	0.50	0.50	0.50	0.50	0.50	
Office Assistant	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	5.65	5.65	5.65	5.65	5.65	\$ 290,400
Employee Benefits						123,800
Total Personal Services						<u>\$ 414,200</u>

Function:
General Government

Department:
Finance

Activity:
Information Technology

GENERAL INFORMATION

The Information Technology activity was established for the purpose of accounting for costs relating to the repair, maintenance, and operation of the City computer systems; to keep up with technological advances; and to meet the ongoing needs for employee computer-related training. This activity includes two positions, the Information Technology Manager and a Computer Technician. These individuals are responsible for all of the City's computer systems including the critical Public Safety computer systems.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is \$9,200 more than the budgeted amount as a result of paying off the internal loan for the website development project. The City used an internal loan in 2010/2011 to finance the development of the City's new website. It was originally planned to make three annual payments on this loan from 2011/2012 through 2013/2014. With the favorable General fund balance at the end of 2010/2011, City Council approved paying off the loan balance of \$10,300 in 2011/2012.

The 2012/2013 budget is \$5,500 (2.2%) higher than the 2011/2012 budget. The budget includes a transfer of \$40,000 to the Computer Replacement fund and \$5,800 for a Network Backbone Router for City Hall. Other computer-related requests for 2012/2013 are budgeted to be funded from the Water Pollution Control fund, the Library, and Public Works.

GOAL STATEMENT

To provide maintenance, support, education, and training for the efficient and productive operation of all the computer systems throughout the City organization; to increase the computer literacy of all City employees; and to aggressively pursue using computer technology to enhance communications with the citizens.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
PC's Maintained	214	214	216	216	216
Network Maintained	2	2	2	2	2
AS/400's Maintained	1	1	1	1	1
Training Sessions	8	8	6	16	10

RECENT ACCOMPLISHMENTS

A Request for Proposals (RFP) for a new telephone system for City Hall, Public Works and the Muscatine Art Center has been written and was sent to vendors in December 2011. Funding for this project in the amount of \$60,000 has been allocated as part of the 2011/2012 Capital Improvements Program. Vendor selection, installation, implementation, and training is expected to be completed prior to the end of 2011/2012.

New servers have been installed at both the Public Works facility and the Water Pollution Control Plant. The new systems are complete with next generation backup, client virtualization, active directory replication, and disaster recovery.

The Muscatine Art Center has been converted from a peer-to-peer network to the latest in client-server architecture. The museum automation system has been converted to run on open source Oracle Express which allows for centralized access of resources, greater security, more scalability, and additional interoperability.

A new Computer Technician was hired in December to fill a vacancy following the resignation of the previous individual.

The Musser Public Library was successfully transitioned from WorkFlows by SirsiDynix to Polaris for their library automation system. This change was mandated due to the Library's consortium membership moving from PALS/PrairieCat to RiverShare.

All four radio computers have been replaced in the MUSCOM (City-County Public Safety Joint Communications Center). These costs were paid by MUSCOM. An equipment replacement schedule for all of MUSCOM's computer hardware has also been implemented.

The wireless access point at the Musser Public Library has been replaced. The new equipment allows the library's internal network to be more secure, while the wireless network is smaller and more streamlined. This allows the wireless users to be faster while forcing the user to complying with the Library's computer usage policy.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To complete the planned phase-out of the city's legacy e-mail system.
- * To redesign and implement a new strategy for WAN sub-netting.
- * To train city staff on effective utilization of Google Docs.
- * To cross train the city's new Computer Technician.
- * To create and maintain a meeting schedule for the city's Website Committee and plan for and implement continued growth of our web presence. (**Management Agenda Top Priority**)
- * To review IT processes for "Lean" initiatives. (**Management Agenda High Priority**)

Function:
General Government

Department:
Finance

Activity:
Information Technology

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 142,593	\$ 146,505	\$ 154,400	\$ 148,200	\$ 157,400	1.94%
Commodities	2,413	1,180	1,600	1,800	1,800	12.50%
Contractual Services	33,561	35,460	39,600	46,100	45,700	15.40%
Capital Outlay	-	23,230	10,700	9,200	5,800	
Transfers	40,000	30,000	38,900	49,100	40,000	2.83%
Total Expenditures	\$ 218,567	\$ 236,375	\$ 245,200	\$ 254,400	\$ 250,700	2.24%
Funding Sources						
IT Administrative Fees	\$ 19,000	\$ 23,900	\$ 24,700	\$ 24,700	\$ 25,500	3.24%
General Revenues	199,567	212,475	220,500	229,700	225,200	2.13%
Total Funding Sources	\$ 218,567	\$ 236,375	\$ 245,200	\$ 254,400	\$ 250,700	2.24%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Information Technology Manager	1.00	1.00	1.00	1.00	1.00	
Computer Technician	1.00	1.00	1.00	1.00	1.00	
Total	2.00	2.00	2.00	2.00	2.00	\$ 108,700
Employee Benefits						48,700
Total Personal Services						\$ 157,400
Capital Outlay						
Item:					Replacement	Amount
Network Backbone Router					Yes	\$ 5,800

Capital Outlay Funding Transfer	
Item:	Amount
Funding Transfer to Computer Replacement Fund	\$ 40,000

Function:
General Government

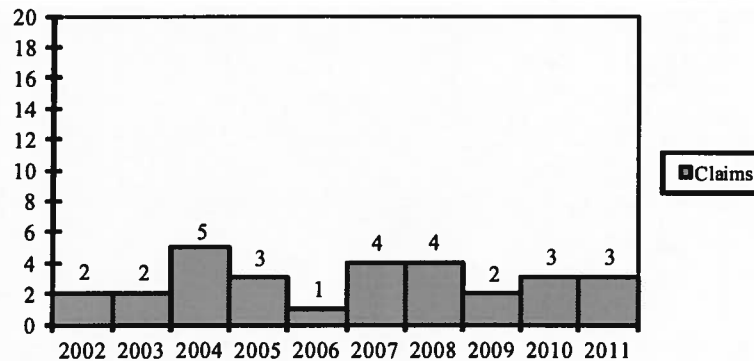
Department:
City Administrator

Activity:
Risk Management

GENERAL INFORMATION

This budget includes the City's Risk Management Program, Insurance Program, and Employee Safety Program. The budget allocates funding for the Human Resources Manager's time for Risk Management and Safety Program responsibilities. The City's Wellness Program is also involved in developing and sharing safety information with City employees. The number of lost time workers compensation claims recorded for the City during calendar year 2011 equaled 3. The history of lost time claims for the past ten years is as follows:

Lost Time Workers Compensation Claims



The goal for 2012/2013 is to continue to reduce recordable injuries.

The City's Risk Management Program involves the administration of the City's overall insurance program. A Citizen Insurance Advisory Committee consisting of representatives from various major industries in the community provides a substantial amount of assistance to the City in administering this program. Insurance costs included in this budget for fiscal years 2006/2007 through the budgeted costs for 2012/2013 as well as total City insurance premiums are shown in the following graph:

Insurance Premium History



CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate General Fund insurance cost of \$217,300 included in this budget is \$9,600 less than the amount budgeted. This is primarily due to a credit of \$6,330 from the prior year Worker's Compensation policy audit and most policy premiums being close to or under the budgeted amounts.

The 2012/2013 estimated insurance cost of \$231,400 included in this budget is 2.0% (\$4,500) higher than the 2011/2012 budget and 6.5% (\$14,100) higher than the 2011/2012 revised estimate. The total insurance premiums (excluding employee health, dental and life insurance) for the entire City are estimated at \$649,600 for 2012/2013. This is a \$33,900 (5.5%) increase from the 2011/2012 budget of \$615,700. Of that amount \$231,400 is charged directly to the General Fund Risk Management budget with the remainder allocated to various Enterprise and other funds. Worker's Compensation insurance is allocated based on payroll costs to each of the City's departments. The increase in total premiums for 2012/2013 includes \$13,400 from the property and liability insurance for the Clark House and Sunset Park. This increase is directly related to the number and dollar amount of claims for those facilities in recent years. The 2012/2013 budget includes an estimated \$13,100 for premiums under the National Flood Insurance Program for certain City buildings. This coverage is required for the City to continue to receive FEMA reimbursements for these properties.

The budget for 2012/2013 includes a \$.31915 per \$1,000 valuation Tort Liability tax levy. The Tort Liability tax levy also provides funding of \$18,000 for the fine arts insurance policy included in the Art Center operations budget. Insurance premiums continue to be a major cost to the City which emphasizes the importance the City should continue to place on its risk management program.

GOAL STATEMENT

To develop a program for a safe and healthy environment for the employees of the City and to monitor such program in order to reduce injuries and loss exposure to the City; and to assist all departments with risk management to reduce potential injuries to persons and property to limit the City's exposure to claims against the City.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Workers Compensation Experience Modification Factor	.84	.89	.87	.82	.77
Insurance Premiums Paid - All Funds	\$512,985	\$545,885	\$572,904	\$592,900	\$649,600
Risk Management Insurance Premiums	\$193,371	\$209,757	\$197,331	\$217,300	\$231,400
Accident Review Committee Meetings	12	12	12	12	12
Risk and Insurance Management Society (RIMS) Meetings	9	9	9	5	5

RECENT ACCOMPLISHMENTS

The City has maintained a positive experience modification factor for workers compensation insurance. The City's current rating is .82 which is once again an above average rating for our industry and an improvement over last year. The City also received a premium rebate for this positive loss experience and also has been granted the maximum rate reductions allowed by the state.

In cooperation with the Police and Fire departments, a bill review service was implemented to assist in saving medical costs for police/fire work related injuries. From April through November 2011, the City realized a savings of \$12,500 in these medical costs.

All employees in labor positions attended a recent training conducted by the City's workers compensation carrier covering several relevant safety topics. This was attended by approximately 100 employees and included four topics based on the City's most frequent injury issues.

The safety incentive program continues to be popular with employees. Fewer than 10 of the employees eligible to receive safety incentive time off did not meet the requirements to earn this time. In addition, approximately \$2,500 in awards was earned.

A review of the City's drug testing policy and appropriate updates is nearly complete. This will be presented for Council review in the near future.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue the process of implementing safety training and orientation for seasonal employees.
- * To complete the process of creating a safety and risk management policy handbook for ease of reference.
- * To create a training calendar for ongoing safety training within departments to be conducted during normal staff meetings.

Function:
General Government

Department:
City Administrator

Activity:
Risk Management

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 23,143	\$ 23,680	\$ 24,500	\$ 24,900	\$ 25,400	3.67%
Commodities	5,458	8,934	12,100	12,100	12,100	0.00%
Contractual Services	233,581	226,804	244,500	237,300	251,400	2.82%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 262,182	\$ 259,418	\$ 281,100	\$ 274,300	\$ 288,900	2.77%
Funding Sources						
Tort Liability Taxes	\$ 251,399	\$ 254,200	\$ 225,370	\$ 225,370	\$ 249,400	10.66%
General Revenues	10,783	5,218	55,730	48,930	39,500	
Total Funding Sources	\$ 262,182	\$ 259,418	\$ 281,100	\$ 274,300	\$ 288,900	2.77%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position Allocation:						
Human Resources Manager	0.25	0.25	0.25	0.25	0.25	\$ 18,600
Employee Benefits						6,800
Total Personal Services						\$ 25,400

Function:
General Government

Department:
Public Works

Activity:
Building and Grounds

GENERAL INFORMATION

The Building and Grounds activity is responsible for the maintenance of most City buildings including City Hall, Public Safety Building, Southend Fire Station, Library, Art Center and Museum, the Public Works Building, and certain maintenance functions at the Municipal Airport. The division is responsible for maintaining these buildings by providing both day-to-day and preventive maintenance. The division is located in the Public Works building, which offers the necessary space for supply storage and maintenance activities. Costs of maintaining these City buildings are incorporated in this budget including utilities, day-to-day maintenance, and preventive maintenance.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is under the budgeted amount by \$12,100. Budget reductions include \$3,100 in personal services due to staff changes during the year with the remaining overall reduction in various commodity and contractual services line items.

The 2012/2013 budget is \$9,300 (1.8%) higher than the original 2011/2012 budget. Increases in personal services and capital outlay costs have been partially offset by decreases in various commodity and contractual services line items.

GOAL STATEMENT

To provide a quality maintenance program for all City buildings including three (3) types of service: preventive maintenance, regular maintenance, and emergency calls; to provide facilities which are safe to the general public and City employees; and to provide City facilities which permit City employees to operate efficiently in providing services to the citizens of Muscatine.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Buildings Maintained	8	8	8	8	8
Heating, Ventilation, and Air Conditioning Service Contracts	3	2	3	3	3
Staff Custodians (Full Time and Part Time)	8	7	6	6	6
Contract Custodians	1	1	3	3	3
Grounds Maintained	3	3	3	3	3
Janitorial Supplies Purchased	\$17,212	\$20,113	\$16,769	\$18,000	\$19,000
Major Maintenance Projects (Above \$2,000)	10	14	13	10	10

RECENT ACCOMPLISHMENTS

The City was awarded Energy Efficiency Conservation Block Grants for replacement of the boilers at City Hall and the Art Center. These boilers will be replaced before the winter of 2012/2013.

Projects completed during the past year at the Library included removal of an abandoned air handling unit, painting, electrical work, lighting of out-lots, and removal and replacement of office equipment.

Projects completed at the Art Center included restoration of the pergola, waterproofing the Laura Musser Museum basement wall, repair of walkway and parking lot lights, roof replacement on the storage garage, and replacement of entrance doors. In addition staff assisted with the removal and storage of the Springs and Sprockets exhibit.

City Hall projects included the deck restoration and the installation of a new sink and counter in the Administration office. Work continues on painting and woodwork restoration.

Projects at the Police department included the installation of shelving in two rooms (old cell and photo/fingerprint area), repairs at the Police department Firing Range, installation of a window access and security lock in the records room, and floor tile replacement in the washer/dryer area.

At Public Works the overhead wash bay doors were replaced as were the entrance doors. Light fixtures were replaced in the wash bay and a washer and dryer purchased to clean uniforms.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue personnel training and certifications (pest control and backflow protection).
- * To continue painting and improvements to City-owned buildings and grounds.
- * To continue working with Muscatine Power and Water (MP&W) on lighting improvements in City buildings.
- * To complete installation of new boilers at City Hall and the Muscatine Art Center.
- * To work with Roadway Maintenance, Collection and Drainage, and the City Engineer to reorganize the Public Works Lower Lot.
- * To review the building and grounds operations for “Lean” initiatives. (**Management Agenda High Priority**)

Function:
General Government

Department:
Public Works

Activity:
Building and Grounds

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 308,738	\$ 281,735	\$ 268,700	\$ 265,600	\$ 274,300	2.08%
Commodities	43,648	37,530	57,800	52,600	50,100	-13.32%
Contractual Services	117,358	140,883	173,500	168,100	168,100	-3.11%
Capital Outlay	18,004	11,008	11,200	12,800	28,000	150.00%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 487,748</u>	<u>\$ 471,156</u>	<u>\$ 511,200</u>	<u>\$ 499,100</u>	<u>\$ 520,500</u>	1.82%
Funding Sources						
Charges for Supplies	\$ 8,055	\$ 7,196	\$ 8,400	\$ 8,400	\$ 8,400	0.00%
Insurance Reimbursement	5,444	-	3,000	-	-	-100.00%
FEMA Reimbursements	908	56	-	-	-	
Sale of Equipment	3,097	5	7,500	7,500	7,500	0.00%
Capital Project Funds Transfer	-	-	11,200	11,500	-	-100.00%
Road Use Taxes	-	-	-	-	4,500	
General Revenues	<u>470,244</u>	<u>463,899</u>	<u>481,100</u>	<u>471,700</u>	<u>500,100</u>	3.95%
Total Funding Sources	<u>\$ 487,748</u>	<u>\$ 471,156</u>	<u>\$ 511,200</u>	<u>\$ 499,100</u>	<u>\$ 520,500</u>	1.82%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Building and Grounds						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Repairperson	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.50	0.50	0.50	0.50	0.50	
Custodian	<u>2.00</u>	<u>1.25</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	4.50	3.75	3.50	3.50	3.50	
Part Time Positions:						
Custodian	<u>1.20</u>	<u>0.85</u>	<u>0.85</u>	<u>0.85</u>	<u>0.85</u>	
Total	5.70	4.60	4.35	4.35	4.35	\$ 191,700
Employee Benefits						82,600
Total Personal Services						<u>\$ 274,300</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Rider Mower (for Public Works grounds)	1	Yes	\$ 4,500
Push Mowers (Fire Department)	2	Yes	500
Art Center Carpet		Yes	21,000
Art Center Japanese Garden Improvements			2,000
Total			<u>\$ 28,000</u>

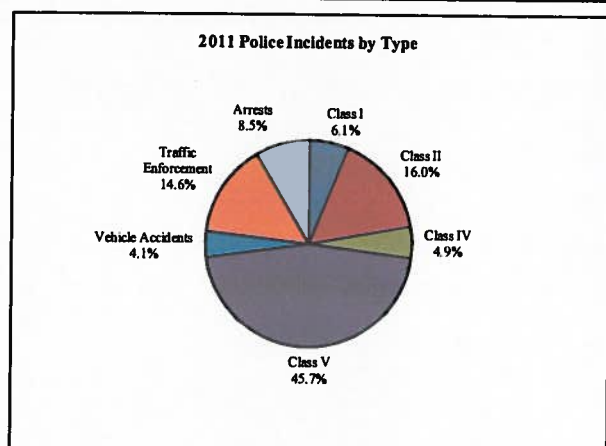
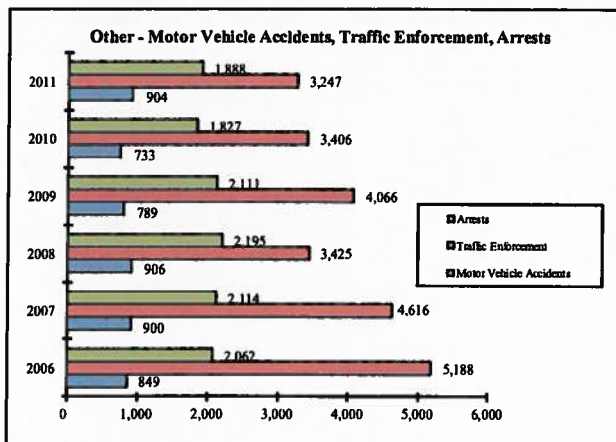
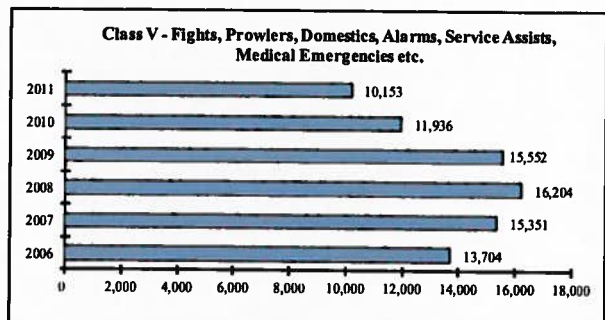
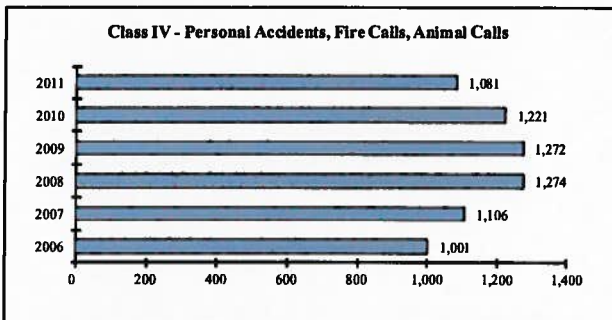
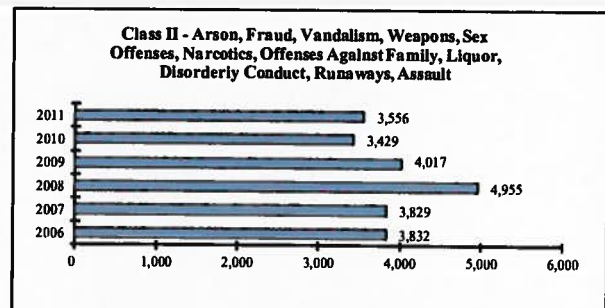
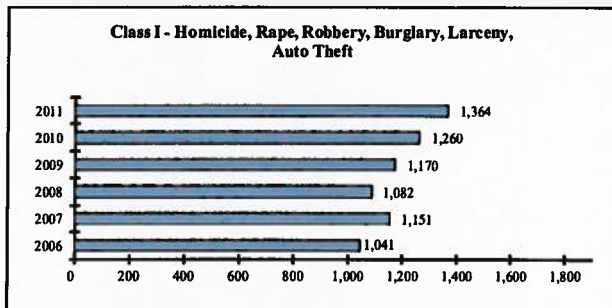
Function:
Public Safety

Department:
Police

Activity:
Police Operations

GENERAL INFORMATION

The Muscatine Police department 2011/2012 budget included forty (40) sworn officers, two (2) fulltime civilian positions and one ¾ time civilian clerk position. In 2011 the department was awarded funding from a U.S. Department of Justice COPS grant for two additional police officer positions for a three year period. This will increase the number of sworn officers to forty-two (42) beginning early in 2012. The department is responsible for the protection of lives and property for all individuals within the City. The department currently consists of four (4) divisions: patrol, investigation, general administration, and a canine unit. The patrol division operates on three (3) shifts. Following are charts of police incidents by type for the last six years:



CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is over the budgeted amount in total by \$56,300 primarily due to the department being awarded funding under the U.S. Department of Justice COPS grant program for two new police officers. These officers will be hired in January of 2012 and will be 100% funded from this grant for the first three years. As a condition of the grant, the City is required to maintain these positions with 100% City funding for the fourth year. The revised estimate includes increases in various commodity, contractual services, and capital outlay line items. These increases were offset by savings in personal services costs due to position vacancies during the year.

The 2012/2013 budget is \$231,700 (5.8%) higher than the original 2011/2012 budget primarily due to increased personal services costs (\$221,000). This increase includes \$136,800 for the two COPS grant-funded officers and an increase of \$47,900 in police pension contributions for the other officers. The pension increase reflects the increase in the required City contribution rate from 24.76% to 26.12%. The 2012/2013 budget also includes \$14,500 for an additional part-time Evidence Technician with this position hired through a temporary employment agency.

The 2012/2013 budget continues to include expenditures which will be funded from various police grants. The HIDTA (High Intensity Drug Trafficking Area) grant is budgeted to continue in 2012/2013 with grant expenditures of \$77,100; the Domestic Violence grant will continue with estimated grant revenues of \$10,000; \$15,500 of Governor's Highway Safety funds are budgeted to be expended; and \$76,000 will be expended under the Federal Joint Terrorism Task Force grant. The 2012/2013 budget also continues funding for the City/County Drug Task Force with grant funding estimated at \$52,000. The budget continues funding for the current school resource officer position. This position is 75% funded by the school. One of the new police officers funded from the recently awarded COPS grant will be used as a second School Resource Officer for the two middle schools.

The 2012/2013 General Fund budget for the first time includes several "assigned" funding allocations for future year costs. The COPS grant awarded in 2011 provides 100% funding for two new police officers for three years. The grant requires the City retain these two positions for at least one more year after the grant funding ends. One of the new positions will be a second School Resource Officer used during the school year in the middle schools. The School has agreed to fund the cost of the fourth year for this position (one officer prorated at 75% for the school year). It is proposed that the City "assign" annual allocations of \$40,000 in each of the three years of the grant so sufficient funding is available to fund the City's portion of the fourth year costs for these positions. The 2012/2013 budget includes the first \$40,000 assigned funding allocation.

GOAL STATEMENT

The Muscatine Police Department will strive to be a model law enforcement agency, nationally accredited, viewed internally and externally as professional and enthusiastic, ensuring the highest possible public trust and security, in order that our citizens may go about their daily lives free from fear of harm or loss of property. We will operate the department with fiscal prudence, striving to employ our resources effectively and efficiently, promote community awareness and communication while providing the highest level of service and protection to all persons within our borders.

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Police Calls for Service	20,066	22,011	18,667	20,312	20,000
Overtime Hours Worked	4,335	3,295	2,987	3,015	3,400
Traffic Enforcement	3,425	4,066	3,406	3,247	3,500
Arrests	2,195	2,111	1,827	1,888	1,800
Parking Tickets Issued	1,721	1,438	1,280	1,327	1,400
Uniform Crime Report Clearance Rates	41%	45%	45%	44%	45%
Investigations Assigned	315	375	270	280	270
Investigations Cleared	80%	79%	69%	73%	70%
Red Light Violation Citations*	N/A	N/A	N/A	1,927	2,160
Speed on Green Violation Citations*	N/A	N/A	N/A	17,828	13,200

* The City's five automatic traffic enforcement cameras for red light and speed on green citations became operational early in 2011.

RECENT ACCOMPLISHMENTS

The Police Department is continuing with its National Accreditation process and is striving to be reaccredited in 2012. The many promotions and changes that have occurred in the department in the last year have necessitated training of personnel to take over the accreditation process.

The department embarked on an Automated Traffic Enforcement initiative to address safety issues relating to red light running and speeding at certain intersections. Gatso Inc. was awarded the contract by City Council. The Automated Traffic Enforcement cameras were installed in early 2011, and all five intersections went live in the spring of 2011.

The department is in the process of installing a new radio system that will complement and expand on the system recently installed by the Fire Department. The new system will have technological capabilities that will enhance interoperable communications with other agencies in the region.

The department hired one additional minority officer who will begin the Field Training Program after completion of the police academy in late April 2012.

In partnership with the Muscatine County Sheriff's Office, the department successfully negotiated for the continued federal (HIDTA) and state (ODCP) funding of the Muscatine County Drug Task Force through the 2012/2013 fiscal year.

The department applied for and was awarded a COPS grant through the U.S. Department of Justice which will fund 100% of the cost of two police officer positions for a three-year period. With this increased staffing, one current officer will be assigned to the Street Crimes Unit and the other used as a second School Resource Officer in the middle schools during each school year.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To reinstate the Street Crimes Unit (SCU) in order to address the growing gang issues and related problems.
- * To continue moving the Police Department forward by utilizing problem and community oriented policing strategies and re-inventing patrol dispersions to maximize effectiveness by incorporating the most efficient use of manpower and allocation of resources.
- * To continue supporting existing positions that receive funding from outside sources: one Drug Task Force Officer funded by the Office of Drug Control Policy; one Drug Task Force Officer funded by the High Intensity Drug Trafficking Area Program; two school resource officers with one funded 75% through the school system and the other through the new COPS grant; one officer assigned to the Joint Terrorism Taskforce; and the overtime manpower allocation for the domestic violence program.
- * To complete one citizen police academy class.
- * To continue to pursue grants compatible with department goals and objectives as well as the needs of the community.
- * To continue efforts to recruit, hire and maintain women and minorities to the workforce.
- * To review police department operations for "Lean" initiatives. (**Management Agenda High Priority**)

Function:
Public Safety

Department:
Police

Activity:
Police Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 3,144,124	\$ 3,113,347	\$ 3,528,100	\$ 3,538,200	\$ 3,749,100	6.26%
Commodities	140,148	158,769	167,500	179,000	173,900	3.82%
Contractual Services	294,965	263,613	249,400	268,900	262,900	5.41%
Capital Outlay	125,931	60,520	36,400	51,600	27,200	-25.27%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 3,705,168	\$ 3,596,249	\$ 3,981,400	\$ 4,037,700	\$ 4,213,100	5.82%
Funding Sources						
Grants	\$ 418,356	\$ 329,194	\$ 307,700	\$ 367,000	\$ 448,300	45.69%
Parking Violations	17,927	16,392	15,000	15,000	15,000	0.00%
Court Fines	149,978	193,816	145,000	160,000	160,000	10.34%
Automatic Traffic Enforcement Fines	-	163,533	60,000	650,000	450,000	650.00%
Fruitland Agreement	41,400	42,228	43,200	43,200	44,300	2.55%
False Alarm Charges	1,100	2,200	1,000	1,500	1,500	50.00%
Utility Franchise Fees	-	113,840	100,000	112,500	112,500	12.50%
Insurance Reimbursement	-	9,360	-	-	-	
General Revenues	3,076,407	2,725,686	3,309,500	2,688,500	2,981,500	-9.91%
Total Funding Sources	\$ 3,705,168	\$ 3,596,249	\$ 3,981,400	\$ 4,037,700	\$ 4,213,100	5.82%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Chief	1.00	1.00	1.00	1.00	1.00	
Assistant Chief	1.00	1.00	1.00	1.00	1.00	
Captain	0.50	1.00	1.00	1.00	1.00	
Lieutenant	4.50	4.00	4.00	4.00	4.00	
Sergeant	3.00	3.25	4.00	4.00	4.00	
Corporal	6.00	6.00	6.00	6.00	6.00	
Patrol Officer	24.00	22.75	23.00	24.00 *	25.00 *	
Secretary	1.00	1.00	1.00	1.00	1.00	
Clerk	1.00	1.00	1.00	1.00	1.00	
Total Full Time	42.00	41.00	42.00	43.00	44.00	
Part Time Position:						
Clerk	0.88	0.88	0.88	0.88	0.88	
Total	42.88	41.88	42.88	43.88	44.88	\$ 2,362,400
Employee Benefits						1,386,700
Total Personal Services						\$ 3,749,100
* Two police officer positions were added midway through the 2011/2012 year (100% COPS grant-funded)						

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Video Recording System for Interview Room	1	Yes	\$ 7,000
Squad Car Computers	2	Yes	9,000
Lightbars	2	Yes	6,000
Radar Units	2	Yes	5,200
			<u>\$ 27,200</u>
Additional Capital Outlay - Equipment Replacement Fund			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Squad Cars	5	Yes	\$ 165,000
Unmarked Police Vehicle	1	Yes	15,000
			<u>\$ 180,000</u>

Function:
Public Safety

Department:
Police

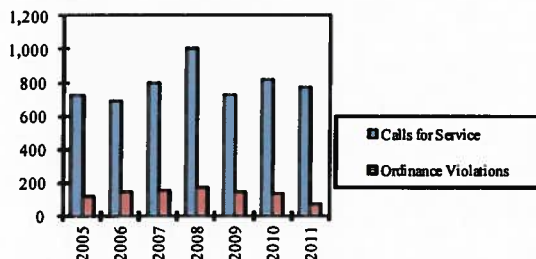
Activity:
Animal Control

GENERAL INFORMATION

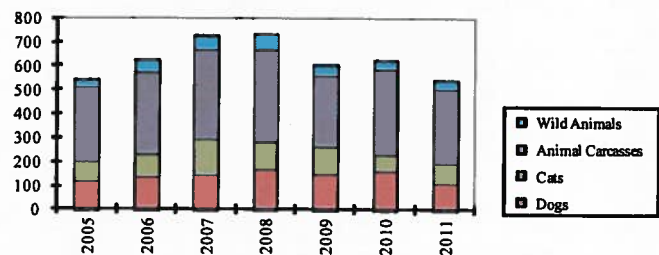
The Animal Control activity is under the supervision of the Police Department. This budget finances the activities involved in policing the City's Animal Control Ordinance as specified in the City Code. This Ordinance includes regulations to control dangerous and exotic animals and any other animals which are housed by citizens. The Muscatine Humane Society provides shelter facilities for animals picked up by the City.

In 1995 the City Council adopted an animal control ordinance requiring City licensing of all dogs and cats, established fines for unlicensed animals and increased fines for animals at large. The ordinance was the result of a citizen task force which studied this issue for approximately one year. In 2003 City Council amended the animal control ordinances as follows: (1) Title 4 General Provisions adding Chapter 2 "Keeping of Pit Bull Dogs" to allow citizens to follow required procedures of the ordinance in order to keep their dog and also prohibiting any new pit bull dogs from coming into the City limits, and (2) Title 4 General Provisions, Chapter 1, Animal Regulation, Section 8 Animal Care, Section F requiring that owners of animals that have "invisible fences" are required to notify the U.S. Postal Service and utility companies with the City Clerk's office at City Hall to receive copies of the notifications sent to the U.S. Postal Service and utility companies. The City Prosecutor has made recommendations for updating City Code provisions related to animal control and these will be brought forward in the near future for City Council consideration.

Calls for Service and Ordinance Violations



Animals to Humane Society



CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is \$30,300 less than the original budget. At the time the 2011/2012 budget was adopted an agreement had not been reached with the Muscatine Humane Society for continuing to use their services or the funding level to do so. The budget as such, allowed \$90,000 of funding for estimated costs of the City providing animal confinement services in lieu of the Humane Society. After the budget was adopted, the City Council and the Humane Society Board agreed to a \$60,000 subsidy for 2011/2012. The City also provides in-kind services for lawn care and refuse collection services to the Humane Society.

The budget for 2012/2013 is \$1,100 (.9%) higher than the 2011/2012 revised estimate due to increased personal services costs. The Muscatine Humane Society's funding request and budget allocation for 2012/2013 is \$60,000, the same as the agreed-upon funding for 2011/2012.

GOAL STATEMENT

To protect individuals and property against activities and transgressions of animals through the enforcement of the Animal Control Ordinance by establishing a uniform and effective City-wide animal control program which results in an increase of voluntary compliance by citizens as well as a decrease in the number of animal complaints received by the department.

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Calls for Service	1,002	727	783	742	790
Ordinance Violations	166	142	137	72	135
Bite Cases	39	37	42	31	40
Animals Taken to Humane Society:					
Dogs	166	148	161	108	150
Cats	111	112	69	84	100
Animal Carcasses	390	296	349	305	350
Wild Animals	58	44	38	40	45
County Calls for Service	3	2	1	1	1
Fruitland Calls for Service	61	42	26	22	25

RECENT ACCOMPLISHMENTS

The department has been providing animal control enforcement and assistance to the City of Fruitland since July 4, 2002. In 2011 the Animal Control officer responded to 22 calls for service in Fruitland.

The Animal Control Officer transported 192 dogs and cats to the Humane Society or to the veterinarian over the past year. He transported 305 animal carcasses and 40 wild animals to the Humane Society as well.

The Animal Control Officer continues to maintain a positive relationship with the Humane Society and assists them on a regular basis.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To meet or exceed the number of citations issued in the 2011/2012 fiscal year by utilizing proactive enforcement in conjunction with responding to citizen complaints.
- * To provide training to the Animal Control Officer with firearms/equipment, safety and defensive driving courses and other job specific training that may become available.
- * To assist the Muscatine Humane Society and Muscatine County Sheriff's Department in the common goals of animal control and work with the Police Department and organized neighborhood groups to assist with animal complaints in specific neighborhoods.
- * To review current animal control fines and ordinances.

Function:
Public Safety

Department:
Police

Activity:
Animal Control

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 56,385	\$ 57,675	\$ 60,100	\$ 59,800	\$ 60,900	1.33%
Commodities	1,925	2,010	2,700	2,700	2,700	0.00%
Contractual Services	42,046	42,596	92,300	62,300	62,300	-32.50%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 100,356</u>	<u>\$ 102,281</u>	<u>\$ 155,100</u>	<u>\$ 124,800</u>	<u>\$ 125,900</u>	-18.83%
Funding Sources						
Animal Enforcement Fines	\$ 3,300	\$ 2,700	\$ 5,000	\$ 2,700	\$ 2,700	-46.00%
General Revenues	<u>97,056</u>	<u>99,581</u>	<u>150,100</u>	<u>122,100</u>	<u>123,200</u>	-17.92%
Total Funding Sources	<u>\$ 100,356</u>	<u>\$ 102,281</u>	<u>\$ 155,100</u>	<u>\$ 124,800</u>	<u>\$ 125,900</u>	-18.83%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position:						
Animal Control Officer	1.00	1.00	1.00	1.00	1.00	\$ 38,800
Employee Benefits						<u>22,100</u>
Total Personal Services						<u>\$ 60,900</u>

Function:
Public Safety

Department:
Fire

Activity:
Fire Operations

GENERAL INFORMATION

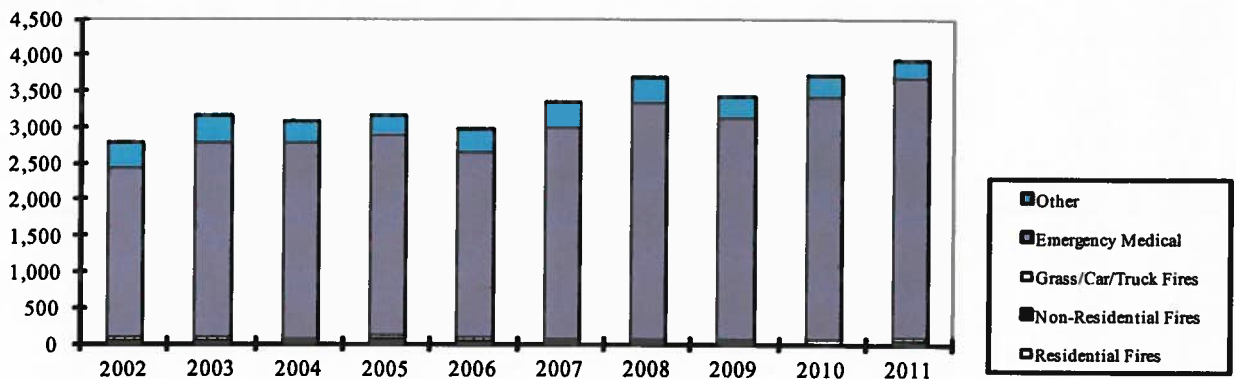
The Fire Department is staffed with full time personnel and provides fire protection for the City of Muscatine as well as fire protection for adjacent areas through mutual aid agreements. The primary functions of the Department include fire suppression, fire prevention through public education and code enforcement, training of firefighters in the areas of advanced fire suppression and prevention techniques, and emergency medical assistance.

Following an independent analysis of the community's Emergency Medical Services (EMS) system, the city began full EMS delivery on July 1, 2000. As a result of that action, the City has successfully implemented a comprehensive EMS response capability and at the same time continues to respond to a wide variety of fire and emergency requests.

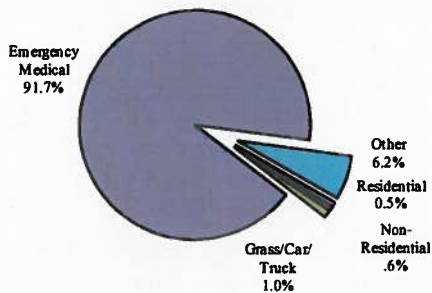
The Fire Department continues to participate in a number of "28E" agreements that promote cooperative response activities with surrounding communities and counties. Fire suppression, rescue, and hazardous material responses are examples of these collaborative activities.

The ambulance service is accounted for in a separate ambulance operations budget included in the enterprise funds section of this budget. Following are charts showing fire department responses over the last ten years.

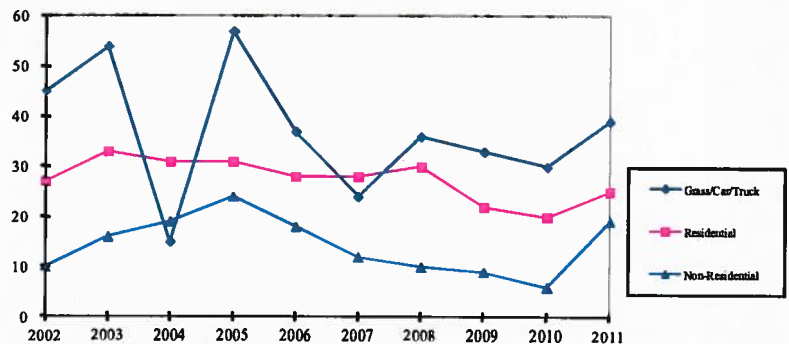
Fire Department Response History



2011 Fire Responses by Type



History of Fire Calls by Type



CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is over the budgeted amount in total by \$150,300 primarily due to increased overtime (\$50,000) and increased repair and maintenance services (\$92,900) costs. The increase in overtime was due to military leave for one employee, light duty and maternity leave for another, medical leave for others, and the training period for new hires. The increased overtime will be funded with an increased transfer from the Ambulance fund. The repair and maintenance services increase is for major repairs needed on the Aerial Ladder truck including replacement of the waterway.

The 2012/2013 Fire department budget is \$172,200 (5.3%) higher than the 2011/2012 budget. Of this increase, \$149,500 is for increased personal services costs. The personal services increase includes \$65,200 for wage and benefit costs for one new firefighter position; a \$37,000 increase in overtime; a \$38,500 increase in City pension contributions to the Fire Retirement System; and a wage increase of 2.5%. The required City pension contribution rate will increase from the current 24.76% to 26.12% for 2012/2013. The budget also includes increases in various commodity and contractual services line items as well as an increased allocation for capital outlay.

In 2011 the City updated its Fire Regulations ordinance. The new ordinance provides for various permits and fees for open burning, fireworks, fire inspections, false alarms, plan reviews, site assessment fees, standby fees, and report fees. The City also updated requirements for confined space permits or rescues. For 2012/2013 revenues from these permits and fees is estimated at \$49,700.

The 2012/2013 budget continues to include transfers from the Ambulance Fund to the Fire department budget to fund an allocation of the fire positions used in providing ambulance services. For the 2010/2011 year the ambulance fund transferred \$697,800 toward the wage and benefit costs included in the Fire department budget or approximately 23.4% of the total cost. This transfer has been increased to \$786,300 in the Revised Estimate for 2011/2012. This includes the \$50,000 increase related to the increase in fire overtime for the year. The transfer for 2012/2013 has been budgeted at \$839,000 which is 25.5% of wage and benefit costs.

GOAL STATEMENT

To provide a combination of services directed toward the prevention of, preparation for, and response to occurrences of every magnitude that represent threats to the health, welfare or prosperity of the citizens, visitors, and properties in and around the City of Muscatine.

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Calls for Services	3,650	3,414	3,711	3,916	4,100
Fire Training Hours	3,472	3,450	2,200	3,037	3,000
Fire Education Presentation Hours	680	548	609	375	400
Number of Residents Attending Public Education Programs	N/A	N/A	2,162	1,358	2,100
Fire Inspections - Total	504	317	128	343	400
Inspections - Initial	N/A	N/A	N/A	228	250
Re-inspections	N/A	N/A	N/A	103	135
Second Re-inspections	N/A	N/A	N/A	12	15
Plan Reviews (Sprinkler, Site Plan, Building)	N/A	N/A	19	3	20
Permits Issued	N/A	N/A	100	618	575
Outdoor Fireplace Permits	N/A	N/A	N/A	550	500
Open Burning Permit	N/A	N/A	N/A	62	68
Commercial Burn Permits	N/A	N/A	N/A	1	2
Other Permits (i.e. candlelight services)	N/A	N/A	N/A	5	5

RECENT ACCOMPLISHMENTS

The department has been very busy working with the architect and general contractor on the construction of the new South End Fire Station. The station is currently under construction and the estimated completion date is in May 2012. A ribbon cutting and open house is planned for the summer of 2012.

The Fire Department held its 4th annual open house on Sunday, October 2, 2011, providing many learning opportunities for the public. This year the department partnered with the Muscatine Police Department in holding the first annual Public Safety Building Open House. There were activities for children, displays, and a number of demonstrations of fire department responses to different kinds of emergencies. Approximately 400 people attended this event and there were many positive comments. Muscatine area students were randomly picked from a drawing and received a fire engine ride to school.

The department entered into a new agreement with Keokuk County to provide Hazardous Materials (Haz Mat) services. Currently, the department provides services to Muscatine, Louisa, Henry, Washington, and Keokuk counties. These agreements generate \$9,000 in revenue to help offset equipment purchases and mandatory training related to Haz Mat.

The Insurance Service Office (ISO) was in Muscatine in June 2011. They evaluated the Fire Department, Muscatine Power and Water (for water supply services), and MUSCOM (for dispatching services) to determine a rating that is used as a basis for property insurance rates. Prior to the visit, Muscatine was assigned a score of 4. After the on-site assessment in June, ISO changed our score to a 3. This ranking is based on a 10 scale with 1 being the best and 10 being the worst in regards to fire fighting capabilities. Although the score improved to a 3, there are positive signs that show the rating could be raised to a 2. Areas of improvement that would enhance the score include increasing staffing and adding/improving station locations. Both Muscatine Power and Water and MUSCOM scored near the top of the ratings, so the improvements needed to improve the score would need to come from the fire department aspects of the grading. The improvement in the rating should decrease insurance premiums for businesses and may decrease residential premiums.

The department hosted the second annual Extrication Day. Area fire departments are invited to attend so they can improve their skills in auto extrication. Ten vehicles were brought in from local junk yards and were used to practice different extrication techniques. This allowed Muscatine Fire department personnel to increase their skills by demonstrating the use of power and hydraulic tools in the art of patient extrication. It also allowed Muscatine Fire department members to help teach surrounding volunteer fire departments the techniques of extrication. This helps to assure the quick rescue of our citizens if they are involved in an accident that occurs outside the city limits. This year 25 people attended from four area fire departments in addition to the City's fire personnel. This training also allowed first responders the opportunity to work on their skills in patient care for accident victims.

The Muscatine Fire Department held a joint "house burn" training session with Fruitland Volunteer Fire department on September 25, 2011. This is the first joint "house burn" that the departments have worked together on in several years. Due to the location of the house, 6208 41st Street South, the physical location was ideal. The residence had been posted against occupation and at the time of the fire was a city-owned property. This area of the city is in the automatic mutual aid area, so if this had been an actual fire the Fruitland Fire would have responded with Muscatine. Topics covered in this training centered mostly on exposure protection, containment of fire, and how to successfully keep fire loss to the building of origin. Although there were a number of exposures that were extremely close, the crews worked together and no damage was done to any structure other than the one scheduled to burn.

A total of 1,085 first, third, and fifth graders were taught fire safety in their classrooms by a visiting firefighter. First graders were taught the importance of *Stop, Drop and Roll* and *Firefighters are Their Friends*. Third graders learned about the importance of not playing with matches and lighters with *Learn Not to Burn* and fifth graders learned how to get out safely with *Plan to Get Out Alive* in addition to learning about the importance of smoke detectors.

A total of 289 preschoolers visited the fire station and another 305 preschoolers and kindergarteners were visited in their classroom by a firefighter. Those that came to the fire station got a tour of the station and a look at the fire trucks and ambulances. They were treated to a special educational show from Freddie the Fire Truck. Freddie entertains while teaching about hot things in the house, what to do if your clothes catch on fire, and he provides a finale showing the students how he puts out fires.

Four students from the Muscatine High School came to spend an afternoon with the department as Job Shadows. Power point presentations were given to show what is needed to become a firefighter/paramedic. The afternoon also included some hands-on training with fire gear and tours of the station and apparatus.

Our goal is to continue improving the department's public education program and reach as many children and adults in the community as possible, and teach them the value of safety.

In 2011, the Fire Department added a cash register system to accommodate new fees for services. The receipt/cash register system is used for all monies coming into the fire department including fire permitting fees, fines, inspection fees, and ambulance payments. This system is directly connected into the City's financial software system. By adding this system, the Fire Department has eliminated the multiple-part handwritten receipts and eliminated the need for scanning paperwork. The Fire department is making deposits daily and has current account totals available to staff. This cash register system implementation has streamlined the financial transactions within the Fire department and Finance department, which has been a "Lean" initiative.

<i>OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013</i>

- * To complete construction of the new South End Fire Station.
- * To continue to seek all available grant opportunities at the local, state, and federal level.
- * To review internal operations of the department for "Lean" initiatives. **(Management Agenda High Priority)**
- * To create an evacuation plan for the City of Muscatine for potential flooding events, levee topping, or a levee breach.
- * To implement a Chaplain program into the Fire Department operations.

Function:
Public Safety

Department:
Fire

Activity:
Fire Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 2,843,366	\$ 2,979,234	\$ 3,139,900	\$ 3,175,300	\$ 3,289,400	4.76%
Commodities	49,200	63,474	66,900	81,200	71,300	6.58%
Contractual Services	79,649	86,635	60,700	161,300	64,600	6.43%
Capital Outlay	218,962	18,996	8,100	8,100	22,500	177.78%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 3,191,177	\$ 3,148,339	\$ 3,275,600	\$ 3,425,900	\$ 3,447,800	5.26%
Funding Sources						
Grants (Excludes Capital Project Grants)	\$ 164,597	\$ -	\$ -	\$ -	\$ -	
Fire Protection Contracts and Hazmat Agreements	23,314	22,860	22,900	24,700	24,700	7.86%
Confined Space Fees	-	4,500	15,000	36,000	40,500	170.00%
Ambulance Staff Funding Transfer	647,600	697,819	750,900	786,300	839,000	11.73%
Fire Inspection Fees & Permits	-	-	10,000	9,500	8,500	-15.00%
Other Fees	-	-	-	6,500	2,700	
Utility Franchise Fees	-	113,840	112,500	112,500	112,500	0.00%
General Revenues	2,355,666	2,309,320	2,364,300	2,450,400	2,419,900	2.35%
Total Funding Sources	\$ 3,191,177	\$ 3,148,339	\$ 3,275,600	\$ 3,425,900	\$ 3,447,800	5.26%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Chief	1.00	1.00	1.00	1.00	1.00	
Assistant Chief	3.00	3.00	3.00	3.00	3.00	
Captain	3.00	3.00	3.00	3.00	3.00	
Lieutenant	3.00	3.00	3.00	3.00	3.00	
Mechanic	2.00	2.00	2.00	2.00	2.00	
Firefighter	24.00	24.00	24.00	24.00	25.00	
Total Full Time	36.00	36.00	36.00	36.00	37.00	
Part Time Position:						
Office Coordinator	0.50	0.50	0.50	0.50	0.50	
Total	36.50	36.50	36.50	36.50	37.50	\$ 2,014,600
Employee Benefits						1,274,800
Total Personal Services						\$ 3,289,400

Capital Outlay			
Item	Quantity	Replacement	Amount
Turn-Out Gear	4 sets	Yes	\$ 7,000
Self Contained Breathing Apparatus (SCBA) Bottles	8	Yes	5,600
Gas Monitors	2	Yes	3,900
Drager Tubes for Haz Mat Kits	1 set	Yes	1,500
5" Fire Hose (5 - 100' section)	5	Yes	4,500
			\$ 22,500

Function:
Public Safety

Department:
Legislative and Council

Activity:
Emergency Management

GENERAL INFORMATION

The Emergency Management budget includes an allocation to the Muscatine County Office of Disaster Services. This office is in charge of the County and City Emergency Management program. The Emergency Management program was developed to insure that the City and County are prepared for emergencies resulting from natural or man-made disasters. The budget also provides for the maintenance and operation of the City's air sirens located throughout the community, which warn citizens of impending natural disasters.

The budget for this program includes funding for a full time Disaster Services Director employed by Muscatine County. Financial support for the Disaster Services program comes from a per capita assessment from agency members.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is \$59,000 higher than the original budget. The revised estimate includes \$59,600 to upgrade the activation method for the City's siren system from the current system using telephone lines to a radio controlled system. The City was awarded a grant from the Iowa Homeland Security and Emergency Management division which will fund 85% of the cost of this project (\$50,600). The local share of the cost is \$9,000. Upon completion of this conversion, there will be a decrease of \$12,000 in telephone line charges that are currently charged to this budget.

The 2012/2013 budget of \$26,700 is 28.4% (\$10,600) lower than the 2011/2012 budget primarily due to the elimination of the line charges for the siren activation system. The budget for 2012/2013 includes \$19,100 for the City's share funding to the Disaster Services Office and allows for \$7,600 in siren repair and maintenance costs.

GOAL STATEMENT

To provide financial assistance to the Muscatine County/Municipal Office of Disaster Services and to provide a citywide air siren system to warn citizens of impending natural disasters.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Estimated 2012/2013
Civil Defense Sirens Maintained	24	24	23	23	23
Sirens Renovated/Repaired	3	4	23	3	3
Siren Tests	8	8	8	8	8

Function:
Public Safety

Department:
Legislative and Council

Activity:
Emergency Management

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	4,834	2,500	2,000	2,000	-20.00%
Contractual Services	30,355	46,218	34,800	34,700	24,700	-29.02%
Capital Outlay	-	-	-	59,600	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 30,355	\$ 51,052	\$ 37,300	\$ 96,300	\$ 26,700	-28.42%
Funding Sources						
Homeland Security Grant	\$ -	\$ -	\$ -	\$ 50,600	\$ -	
General Revenues	30,355	51,052	37,300	45,700	26,700	-28.42%
Total Funding Sources	\$ 30,355	\$ 51,052	\$ 37,300	\$ 96,300	\$ 26,700	-28.42%

Function:
Culture and Recreation

Department:
Library

Activity:
Library Operations

GENERAL INFORMATION

The Musser Public Library provides a wide variety of materials and services, including: computers for word processing, Internet access, meeting rooms, study carrels, AV equipment, typewriter, photocopier, CDs, tapes, videos, DVDs, books, magazines, large-print books, recorded books on cassette or CDs, reading kits, tax forms and publications, genealogical and local history material, telephone directories, information service, home delivery service, story times, adult programs, newspapers, maps, interlibrary loan, census data, and used book sales. The library offers fourteen computers where patrons may access the Internet. Four additional computers were added in 2009 dedicated for the sole use of job seekers.

The Home Delivery program provides materials to patrons unable to come to the library. Senior citizens and physically challenged persons are encouraged to make use of this system of library delivery and pickup. Deliveries may be made by the home delivery coordinator or by a library volunteer.

Muscatine County provides a subsidy to the City that allows certain County residents to use the Library without an additional fee. The amount approved by the County for 2011/2012 is \$102,723. An additional \$2,576 has been received from the contract with the City of Fruitland in 2011/2012. The Library has negotiated similar agreements with townships in Illinois including New Boston, Eliza, Drury, and Buffalo Prairie, which generated \$9,064 in revenues. The Library requested and received a 2.5% increase (to \$105,291) in the subsidy from Muscatine County for 2012/2013. The remaining subsidies are budgeted to increase by 2.5% to a total of \$11,930 for 2012/2013.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is the same as the budgeted amount. The Library is allocated a set amount of funds by the City on an annual basis. The Library Board of Trustees can determine how these funds are expended. The Revised Estimate for the year reflects realignment of costs from the original budget. Personal services costs have been decreased in the Revised Estimate and various contractual services and the funding for library materials have been increased. Beginning in fiscal year 2010/2011 a separate Library Computer Replacement Fund was established in which the Library can set aside funds for future computer purchases. Any funds remaining in their operating budget at the end of a fiscal year may be set aside in this fund. The Library may also designate other funding sources (donations or bequests) to be used for computer-related purchases.

The Library budget for 2012/2013 is the same as the 2011/2012 budget. The 2012/2013 budget again includes one-fourth (1/4) of the hotel/motel tax to support the Library operation. The estimated amount for fiscal year 2012/2013 is \$87,500. The total hotel/motel tax receipts for 2012/2013 are estimated at \$350,000 with 25% allocated to the Library, 25% to the Art Center, and the remaining 50% considered general revenues to the City. The City's allocation to the Chamber's Tourism program is made from the general revenues portion of the hotel/motel tax.

GOAL STATEMENT

To provide materials which communicate experience and ideas from one person to another; to provide materials and services for enlarging the mind and dispelling prejudice and ignorance; to support the education, civic, and cultural activities of individuals and groups; to meet the informational needs of all citizens; and to encourage wholesome recreation and constructive use of leisure time.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010*	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Library Circulation	336,210	299,190	311,425	312,000	315,000
Number of Library Patrons	16,389	17,655	17,512	17,533	17,600
Attendance at Children's Programs (Including Story Time)	21,109	20,050	20,137	20,200	20,250
Reference Questions Answered	1,552	1,534	2,892	2,900	3,000
Interlibrary Loan Requests Handled	51,251	54,687	61,065	50,000**	50,000
Meeting Room Usage (Non-Library Meetings)	4,520	2,199	2,772	1,500***	1,500
Internet Usage (Number of Patrons)	39,728	37,720	44,185	44,200	45,000

* The Library was closed for 3 weeks during 2009/2010 for refurbishment.

** The Library stopped interlibrary loans for a month during the transition to RiverShare in 2011/2012.

***As the Library provides more programming for children there are less meeting room times available to the public.

RECENT ACCOMPLISHMENTS

In 2011 the Library participated in forming the new regional library association RiverShare; selected a new ILS (Integrated Library System); withdrew from the Illinois Library System, PALS; and implemented the new ILS in November 2011. The new ILS provides a higher level of service while halving costs.

The library began making free eBooks available for download to patrons, and in September 2011 extended this service to Kindle eReaders.

A new Facebook page was completed in June 2011 and since that time the Library has increased from 0 to nearly 4,000 active friends. In addition, a new web page will be premiering in February 2012. Staff designed an extensive program (Mission Possible) of free technology training aimed at the boomer and beyond generations. Classes include Facebook; Twitter; Skype; smart phones; Google Works; digital cameras; gaming; eCommerce, eBooks and eBook readers; and TVs, blu-ray and streaming movies.

The library reconfigured circulation staffing by creating a holds position out of a vacant clerk position, moving from three daily shifts to two and eliminated a 20 hour a week position.

In addition, the library subscribed to "Ready-to-Read" a service to lease bestseller books; updated the 1st floor office area by purchasing new desks and chairs as well as carpeting and painting (primarily funded through the Library Trust); eliminated the individual purchasing of serials by obtaining a new jobber thus

saving staff time and money; continued innovative children's programming including hosting the museum exhibit "Toolville" and featuring the "History of Chocolate" as our winter program; implemented wireless printing for laptops; and installed the Workforce Development portal on all public computers.

The library also began a partnership with River's Edge Gallery for the hosting of four Grossheim shows a year. In addition the Gallery prints the Library's photo requests, thus freeing the Library's local historian for larger projects.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To utilize "Lean" processes to identify possible savings library-wide. (**Management Agenda High Priority**)
- * To have in place by September 2012 a school-year reading incentive programs for birth – teens.
- * To develop a countywide visual map of cardholders with the help of MAGIC (Muscatine Area Geographical Information Consortium).
- * To approach the Community Foundation of Greater Muscatine to fund a *Book Backpack* program for lapsit participants.
- * To support the Blue Zone initiative by sponsoring a *Muscatine Reads* program featuring *The Blue Zones: Lessons for Living Longer From the People Who've Lived the Longest*.
- * To continue to emphasize the *Mission Possible* program of free technology training for ages 50+.
- * To continue working with RiverShare to enhance our ability to utilize our new POLARIS technology and build our consortium.
- * To utilize acquisition software to integrate the selecting, purchasing, accounting, and cataloging functions.
- * To evaluate the purchasing of preprocessed materials versus processing ourselves (begin January, 2013).
- * To learn to download from OCLC (cataloguing software) using Connections software (July, 2012).
- * To weed and classify adult fiction in preparation of genre separation (February, 2013).
- * To weed easy readers, biography and cookbooks (July, 2012).
- * To create guidelines for displays (July, 2012).
- * To continue holding daily opening meetings at 8:30 a.m. to acquaint everyone with issues, the calendar, as well as freshen displays (ongoing).
- * To continue to work on web and Facebook presence including online and downloadable products (ongoing).

- * To develop a plan with the assistance of a consultant, for further improvements to the library including new entry area, divider in the large meeting room, uniform signage inside and outside the building, and creating a bookstore feel on the second floor (March, 2013).
- * To further the goal of adopting bookstore classification for parts of the collection (May, 2013).

Function:
Culture and Recreation

Department:
Library

Activity:
Library Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 773,025	\$ 789,369	\$ 846,400	\$ 803,000	\$ 836,900	-1.12%
Commodities	19,067	15,005	18,500	18,900	17,400	-5.95%
Contractual Services	91,015	87,169	90,000	107,100	91,100	1.22%
Capital Outlay	114,808	117,991	95,600	121,500	105,100	9.94%
Transfers	-	20,066	-	-	-	
Total Expenditures	<u>\$ 997,915</u>	<u>\$ 1,029,600</u>	<u>\$ 1,050,500</u>	<u>\$ 1,050,500</u>	<u>\$ 1,050,500</u>	0.00%
Funding Sources						
Library Revenues	\$ 25,554	\$ 29,696	\$ 25,900	\$ 25,900	\$ 26,000	0.39%
County Contributions	111,375	106,108	106,100	105,300	105,300	-0.75%
Administrative Fee	11,500	-	-	-	-	
Hotel/Motel Tax	75,568	90,916	81,250	87,500	87,500	7.69%
General Revenues	<u>773,918</u>	<u>802,880</u>	<u>837,250</u>	<u>831,800</u>	<u>831,700</u>	-0.66%
Total Funding Sources	<u>\$ 997,915</u>	<u>\$ 1,029,600</u>	<u>\$ 1,050,500</u>	<u>\$ 1,050,500</u>	<u>\$ 1,050,500</u>	0.00%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Library Director	1.00	1.00	1.00	1.00	1.00	
Librarian	4.00	4.00	4.00	4.00	4.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Library Assistant	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	
Total Full Time	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	
Part Time Positions:						
Library Technician	3.68	3.15	3.14	2.30	2.26	
Library Assistant	1.48	1.47	1.57	1.83	1.95	
Library Shelves	0.90	0.93	0.97	1.00	0.97	
Other Technicians	0.25	0.83	0.62	1.01	1.00	
Security Guard	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	
Total Part Time	<u>6.91</u>	<u>6.98</u>	<u>6.90</u>	<u>6.74</u>	<u>6.78</u>	
Total	15.91	15.98	15.90	15.74	15.78	\$ 640,000
Employee Benefits						<u>196,900</u>
Total Personal Services						<u>\$ 836,900</u>

Capital Outlay	
Item	Amount
Library Books, Videos, Serials, Database Subscriptions, etc.	\$ 101,100
Data Backup Device	<u>4,000</u>
	<u>\$ 105,100</u>

Function:
Culture and Recreation

Department:
City Administrator

Activity:
Cable Television Operations

GENERAL INFORMATION

In July 1979 the City Council awarded a 15 year cable television franchise to ATC and Muscatine Cablevision Corporation. In 1984 the City approved the transfer of the franchise from ATC and Muscatine Cablevision to Heritage Cablevision. This franchise was later transferred to TCI, then AT&T and then Mediacom. The original franchise required a franchise fee to be paid to the City of Muscatine in the amount of 3% of its annual gross receipts. The original franchise agreement expired in 1994 and it was renewed for another 15 years on September 7, 1994. The new agreement provided for an increase in the franchise fee paid to the City to 5% of the annual gross receipts. In addition, Muscatine Power & Water (MP&W) began offering cable television services in 1999. MP&W also pays a cable franchise fee to the City. In December 2002, MP&W purchased the local Mediacom operation and became the sole cable provider in the City. Under the current arrangement with Muscatine Power & Water, the City receives approximately \$236,000 in cable franchise fees annually.

A portion of the funds received from the franchise fee has been utilized to purchase equipment and develop governmental programs to be aired on the government information access channel. The City's cablecasting is provided through a contract with Muscatine Community College's (MCC) audio-visual department. As part of this contract, regular City Council meetings and other special programs have been broadcast which have informed citizens of available municipal services. Cable broadcast services are also provided by the community college for the Muscatine Community School District and Muscatine County.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is the same as the original budget at \$17,500.

The 2012/2013 budget is \$8,000 higher than the 2011/2012 budget primarily due to a \$7,500 capital outlay allocation for media improvements for the City Council Chambers. The budget also allows for the annual 3% increase in the base fee paid to MCC for cable broadcast services as specified in the agreement between the City and MCC.

GOAL STATEMENT

To inform and educate the community about the operation of and services provided by their City government and to offer programs of appeal to specific audiences presently not served by broadcast television.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Cable Franchise Fees	\$239,039	\$236,192	\$236,253	\$236,300	\$236,300
City Council Meetings Broadcast	35	35	35	35	35

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue providing cable television access to Muscatine's citizens through Muscatine Power & Water.
- * To continue providing Muscatine with public access channels that showcase the many and varied activities and interests in Muscatine.

Function:
Culture and Recreation

Department:
City Administrator

Activity:
Cable Television Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	87	-	-	-	-	
Contractual Services	15,001	14,515	17,500	17,500	18,000	2.86%
Capital Outlay	-	22,777	-	-	7,500	
Transfers	11,500	-	-	-	-	
Total Expenditures	<u>\$ 26,588</u>	<u>\$ 37,292</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 25,500</u>	45.71%
Funding Sources						
Cable Franchise Fees	<u>\$ 26,588</u>	<u>\$ 37,292</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 25,500</u>	45.71%

Capital Outlay		
<i>Item</i>	<i>Replacement</i>	<i>Amount</i>
Council Chambers Media Improvements	Yes	<u>\$ 7,500</u>

Function:
Culture and Recreation

Department:
Art Center

Activity:
Art Center Operations

GENERAL INFORMATION

The Muscatine Art Center consists of the Laura Musser Museum and the Stanley Art Gallery, which are open and free to the public. A joint building connects the Art Gallery and Musser Museum. Elevators in both the museum and art gallery provide access for the elderly and handicapped.

The Muscatine Art Center Support Foundation continues to provide support to the Art Center. The interest from the Foundation provides an annual appropriation which the Art Center may use only for acquisitions (purchases of objects for the collection), conservation, and exhibitions. The Friends of the Muscatine Art Center also provides funding to support the education department including busing for school field trips and scholarships, Art Center staff hours, and volunteer participation in fundraising events and special programs.

One part-time custodian is charged to this budget, with costs over the regularly scheduled hours reimbursed by the Art Center Support Foundation. These additional hours are primarily related to assisting staff in the set-up and removal of displays and other non-routine labor duties. One part-time custodian is also included in the Buildings and Grounds budget for general maintenance of the facility. The Parks and Recreation department has the responsibility of maintaining the grounds adjacent to the Art Center and Museum due to the nature of the grounds.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is over the budgeted amount by \$14,400. After the budget was adopted, the Art Center was awarded a \$13,500 grant from the Iowa Department of Cultural Affairs. The revised estimate was increased for expenditures which will be funded from this grant.

The 2012/2013 budget is \$6,600 (2.2%) higher than the original 2011/2012 budget primarily due to increased personal services and fine arts insurance costs.

Funding from the Art Center Support Foundation and Friends of the Art Center will continue to be received in 2011/2012 and 2012/2013 for the additional costs associated with the staff reorganization implemented in 2010/2011. Budgeted contributions from those organizations total \$37,400 in 2011/2012 and \$39,700 in 2012/2013.

Again in 2011/2012, one-fourth (1/4) of the Hotel/Motel tax has been appropriated to support the Museum/Art Center operations. This amount is estimated at \$87,500. The total hotel/motel tax receipts for 2012/2013 are estimated at \$350,000 with 25% allocated to the Library, 25% to the Art Center, and the remaining 50% considered general revenues to the City. The City's allocation to the Chamber's Tourism program is made from the general revenues portion of the hotel/motel tax.

GOAL STATEMENT

The Muscatine Art Center is a permanent, municipal, non-profit institution. The Art Center collects, preserves, interprets and exhibits objects of historical and aesthetic importance for the benefit of present and future generations. In addition, through the use of the permanent collection and special exhibitions, education programs are provided for all ages that encourage and promote the advancement, understanding, enjoyment and diffusion of knowledge of the visual arts.

PERFORMANCE MEASURES

Fiscal Year Basis	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Attendance	19,704	26,054	27,522	28,500	29,500
Number of Classes Offered	214	224	160	160	160
Art Center Events Hosted	7	19	20	20	20
Exhibitions	12	13	15	14	14
Tours	52	69	72	75	75

RECENT ACCOMPLISHMENTS

The Art Center received \$13,540 of grant funding in fiscal year 2011/2012 as a Cultural Leadership Partner with the Iowa Department of Cultural Affairs/Iowa Arts Council. In addition, the Art Center received \$55,386 from the Muscatine Art Center Support Foundation for exhibitions, collections, and conservation, including over \$17,000 for staff salary support, and \$20,000 from the Friends of the Muscatine Art Center, including nearly \$18,000 for staff salary support. The Art Center also received gifts to the collections in excess of \$2,165,000 including 12 works of art by French Impressionists, from Sarah Wilmer, niece of Laura Musser.

The Friends of the Muscatine Art Center received a matching grant of \$4,000 from the Community Foundation of Greater Muscatine and Muscatine Branching Out received a grant for \$2,000 to plant 12 trees on the Art Center grounds.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To renovate the Japanese Garden pools with assistance from the Parks and Recreation department.
- * To collaborate with Trinity Hospital in Muscatine and other area partners to build a walking trail between the grounds of the Art Center and the Hospital.
- * To continue participation in the "Let's Move!" initiative launched by First Lady Michelle Obama for museums and gardens across the country to help educate children and families about healthy food choices and to promote physical activity.
- * To install new carpeting in the Stanley Gallery.

- * To better utilize the city's website to improve marketing, communication, and collections access to the public. **(Management Agenda Top Priority)**
- * To ensure that trustees, staff, and the art community are involved in the City's comprehensive planning process. **(City Council Policy Agenda Top Priority)**
- * To review art center operations for “Lean” initiatives. **(Management Agenda High Priority)**

Function:
Culture and Recreation

Department:
Art Center

Activity:
Art Center Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 239,678	\$ 257,117	\$ 260,100	\$ 268,000	\$ 264,700	1.77%
Commodities	5,972	10,626	7,500	8,000	6,700	-10.67%
Contractual Services	47,665	38,563	33,000	33,900	35,800	8.48%
Capital Outlay	974	2,036	-	5,100	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 294,289	\$ 308,342	\$ 300,600	\$ 315,000	\$ 307,200	2.20%
Funding Sources						
Art Center Revenues	\$ 11,233	\$ 4,846	\$ 11,400	\$ 5,700	\$ 7,200	-36.84%
Art Center Grant	14,400	14,400	-	13,500	-	
Support Foundation Contribution	12,419	17,539	18,400	17,500	18,900	2.72%
Friends of the Art Center Contribution	1,900	22,403	19,900	19,900	20,800	4.52%
Hotel/Motel Tax	75,568	90,916	81,250	87,500	87,500	7.69%
General Revenues	178,769	158,238	169,650	170,900	172,800	1.86%
Total Funding Sources	\$ 294,289	\$ 308,342	\$ 300,600	\$ 315,000	\$ 307,200	2.20%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Art Center Director	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Art Center Registrar	-	1.00	1.00	1.00	1.00	
Total Full Time	2.00	3.00	3.00	3.00	3.00	
Part Time Positions:						
Registrar	0.73	0.07	-	-	-	
Art Center Aide	0.50	1.14	1.00	1.22	1.00	
Custodian	0.18	0.31	0.25	0.32	0.25	
Education Coordinator	0.38	-	-	-	-	
Education Aide	0.25	-	-	-	-	
Office Clerk	-	0.05	0.05	-	-	
Total Part Time	2.04	1.57	1.30	1.54	1.25	
Total	4.04	4.57	4.30	4.54	4.25	\$ 201,600
Employee Benefits						63,100
Total Personal Services						\$ 264,700

Function:
Culture and Recreation

Department:
Parks and Recreation

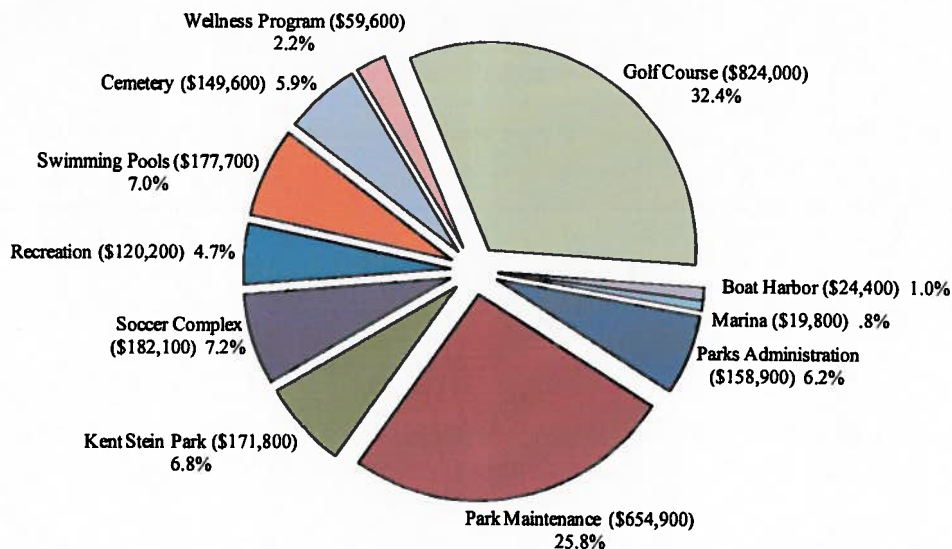
Activity:
Park Administration

GENERAL INFORMATION

The Parks and Recreation Department is responsible for providing leisure time activities and maintaining green space and facilities for the citizens of Muscatine. The department administers programs for outdoor and indoor recreation activities that occur in the City's park facilities, the Weed Park Aquatic Center, and in various buildings owned by the public school system.

The Parks and Recreation Administration budget includes the costs related to the overall coordination of the parks and recreation programs. The office staff includes the positions of director and office coordinator. A part-time clerk has also been utilized during peak times of the year. The Director also supervises the Boat Harbor, Marina and Golf Course Enterprise operations in addition to overseeing the Cemetery, Park Maintenance, Kent Stein Park, Soccer Complex, Recreation, Swimming Pools, and Employee Wellness Program activities. An administrative fee has been charged to the Golf Course and Boat Harbor Enterprise Funds and credited to the Park Administration activity for staff support for these enterprise operations. The amount of the administrative fee is \$11,700 for 2012/2013. The Director also initiates and oversees capital improvements in the City's parks, golf course, levee, and cemetery and provides administrative support for the Recreation Advisory Commission. Following is a chart of the 2012/2013 budgeted expenditures by activity for the Parks and Recreation Department.

**Parks and Recreation Department
2012/2013 Budget by Activity (\$2,543,000)**



CURRENT TRENDS AND ISSUES

The Pearl of the Mississippi Project was completed in 2006. This was a multi-year project that expanded and improved numerous park facilities and public areas. Individual projects included the new Weed Park Aquatic Center, the Riverview Center renovation, marina improvements, boat launch relocation, the American Heritage Trail extension and the purchase of a dredge to be used at the boat harbor. These projects resulted in expanded operational and maintenance responsibilities for the Parks and Recreation Department. Phase II of the Pearl Project was completed in 2007. This added an interactive water feature and landscaping in the area between Riverview Center and the Mississippi Harvest sculpture.

The 2011/2012 revised estimate is \$2,000 less than budgeted primarily due to a staff change in the Office Coordinator position.

The 2012/2013 budget is \$300 (.2%) less than the 2011/2012 budget due again to the staff change in the Office Coordinator position.

GOAL STATEMENT

To establish and maintain the most efficient leisure service delivery system possible with the available resources. This system includes the parks, recreation, and cemetery divisions as well as a golf course and a municipal boat harbor.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Recreation Advisory Commission Meetings	8	8	9	9	9
Department Expenditures - All Divisions*	\$2,536,563	\$2,340,952	\$2,423,864	\$2,531,140	\$2,543,000
Internet Receipts Issued	322	347	400	400	400
Office Receipts Issued	2,024	1,943	1,901	1,900	1,900
Pearl City Station Rentals	187	94	80	90	90
Riverview Center Rentals	77	79	70	80	80
Shelters/Rose Garden Rentals	521	491	435	450	450

- * Department expenditures were higher in 2008/2009 due to costs related to the golf course maintenance building fire on May 31, 2007, the tornado on June 1, 2007, the floods in the spring of 2008 and the windstorm in the summer of 2008.

RECENT ACCOMPLISHMENTS

The Department continued reorganizations with the replacement of the Office Coordinator and to address operational deficiencies in the Cemetery and Park Maintenance divisions. Staff realignment of the Groundskeeper to a Leadworker, one Maintenance Worker I to a Maintenance Repairperson, and an Equipment Operator to a Maintenance Worker I should meet current and foreseeable future needs.

The playgrounds are almost 10 years old and are now starting to show wear to both the safety surfacing and the actual play structures. Routine inspections and repairs have been increased.

The dredge operation continues to be transitioned to the Water Pollution Control Plant. The department continues to assist in all ways requested.

The neighborhood group around Brook Street Park has requested additional lighting in the park area due to inappropriate group activity at night. Parks staff is currently working with the Police Department and area neighbors to address the situation.

The Adopt-A-Park Program continues to get interest.

The Phase III Soccer Development Project Committee is now meeting regularly. The goal for the group is to present a plan that will be endorsed by the Recreation Advisory Commission and approved by the City Council.

The Deer Deprivation Program has had great success already this year. More deer have been harvested to date this hunting season than last season.

The Mark Twain Overlook maintenance plan was performed in-house this year. The entire department and several volunteers have taken on this project. By next summer the results of this past season's efforts should start to be seen.

The Art Center Japanese Garden received a maintenance review. The facility was made operational; however infrastructure improvements are needed for long term usage success.

The Riverview Center decking was replaced with the majority of the expense covered by warranty.

Kent Stein Park and the Soccer Complex continue to see high usage requests.

The Aquatic Center experienced elevated attendance in July and August. The entry area to the blue open flume slide needs to be replaced before the 2012 season begins.

The Marina sanitary pumping station went down in September and will be replaced this winter.

The Mississippi Mist water feature experienced several pump issues in 2011. A maintenance repair plan will be presented when it's completed.

The Houseboat Dock utility connections were replaced this season and boaters were very appreciative.

A local group has donated a portable ice skating rink to the City. The unit has been set up on the Riverfront Basketball Courts and the Park Maintenance division will be responsible for its operation.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue to develop the Adopt-A-Park and volunteer recruitment program.
- * To develop a formal playground inspection and maintenance program recognized by current industry standards.
- * To develop plans for the Park Maintenance Building Project (subject to funding)
- * To develop plans for the Golf Course Irrigation Project.
- * To develop plans for the Phase III Soccer Development Project.
- * To develop plans for the Park Shelter Replacement Project.
- * To continue to look at department reorganization opportunities.
- * To continue to recruit and train quality seasonal and full time staff.
- * To continue to promote a positive and active employee Wellness Program.
- * To continue to operate within approved budgets.
- * To continue to monitor all divisions for greater revenue generation and cost savings.
- * To meet regularly with the Recreation Advisory Commission.
- * To continue to manage the City's Deer Deprivation Program.
- * To develop and utilize a street trees maintenance program to include committee involvement, tree inventories, and tree replacement program.
- * To continue repair and maintenance upgrades to the Weed Park Rose Garden.
- * To retain and recruit additional Kent Stein Park and Soccer Complex tournaments, camps, clinics, and scrimmages.
- * To continue to work cooperatively and jointly with area associations and agencies in order to deliver efficient and appropriate service levels to the community.
- * To continue to evaluate program and facility utilization for maximum participation.
- * To administer the new ice skating program
- * To explore and implement "lean" initiatives in the department. **(Management Agenda High Priority)**

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Administration

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 138,441	\$ 142,115	\$ 146,200	\$ 142,900	\$ 145,100	-0.75%
Commodities	1,526	1,423	1,800	1,800	1,800	0.00%
Contractual Services	11,058	9,955	11,200	12,500	12,000	7.14%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 151,025	\$ 153,493	\$ 159,200	\$ 157,200	\$ 158,900	-0.19%
Funding Sources						
Park Revenues	\$ 55,656	\$ 39,572	\$ 43,500	\$ 38,000	\$ 36,800	-15.40%
Administrative Fee	10,800	11,100	11,400	11,400	11,700	2.63%
General Revenues	84,569	102,821	104,300	107,800	110,400	5.85%
Total Funding Sources	\$ 151,025	\$ 153,493	\$ 159,200	\$ 157,200	\$ 158,900	-0.19%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Director of Parks and Recreation	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	0.50	0.50	0.50	0.50	0.50	
Total Full Time	1.50	1.50	1.50	1.50	1.50	
Temporary Part Time Position:						
Office Clerk	0.20	0.20	0.20	0.20	0.20	
Total	1.70	1.70	1.70	1.70	1.70	\$ 106,000
Employee Benefits						39,100
Total Personal Services						\$ 145,100

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Maintenance

GENERAL INFORMATION

The function of the Park Maintenance operation is to provide parks and facilities for the recreational pursuit of the citizens of Muscatine. Fourteen (14) of the City's fifteen (15) city parks are maintained by Park Maintenance personnel including Brook Street, John Duncan, Eversmeyer, Fourth Street, Fuller Memorial, Longview, Lucas, Mark Twain Overlook, McKee, Musser, Oak Street, Riverside, Taylor, and Weed Park. This division also maintains Iowa Field, the Mad Creek Greenbelt, and the City's trails.

The City's three (3) major parks are oriented toward different recreational pursuits. Kent Stein Park is a high-density use area utilized for a variety of recreational purposes, with its primary concentration being baseball and softball. A separate budget for the Kent Stein Park operation follows the Park Maintenance activity budget.

Weed Park is a combination of passive and organized activities including the Weed Park Aquatic Center, areas for picnics, a pond for fishing for young children, tennis courts, and a permanent greenhouse. Fuller Memorial Park provides a natural recreational location for hiking, nature trails, picnic areas, a tot lot and a disc golf course.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is over the budgeted amount by \$6,200. The most significant increase is in repair and maintenance services which increased by \$19,600 and includes an increase of \$7,000 to replace the sewage pump system at the marina building, a \$5,300 increase for fascia, tuck pointing, and other repairs to Riverview Center and Pearl City Station, and an increase of \$6,400 in vehicle and equipment repair services costs. Capital outlay costs for resurfacing the basketball court at Lucas Park also exceeded the budget amount due to an incorrect estimate used for last year's budget. These increases were partially offset by a decrease in personal services costs due to a staff vacancy and department staffing changes.

The 2012/2013 budget is \$59,100 (9.9%) higher than the original 2011/2012 budget primarily due to an increased allocation for capital outlay. The capital outlay allocation includes \$60,000 for repairs to the Weed Park playground surface.

GOAL STATEMENT

To provide the citizens of the community with a variety of areas and facilities to pursue recreational activities in suitable environments.

PERFORMANCE MEASURES

Focus Maintenance Items:	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Parks	17	17	17	17	17
Park Acres	241	241	241	241	241
Park Shelters	16	16	16	16	16
Miles of Trail	6.7*	6.7	6.7	8.3**	8.3
Playgrounds	12	12	12	12	12
Buildings	12	12	12	12	12
Basketball Courts	5	5	5	5	5
Tennis Courts	8	10	10	8***	8
Skate Parks	1	1	1	1	1
Sand Volleyball Courts	2	2	2	2	2
Disc Golf Course	1	1	1	1	1
Right-of-Way Miles Mowed	8.2	8.2	8.2	8.7**	8.7
Aquatic Center	1	1	1	1	1
Interactive Fountain	1	1	1	1	1
Boat Ramps	4	4	4	4	4
Special Gardens	2	2	2	2	2

* New trail under the Bypass on Hershey Avenue added in 2008/2009

** New Trail from Weed Park north to Wild Cat Den State Park was added in 2011

*** Removed old Tennis Shelter Courts

RECENT ACCOMPLISHMENTS

During the United Way's "Day of Caring" held in September 2011, Parks staff supervised volunteers that completed nine projects at four sites in the park system.

During the past year Parks staff completed improvements at Weed Park including: 1) Adding roses, repairing the gazebo, and installing a new sidewalk at the Rose Garden; 2) constructing two new sand volleyball courts; 3) repairing Hog Back wood bridge; 4) repairing the wooden stairs at the shop; 5) replanting the Colorado Street sign bed; 6) installing concrete slab for the volleyball drinking fountain; 7) installing a stone wall at the Zoo Garden; 8) power washing the wood entryway to the Aquatic Center; and 9) painting the fascia on the band shell. Progress was also made clearing the interior of the park.

On the riverfront, the deck on Riverview Center was replaced with new material that included a warranty, the sewage system was replaced, new fascia was installed, and the exterior doors repainted. Staff supported several Eagle Scout projects including the installation of a concrete patio around the Indian statue and replanting of the beds around the Mississippi Mist water feature. Seven new houseboat slips were installed and electrical service to the houseboat dock upgraded. Improvements to Pearl City Station included new fascia and gutters.

Other work included widening the fairways on the disk golf course and adding additional directional posts. The trail gates at McKee Button were reset, fencing removed at 4th Street Park, trees planted throughout the Parks system, plant beds replanted at the cemetery, old benches and tables removed throughout the Parks system, and the restroom doors painted at Fuller Park.

In addition, the Parks staff supported 25 events held in the community and supported a wedding at the Brook Street gazebo by extensively cleaning plant beds and painting the structure. Staff assisted with installing drainage tile at the cemetery to improve drainage at the Columbarium, assisted Public Works by mowing areas for ditch improvements and the pistol range addition, and assisted the Water Pollution Control Plant with harbor dredging.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To complete design and initiate construction of a new maintenance shop (subject to funding).
- * To evaluate the ice skating project and if needed make appropriate changes.
- * To continue with shelter replacements in Weed Park.
- * To discuss and implement “lean” initiatives within divisions. (**Management Agenda High Priority**)
- * To continue to provide support to other divisions and departments.
- * To continue to address street tree and right of way maintenance issues.
- * To continue to promote growth of the Adopt-A-Park program.
- * To continue to develop a Street Tree Master Plan.
- * To continue to improve the Disk Golf Course.
- * To continue seasonal staff training.
- * To work with other divisions to establish standardized equipment maintenance procedures.
- * To evaluate the usage of the old shop, hay barn and old concession building at Weed Park.
- * To evaluate playgrounds to determine if they conform to current safety standards.
- * To review current horticulture standard operating procedures and make updates as needed.
- * To continue assisting with the deer deprivation program.
- * To continue to supervise divisional responsibilities and adhere to budgets.
- * To establish a landscape maintenance plan for the Art Center.
- * To develop a trail maintenance master plan.

- * To develop a skate park maintenance plan
- * To develop an ice skating maintenance plan.
- * To resurface the Lucas Street basketball court.
- * To establish a coordinator for the pesticide application program.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Maintenance

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 469,457	\$ 436,419	\$ 464,800	\$ 449,200	\$ 465,300	0.11%
Commodities	57,095	52,676	48,300	50,800	51,100	5.80%
Contractual Services	80,610	90,684	80,700	92,000	75,800	-6.07%
Capital Outlay	30,007	3,540	2,000	10,000	62,700	3035.00%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 637,169	\$ 583,319	\$ 595,800	\$ 602,000	\$ 654,900	9.92%
Funding Sources						
General Revenues	\$ 501,244	\$ 546,192	\$ 573,600	\$ 576,600	\$ 583,900	1.80%
FEMA - Federal Share	102,380	793	-	-	-	
FEMA - State Share	15,179	11,002	-	-	-	
Road Use Taxes	18,366	25,332	22,200	25,400	21,000	-5.41%
Parks and Recreation Trust	-	-	-	-	50,000	
Total Funding Sources	\$ 637,169	\$ 583,319	\$ 595,800	\$ 602,000	\$ 654,900	9.92%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Park Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	
Park Maintenance Leadworker	-	-	-	0.50	1.00	
Maintenance Repairperson	2.25	1.50	1.50	1.50	1.50	
Maintenance Worker II	1.00	0.33	-	-	-	
Maintenance Worker I	1.00	1.25	1.00	1.50	2.00	
Groundskeeper	0.50	1.00	1.50	1.00	0.50	
Equipment Operator II	1.00	1.00	1.00	0.50	-	
Total Full Time	6.75	6.08	6.00	6.00	6.00	
Temporary Part Time Positions:						
Seasonal Laborer	0.37	0.45	0.45	0.63	0.63	
Seasonal Equipment Operator	0.92	0.92	0.92	0.92	0.92	
Seasonal Groundskeeper	0.79	1.13	1.48	1.30	1.30	
Seasonal Equipment Operator (Right-of-Way Mowing)	0.69	0.69	0.69	0.69	0.69	
Total Part Time	2.77	3.19	3.54	3.54	3.54	
Total	9.52	9.27	9.54	9.54	9.54	\$ 325,400
Employee Benefits						139,900
Total Personal Services						\$ 465,300

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Stump Grinder (1/3 of cost)	1	Yes	\$ 2,000
Pallet Forks	1	No	700
Playground Surface Repairs		Yes	60,000
			<u>\$ 62,700</u>

Capital Outlay - Equipment Replacement Fund			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Mower	1	Yes	\$ 51,000
Pickup Truck (Used)	1	Yes	17,000
			<u>\$ 68,000</u>

Function:
Culture and Recreation

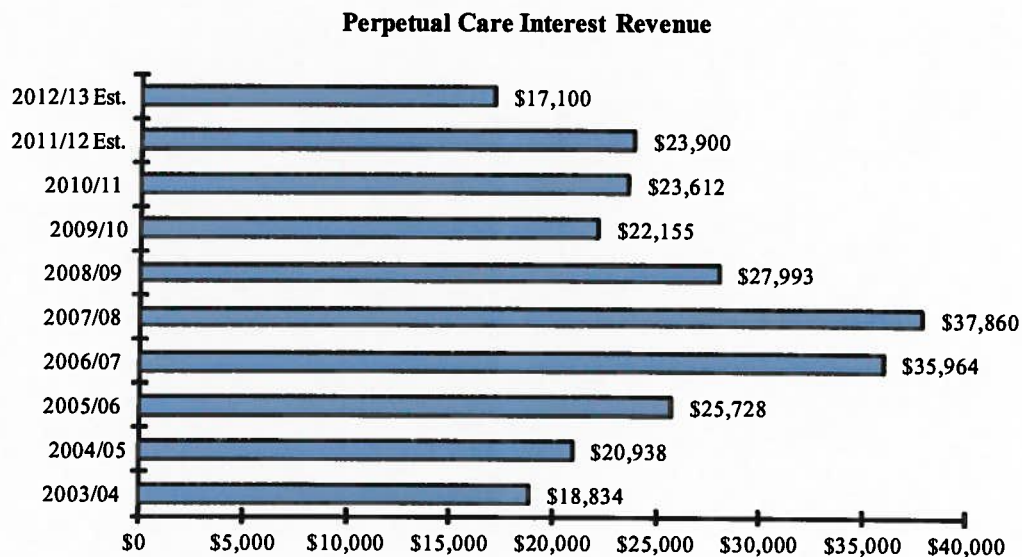
Department:
Parks and Recreation

Activity:
Cemetery

GENERAL INFORMATION

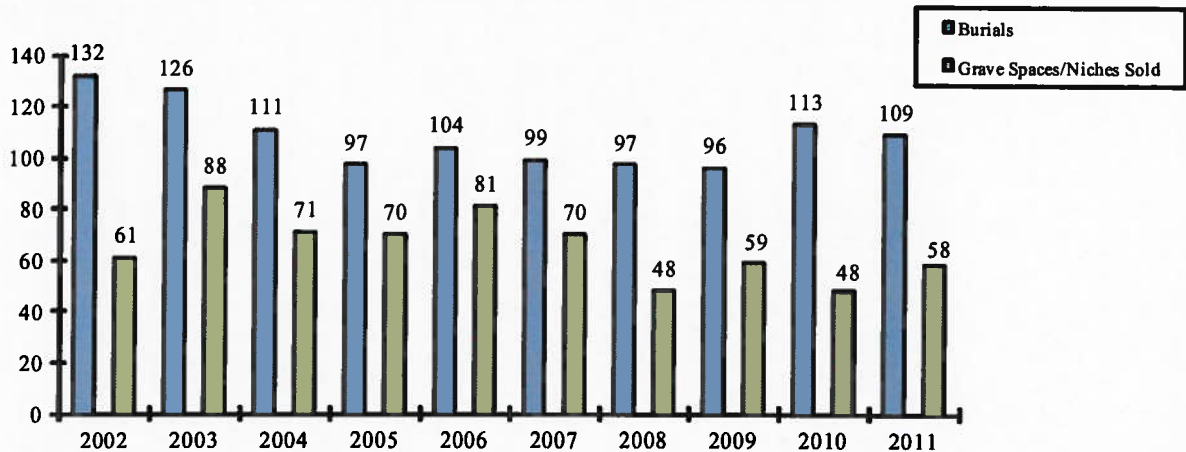
Greenwood Cemetery is a municipally owned and operated cemetery in the City of Muscatine. The Cemetery is a division of the Department of Parks and Recreation. Located on Lucas Street, the cemetery has adequate burial space for at least the next seventy-five (75) years.

Interest earnings from the Perpetual Care Fund are utilized to help support the operation of the cemetery. A percentage of all grave sales by State law are placed in the fund with the interest earnings available to support cemetery operating and improvement costs. The interest transfers from the Perpetual Care Fund to the General Fund from fiscal year 2003/2004 through 2010/2011 and the estimated amounts for 2011/2012 and 2012/2013 are follows:



The principal balance in the Perpetual Care Fund on June 30, 2011 was \$836,943, but as noted previously, this amount cannot be utilized for cemetery operations, only interest earned on the balance may be used.

Cemetery Burials and Grave Space/Niche Sales



CURRENT TRENDS AND ISSUES

Beginning with fiscal year 1991/92, cemetery revenues plus interest earnings on Perpetual Care funds have not been sufficient to fund the operating expenditures of the cemetery with the exception of the 2003/2004, 2007/2008, and 2010/2011 fiscal years. Based on budget projections, a General Fund subsidy of \$16,800 is expected to be needed to cover the operating costs of the cemetery for 2011/2012 and this subsidy is estimated to be \$21,200 for 2012/2013. The decline in interest rates in recent years has reduced interest revenues from the Perpetual Care Fund which is a contributing factor for these subsidies.

The 2011/2012 revised estimate is over the budgeted amount by \$6,600. This increase includes \$4,100 for chapel roof repairs, \$1,600 for increased equipment maintenance costs, and \$1,100 for emergency water hydrant repairs.

The 2012/2013 budget is \$4,200 (2.9%) higher than the original budget for 2011/2012 primarily due to increased personal services costs. As part of the Parks department personnel reorganization in 2011/2012, a Maintenance Repairperson is now assigned to the Cemetery instead of a Maintenance Worker I which was at a lower pay grade. The Equipment Replacement Fund budget includes \$12,000 to replace a mower at the Cemetery.

GOAL STATEMENT

To provide a cemetery facility with aesthetic surroundings for the interment of deceased in a manner which meets the needs of the family and relatives.

PERFORMANCE MEASURES

Fiscal Year Basis	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Burials:					
Casket	77	74	84	78	78
Cremains	15	17	27	20	20
County	4	6	10	6	6
Total Burials	96	97	121	104	104
Grave Spaces Sold	59	36	61	50	50
Columbarium Niches Sold	0	2	7	8	8
Acres Maintained	80	80	80	80	80
Perpetual Care Interest (Fiscal Year Ending June 30)	\$27,993	\$22,155	\$23,612	\$23,900	\$17,100
General Fund Subsidy (Fiscal Year Ended June 30)	\$5,175	\$28,234	\$0	\$16,800	\$21,200

RECENT ACCOMPLISHMENTS

The Cemetery staff continues to evaluate and make improvements to the cemetery as time and funding become available.

Accomplishments during the past year include: 1) Clearing of trees and brush from the Musser Mausoleum area; 2) filling and seeding additional areas around the new fence; 3) installing drainage tile to remove water from around the Columbarium; 4) adding dirt to low areas in various locations; 5) removing old bushes from grave rows; 6) painting the interior of the shop; 7) replacing the carpet in the Chapel office; 8) completing roof repairs to the Chapel; and 9) replanting the beds at the entrances to the cemetery.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To initiate a mapping of the water service in the cemetery.
- * To continue stone and monument leveling.
- * To continue cross training of staff at the Cemetery.
- * To continue evaluating the seasonal staffing.
- * To continue street sign replacements as needed.
- * To continue to work with outside agencies and groups.
- * To continue to address storm water issues.
- * To explore and implement "Lean" initiatives. (Management Agenda High Priority)

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Cemetery Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 119,943	\$ 110,470	\$ 111,000	\$ 110,600	\$ 116,200	4.68%
Commodities	14,987	18,737	16,400	17,200	16,100	-1.83%
Contractual Services	17,622	19,567	18,000	24,200	17,300	-3.89%
Capital Outlay	260	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 152,812	\$ 148,774	\$ 145,400	\$ 152,000	\$ 149,600	2.89%
Funding Sources						
Cemetery Revenues	\$ 102,116	\$ 125,062	\$ 108,000	\$ 111,300	\$ 111,300	3.06%
Perpetual Care Interest	22,155	23,612	23,900	23,900	17,100	-28.45%
FEMA Reimbursements	307	100	-	-	-	
General Revenues	28,234	-	13,500	16,800	21,200	57.04%
Total Funding Sources	\$ 152,812	\$ 148,774	\$ 145,400	\$ 152,000	\$ 149,600	2.89%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Groundskeeper	1.00	0.50	0.00	0.00	0.00	
Maintenance Worker I	0.00	0.50	1.00	0.50	0.00	
Maintenance Repairperson	0.25	0.00	0.00	0.50	1.00	
Total Full Time	1.25	1.00	1.00	1.00	1.00	
Seasonal Part Time Positions:						
Seasonal Equipment Operator	2.46	2.46	2.46	2.46	2.46	
Total Part Time	2.46	2.46	2.46	2.46	2.46	
Total	3.71	3.46	3.46	3.46	3.46	\$ 85,600
Employee Benefits						30,600
Total Personal Services						\$ 116,200

Capital Outlay - Equipment Replacement Fund			
Item	Quantity	Replacement	Amount
Mower	1	Yes	\$ 12,000

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Kent Stein Park Operations

GENERAL INFORMATION

The Kent Stein Park operation consists of a high-density use area for baseball and softball activities. There are a total of 17 diamonds that are available for these activities in Kent Stein Park. The City is responsible for the maintenance and scheduling of the Kent Stein Park operations. Working with the City for operational programming are private groups which organize girls softball and Little League baseball activities. Also available at Kent Stein Park are regulation horseshoe pits and picnic facilities.

Through negotiations with Muscatine Community College (MCC) and the Muscatine Community School system, the City in 1996 turned over the maintenance responsibilities of Tom Bruner Field to these two public entities for a five-year period. This contract was extended for additional five-year and three-year periods; however, the School district has recently asked the City to take on limited maintenance responsibilities for Bruner Field and reimburse the City for costs incurred. In 2000, the City allowed the local baseball association use of the former maintenance building. In exchange for a five-year lease, the baseball association undertook renovations to the facility. That original five-year lease expired in 2002 and it has been renewed under substantially the same terms.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is under the original budget by \$1,000. Personal services costs were under the budgeted amount by \$2,700. This savings was partially offset by increases in operating supply costs. The 2012/2013 budget is 1.8 % (\$3,200) less than the 2011/2012 budget primarily due to a reduced allocation for capital outlay.

GOAL STATEMENT

To provide the citizens of the community with softball and baseball facilities for recreational and school participation.

PERFORMANCE MEASURES

Calendar Year Basis	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Ball Diamonds Maintained	19	19	19	19	19
Total Hours of Usage	6,004	6,272	6,308	6,200	6,200
Number of Tournaments *	26	24	23	23	23
Number of Leagues/Camps	23	23	23	23	23
Concession Revenue	\$11,317	\$10,108	\$13,254	\$12,500	\$12,500
Total Revenues	\$24,957	\$19,108	\$31,500	\$31,950	\$31,950

* The number of tournaments reflects the number of days that tournaments are held.

RECENT ACCOMPLISHMENTS

This past season the Parks department continued efforts to increase use of this facility in the fall. Five diamonds were used for soccer practices in the outfields. A developmental league run by a local user group was also conducted in the outfields. Goals were brought over from the Soccer Complex and staff was able to provide high quality practice fields for the local community soccer teams. Parks staff moved the practices and goals around to limit the amount of wear in these outfields, but severe wear did occur on some of the fields due to the soccer practices and the drought conditions experienced last summer and fall. Muscatine is in need of a soccer practice facility so that wear does not occur to the ball diamond outfields.

With the extreme wet weather over the past four years, staff continues to look at ways to make the fields playable during wet conditions. This past spring diamond #15 was resurfaced from soil to ag-lime. The conversion to ag-lime will help to make the diamond more readily available for play during wet conditions, especially in the spring when usage is at its peak.

The park still has several safety concerns with damaged fences throughout the park. This past fall and continuing into the winter, staff has been working on fixing backstops and replacing small areas of fence to avoid safety risks to spectators. Safety bars are being installed behind the bullpens on the diamonds where excessive wear has taken place on the fences. Over 400 fence ties have been added to the bottoms of the fence to help alleviate some safety issues. There are still several areas that are unsafe and fence repairs need to be considered in the near future. Staff will continue to monitor and fix, when possible, any areas of safety concern throughout the park.

This past year, the Parks and Recreation staff continued the Adopt-A-Park program at Taylor Park. Gary Bean, a resident near Taylor Park, adopted the park two years ago and again this past season mowed the entire park twice a week, versus once a week if it would be done by City staff. He also kept a close eye on the park and reported any damages or concerns that he noticed throughout the park. His efforts have helped to reduce labor from seasonal staff.

The United Way's Day of Caring was again very useful in helping to complete several projects at Kent Stein Park and Musser Park. There were several additional projects completed this past fall due to the efforts of community groups. At Musser Park, the scoring tower, team benches, and the bleachers were all scraped and painted. At Kent Stein Park, one crew helped to assemble the new team benches, another group helped to

clean the bank along the slough, and another group helped to mulch several of the planting beds throughout the park.

Staff is currently working on updating the countertops in all four large restrooms in the park. Along with replacing the countertops, cleansable panels were added under the hand dryers to avoid the black discoloring of the paint. This past spring, automatic air fresheners were added to all of the restrooms with very positive comments.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To repair the remaining fences at Kent Stein Park (subject to funding).
- * To upgrade the remaining fields at Kent Stein Park with the Musco Control Link System (subject to funding).
- * To strive for positive relations with facility guests and associations by conducting regular meetings on relevant issues with various sponsoring organizations.
- * To improve the parking lot west of Diamond #5 with an asphalt surface (subject to funding).
- * To maintain high quality and safe fields while maximizing usage
- * To continue to support and assist other departments and City divisions as requested.
- * To continue to recruit and train quality seasonal and full time staff as needed.
- * To continue to look for and to incorporate technological changes for improved services and operational efficiencies.
- * To explore and implement "lean" initiatives. (**Management Agenda High Priority**)
- * To work with the Hinman family property donation to develop a multi-use open green space.
- * To continue to recognize and build on the positive economic impact of this facility to the community.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Kent Stein Park Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 112,018	\$ 119,035	\$ 120,800	\$ 118,100	\$ 121,300	0.41%
Commodities	34,985	42,126	36,800	38,900	39,100	6.25%
Contractual Services	8,981	5,897	9,400	9,100	7,900	-15.96%
Capital Outlay	-	1,515	8,000	7,900	3,500	-56.25%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 155,984	\$ 168,573	\$ 175,000	\$ 174,000	\$ 171,800	-1.83%
Funding Sources						
Park Revenues	\$ 18,476	\$ 26,306	\$ 22,400	\$ 24,700	\$ 24,700	10.27%
Housing Reimbursement	8,253	7,750	7,800	7,300	7,300	-6.41%
General Revenues	129,255	134,517	144,800	142,000	139,800	-3.45%
Total Funding Sources	\$ 155,984	\$ 168,573	\$ 175,000	\$ 174,000	\$ 171,800	-1.83%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Athletic Facilities Manager	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.12	0.12	0.12	0.12	0.12	
Maintenance Worker I	0.50	0.50	0.50	0.50	0.50	
Total Full Time	1.12	1.12	1.12	1.12	1.12	
Seasonal Part Time Positions:						
Lead Groundskeeper	0.54	0.54	0.54	0.55	0.55	
Seasonal Equipment Operator/ Groundskeeper	0.38	0.38	0.38	0.38	0.38	
Seasonal Laborer	1.48	1.40	1.40	1.60	1.60	
Total Part Time	2.40	2.32	2.32	2.53	2.53	
Total	3.52	3.44	3.44	3.65	3.65	\$ 98,100
Employee Benefits						23,200
Total Personal Services						\$ 121,300

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Weed Eaters	3	Yes	\$ 1,500
Stump Grinder (1/3 of cost)	1	Yes	2,000
			<u>\$ 3,500</u>

Function:
Culture and Recreation

Department:
Parks & Recreation

Activity:
Soccer Complex Operations

GENERAL INFORMATION

In 1992 the City Council was approached by the Muscatine Civic Improvement Foundation which shared with them their intent to privately develop a six-field soccer complex within the City of Muscatine. Further, it was their intention that once the field was developed, it would be given to the City of Muscatine who in turn would be responsible for the scheduling and ongoing maintenance of the facility.

Following a number of public hearings and reviews of this proposal, the City Council agreed to accept the gift and the responsibility for maintenance and scheduling of the facility. The original soccer complex consisted of six fields, two with lighting; administration, concession, and locker room facilities; a separate maintenance facility and storage area; and adequate parking to accommodate users. Two additional fields located adjacent to the original complex were developed and given to the City in 1994. The soccer complex is located on Houser Street between Hershey Avenue and the Sunset Park housing development. Known for its consistent quality and field play, this facility has been named "Soccer Facility of the Year" on two separate occasions.

CURRENT TRENDS AND ISSUES

The management of the soccer complex, including scheduling and maintenance activities, is the responsibility of the City through the Parks and Recreation Department. Funding for the maintenance activities associated with the facility is partially from the City's General Fund and partially from other entities within the community who are the primary users of the facility. The maintenance and operation of this facility is coordinated by the Athletic Facilities Manager who also manages the operation of Kent Stein Park located adjacent to the soccer complex. Currently the Athletic Facilities Manager, a Maintenance Worker I, and two part-time employees are involved in the maintenance of the soccer complex. Additional part-time employees serve as on-site supervisors during special events at the complex. The Athletic Facilities Manager also has oversight responsibilities at the Golf Course and approximately 20% of his time is being allocated to the Golf Course in the form of an administrative fee.

The revised estimate for 2011/2012 is over the budgeted amount by \$4,000. Operating supplies increased by \$6,300 due to increased costs for grass seed, fertilizer, fungicides, and fuel. These increases have been partially offset by savings in other areas of the budget.

The 2012/2013 budget is \$11,400 (6.7%) more than the 2011/2012 budget. The budget includes an increased allocation for capital outlay and the increased allocations for grass seed, fertilizer, fungicides, and fuel also were continued in 2012/2013. The capital outlay allocation of \$15,000 is for drainage improvements around Fields #7 and #8. The Soccer Complex is entering its 19th season of operation. The continued quality of the facility is what sets it apart from others across the state.

GOAL STATEMENT

To effectively manage and maintain a municipal soccer facility, to utilize the facility to best serve the growing soccer interest within the community and to utilize the facility in a manner to attract regional and state-wide soccer activities.

PERFORMANCE MEASURES

Calendar Year Basis	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Number of Fields Maintained	8	8	8	8	8
Hours of Use for Games	2,931	2,344	2,661	2,600	2,600
Number of Tournaments *	22	20	23	23	23
Concession Commissions	\$10,125	\$10,613	\$11,343	\$11,200	\$11,200
Total Revenues	\$45,055	\$38,678	\$43,224	\$42,200	\$42,200
Number of Leagues/Camps	23	27	23	23	23

* The number of tournaments reflects the number of days that tournaments are held.

RECENT ACCOMPLISHMENTS

The 2011 soccer season once again had an extremely wet start causing early desiccation to the quality of the fields. The summer brought about new turf conditions with high humidity and extreme high night temperatures creating an enormous amount of disease pressure. Six turf diseases were identified this past season from the extreme humidity and temperatures. During the late summer a drought set in throughout the state causing even more turf loss due to a lack of root systems to sustain the turf throughout the heat of the day. This was due to the extreme wet conditions that have occurred in the last few years. This past fall was one of the highest fall usage years in the history of the complex and the fields will need to be recovered in the spring to maintain the quality of the facility.

Although practices and scrimmages were limited throughout the year, all tournament games were played, even in the spring with extremely wet conditions. Adult play was cut back this past fall, but usage was at a maximum with youth play at an extreme high. Areas on fields #7 & #8 were sodded in early fall to help produce a safer and higher quality surface and to allow them to be played on later in the fall.

Three sections of concrete next to the maintenance building and two sections near the administration building were replaced this past fall. These areas had severe cracks and sharp edges causing a safety issue to employees, users, and guests of the facility. Replacing this concrete has helped produce a safer and more aesthetic facility.

A Phase III Soccer Development Committee has been formed to evaluate the need for additional athletic fields and to develop a concept plan and cost estimate. The committee has met a few times this fall to discuss the potential for developing the site across from the Soccer Complex. The current property owner has informed the city that the land is available for future development. The committee will continue to work to establish a concept plan and a cost estimate for Phase III.

The Soccer Complex once again benefited from the United Way's Day of Caring. This year there were three groups that helped complete projects at the Soccer Complex. Two high school groups helped to fill divots using over 40 bags of divot mix. Another group painted the upstairs of the administration building.

<i>OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013</i>

- * To begin construction of Phase III of the Soccer Complex (subject to funding).
- * To reestablish a safe and high quality turf on all eight soccer fields while maximizing usage.
- * To continue to strive for positive relations with facility guests and associations by conducting regular meetings on relevant issues with various sponsoring organizations.
- * To reestablish positive drainage around fields #7 and #8 by installing an in-ground drainage system around the perimeter of the fields
- * To continue efforts to maximize revenues and overall efficiency of division operations.
- * To continue to support and assist other departments and city divisions as requested.
- * To continue to recruit and train quality seasonal and full time staff as needed.
- * To continue to look for and to incorporate technological changes for improved services and operational efficiencies.
- * To explore and implement "lean" initiatives. (**Management Agenda High Priority**)
- * To continue to recognize and build on the positive economic impact of this facility to the community.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Soccer Complex Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 93,245	\$ 94,201	\$ 100,100	\$ 97,500	\$ 100,200	0.10%
Commodities	53,006	63,999	56,300	65,500	62,700	11.37%
Contractual Services	4,846	8,447	5,300	4,300	4,200	-20.75%
Capital Outlay	4,553	1,512	9,000	7,400	15,000	66.67%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 155,650	\$ 168,159	\$ 170,700	\$ 174,700	\$ 182,100	6.68%
Funding Sources						
Park Revenues	\$ 41,256	\$ 41,858	\$ 41,000	\$ 42,200	\$ 42,200	2.93%
Golf Administrative Fees	11,300	11,600	12,000	12,000	12,400	3.33%
General Revenues	103,094	114,701	117,700	120,500	127,500	8.33%
Total Funding Sources	\$ 155,650	\$ 168,159	\$ 170,700	\$ 174,700	\$ 182,100	6.68%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Athletic Facilities Manager	0.50	0.50	0.50	0.50	0.50	
Maintenance Worker I	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.13	0.13	0.13	0.13	0.13	
Total Full Time	1.13	1.13	1.13	1.13	1.13	
Seasonal Part Time Positions:						
On-Site Supervisor	0.41	0.41	0.41	0.41	0.41	
Seasonal Equipment Operator	0.35	0.35	0.35	0.35	0.35	
Seasonal Groundskeeper	0.67	0.74	0.74	0.74	0.74	
Total Part Time	1.43	1.50	1.50	1.50	1.50	
Total	2.56	2.63	2.63	2.63	2.63	\$ 78,700
Employee Benefits						21,500
Total Personal Services						\$ 100,200

Capital Outlay			
Item	Quantity	Replacement	Amount
Drainage Improvements for Fields #7 and #8			\$ 15,000

Function:
Culture and Recreation

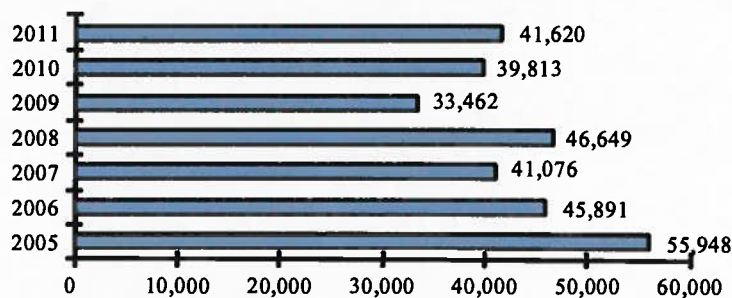
Department:
Parks and Recreation

Activity:
Swimming Pools

GENERAL INFORMATION

The Muscatine Aquatic Center at Weed Park first opened on June 3, 2004. Total attendance for the 2004 season was 46,576. In 2005 it increased to 55,948 and in 2006 it decreased to 45,891. In 2007, which was the fourth wettest summer in Iowa history, the attendance was 41,076. Attendance again increased in 2008 to 46,649, decreased to 33,462 in 2009, increased to 39,813 in 2010, and further increased to 41,620 in 2011. In addition to recreational swimming, the Department of Parks and Recreation provides a diversified instructional program in aquatic activities. All staff and instructors are certified by the American Red Cross and receive periodic training to maintain these standards.

Weed Park Aquatic Center Attendance



The Carver Swim Center was constructed jointly by the school and the City and is located in the public high school. The City and School currently share the operational costs for this facility. Use of this facility by the City will be discontinued in February of 2012 as discussed below.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is over the budgeted amount by \$15,200. This increase includes an additional \$3,000 for chlorine and other water treatment chemicals, \$6,800 for cleaning and resealing joints on the pool deck, a capital outlay allocation of \$5,000 for an automatic pool vacuum, and funding for various other repairs needed at this facility. The 2012/2013 year will be the ninth full budget year for the Aquatic Center. There has been a trend of increasing maintenance costs as this facility ages.

This budget has also included the City's share of the maintenance costs of the Carver Swim Center which for 2011/2012 is estimated at \$28,100. The City and the School have reached an agreement to discontinue the City's use of the Carver Swim Center and phase out the City's contribution for the maintenance of this facility. The City's use of this facility will end in February, 2012 after the last scheduled pool event is held. Actual use of this pool for City recreational programs has been minimal for a number of years. The City's contribution for maintenance of this facility will be phased out over a four-year period. The contribution will decrease to \$21,100 in 2012/2013, to \$14,100 in 2013/2014, to \$7,100 in 2014/2015, and be eliminated in 2015/2016.

The 2012/2013 budget is \$9,700 (5.2%) less than the original 2011/2012 budget. This is primarily due to cost savings from the phase-out of the maintenance subsidy to the School for Carver Swim Center (\$7,000) and discontinuing programming at that facility.

Beginning in the 2011 season, the City implemented non-resident rates for pool season passes. These rates are \$25 higher than the rates for City residents. Non-resident fees for Aquatic Center admissions and other recreational programs will begin in 2012.

GOAL STATEMENT

To utilize the Weed Park Aquatic Center to maximum potential, and to offer to the Muscatine community a well-balanced program of aquatic activities.

PERFORMANCE MEASURES

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Aquatic Center Attendance	33,462	39,813	41,620	45,000	45,000
Carver Pool Attendance	1,041	584	593	0	0
Swim Lesson Enrollment	169	222	207	225	225
Season Passes Sold	132	132	130	140	140
Number of Pool Rentals	61	59	87	90	90
Special Events Attendance	566	318	304	400	400

RECENT ACCOMPLISHMENTS

In January and February of 2011 open swim times at Carver Swim Center were eliminated due to low attendance. Pool parties were marketed to fill the space left by open swim times.

Youth, adult, and senior participation was evaluated for the Aquatic Center. Friendship Day was held again to bring in a variety of ages. Both friends were able to come in at half price. The infant/toddler swim was held on various mornings throughout the summer. On Father's Day, dads were allowed to swim for free with a paid child. The Senior Swim was held Monday through Friday throughout the season from 5:00 p.m. through 8:00 p.m. with seniors ages 55 and over invited to swim at a reduced rate. Due to popular demand, additional infant/toddler swim times will be added in future seasons.

Slide attendants were all trained and certified in first aid and adult, child, and infant CPR. This was required of all staff. The training was done by the Fire Department.

Swim lessons numbers were similar to last year. Efforts will continue to better train swim lesson staff and to continue to build the effectiveness of the department's swim lesson program.

Team building and staff ownership was continued at the Aquatic Center in the summer of 2011. At the all staff meeting in May, the entire staff came up with and agreed on 10 commandments of "Thou Shall's". The commandments were posted in the staff room. A "Saves Wall" was created for lifeguards. It recognized each lifeguard and how many times they had to jump in to make a save. Staff listened to a 911 call from an incident in Pella from 2010 and talked as a group about the situation and what their role is when the Emergency Action Plan is activated. Staff was reminded of the importance of what they do on a daily basis throughout the season.

Aquatic Center numbers were up this year compared to the previous two seasons and passed the 40,000 mark. The summer of 2011 was the tale of two seasons. It was cool and wet in June and hot and dry in July and August. Attendance numbers mirrored the weather with just over 10,000 visitors in June and over 20,000 visitors in July.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To evaluate programs and usage of the Aquatic Center to maximize utilization and revenue.
- * To evaluate the Red Cross Learn to Swim Program and determine if this program is meeting the community's needs for swim lessons or if we should consider other swim lesson program formats.
- * To continue to build staff ownership at the Aquatic Center.
- * To continue to evaluate fee schedules and to make recommendations for adjustments as needed.
- * To recruit, train, and retain certified and qualified seasonal pool staff for all program areas.
- * To train an additional certified pool operator and lifeguard instructor and retain professional pool staff including the manager and assistant managers.
- * To continue to meet the requirements to receive a satisfactory report from the Health Inspector.
- * To increase the number of season ticket passes at the Aquatic Center.
- * To hold staff trainings throughout the season at the Aquatic Center.
- * To continue to support and assist other departmental and city divisions by conducting specialized training.
- * To explore and implement "lean" initiatives for the Aquatic Center. **(Management Agenda High Priority)**

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Swimming Pools

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 103,258	\$ 106,064	\$ 119,700	\$ 116,300	\$ 117,100	-2.17%
Commodities	17,493	25,104	18,500	21,700	21,600	16.76%
Contractual Services	47,375	43,057	49,200	59,600	39,000	-20.73%
Capital Outlay	-	3,068	-	5,000	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 168,126</u>	<u>\$ 177,293</u>	<u>\$ 187,400</u>	<u>\$ 202,600</u>	<u>\$ 177,700</u>	-5.18%
Funding Sources						
Swimming Pool Revenues	\$ 119,413	\$ 132,266	\$ 142,400	\$ 140,100	\$ 139,200	-2.25%
General Revenues	48,713	45,027	45,000	62,500	38,500	-14.44%
Total Funding Sources	<u>\$ 168,126</u>	<u>\$ 177,293</u>	<u>\$ 187,400</u>	<u>\$ 202,600</u>	<u>\$ 177,700</u>	-5.18%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Seasonal Part Time Positions:						
Swimming Pool Manager	1	1	1	1	1	
Assistant Pool Manager	2	2	2	2	2	
Head Guard	3	3	3	3	3	
Lifeguard	24	24	24	24	24	
Lesson Coordinator	1	1	1	1	1	
Swimming Instructor	8	8	8	8	8	
Cashier	4	4	4	4	4	
Special Activities Instructor	2	2	2	-	-	
Slide Attendants	5	5	5	5	5	
Pool Maintenance	2	2	2	2	2	
Total	52	52	52	50	50	\$ 103,900
Employee Benefits						13,200
Total Personal Services						<u>\$ 117,100</u>

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Recreation

GENERAL INFORMATION

The Recreation division provides leisure time activity programs for the citizens of Muscatine. Many of the programs are taught by special instructors and are designed to be self-supporting. Most children's programs, however, are not self-supporting in order to encourage children from all economic and social sectors of the community to participate. The recreation activities are supervised by the Program Supervisor.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is the same in total as the original budget.

The 2012/2013 budget is \$4,100 (3.5%) higher than the 2011/2012 budget due primarily to increased personal services and recreational supply costs. The 2012/2013 Recreation budget includes 100% of the Program Supervisor's position and funding for approximately twenty-three (23) temporary part-time instructors, supervisors, and program directors. The Program Supervisor also oversees the operation of the Aquatic Center.

GOAL STATEMENT

To provide the citizens of Muscatine with the opportunity to participate in a wide variety of quality recreational activities through the provision of programs, facilities, and the cooperation of various community organizations.

PERFORMANCE MEASURES

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Adult Programs Offered (Including Leagues)	29	25	23	25	25
Children's Programs Offered	35	40	42	42	42
Adult Program Participants	499	532	634	600	600
Children's Programs Participants	1,590	2,006	2,066	2,100	2,100
New Programs Offered	7	6	10	8	8
Volleyball League Teams	43	39	40	42	42

RECENT ACCOMPLISHMENTS

Over winter break in 2010/2011, a basketball shooting camp was held with former Iowa basketball player Brody Boyd as the featured instructor. With 65 participants, attendance was strong for a first-time program. Additional programs such as this will be added in the future when the opportunity is available.

In January and February, times and days for various programs were evaluated. The boys' basketball clinic, as well as softball and baseball clinics, were moved to Sunday afternoons to better accommodate participants. Staff also found additional dates and times to offer the baseball pitching clinic due to high numbers. The Snow Pile Treasure Hunt was again held with sponsors providing over 1,800 prizes and over 400 people in attendance. BlastBall! was added for preschool-kindergarten students. This program is a pre-T-Ball program modified to be held indoors. This replaced open gym programs that had poor attendance. Over 60 children signed up for the first run of this program.

In April, a Pitch, Hit and Run competition was scheduled. Due to snow, the event was moved and participation was light. In the future, better numbers are expected with better weather on the scheduled date.

Summer programs included T-Ball, sand volleyball, gymnastics, and tennis lessons. All programs were well attended. Tot Lot numbers increased and the program will be evaluated to further increase attendance. The Family Bike Ride was held in May and it will also be evaluated this year with additional trails now available connecting to Weed Park. A high school sand volleyball tournament was advertised but cancelled due to lack of participants.

In September, the youth football programs were restructured due to the trend of less children participating in 3rd and 4th grade. This program was held as a structured clinic with instructors emphasizing learning the skills necessary to play flag football. Along with the practice time, scrimmages were held. Kindergarten and 1st and 2nd grade program numbers were strong and increased from 2010.

Fall/winter programs included the Fall Festival, which drew over 225 children this year. Winter volleyball league numbers are strong with 26 teams playing on three nights of the week. Tennis and soccer lessons are being held as well as the girls' basketball clinic featuring the Muscatine High School girls basketball team for the second straight year. The Elves Workshop was held again in December.

OBJECTIVES TO BE ACOMPLISHED IN 2012/2013

- * To continue to look at alternative programming that fits the community needs.
- * To evaluate and review new programs that have been implemented and make adjustments as needed.
- * To review programs to look for cost savings and revenue-generating ideas that better fit budget needs.
- * To continue to keep a positive relationship and maintain good communication with area agencies and associations to offer quality recreational leisure services to the community.
- * To look for and take advantage of training opportunities.
- * To continue to hire and train qualified staff for the youth recreation programs.

- * To continue to cross train for continuation of office operations services.
- * To continue to look for technological ways to market programs.
- * To explore and implement “lean” initiatives in the Recreation division. (**Management Agenda High Priority**)

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Recreation

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 88,051	\$ 76,140	\$ 89,700	\$ 89,100	\$ 93,200	3.90%
Commodities	6,085	6,983	6,300	7,100	7,100	12.70%
Contractual Services	18,781	16,160	20,100	19,900	19,900	-1.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 112,917	\$ 99,283	\$ 116,100	\$ 116,100	\$ 120,200	3.53%
Funding Sources						
Recreation Fees	\$ 52,032	\$ 50,120	\$ 54,400	\$ 55,200	\$ 55,200	1.47%
General Revenues	60,885	49,163	61,700	60,900	65,000	5.35%
Total Funding Sources	\$ 112,917	\$ 99,283	\$ 116,100	\$ 116,100	\$ 120,200	3.53%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Program Supervisor	1.00	1.00	1.00	1.00	1.00	
Total Full Time	1.00	1.00	1.00	1.00	1.00	
Seasonal Part Time Positions:						
Various Instructors, Supervisors and Program Directors	23.00	23.00	23.00	23.00	23.00	
Total	24.00	24.00	24.00	24.00	24.00	\$ 73,300
Employee Benefits						19,900
Total Personal Services						\$ 93,200

Function:
Health and Social Services

Department:
Legislative and Council

Activity:
Economic Well-Being

GENERAL INFORMATION

The function of the Economic Well-Being activity has been to provide financial support to promote social and economic opportunities for certain citizens in Muscatine, including senior citizens, the mentally and physically handicapped and certain low income individuals and families.

As the federal and state governments have reduced subsidies for social programs, the City has experienced increases in requests for assistance from local agencies which provide social service programs. The agency allocations for the past five (5) years and the budgeted subsidy for 2012/2013 are as follows:

<u>Agency</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
Senior Resources*	\$ 16,660	\$ 16,660	\$ 17,100	\$ 17,800	\$ 17,800	\$ 20,000

* The allocations to Senior Resources include Meals on Wheels.

CURRENT TRENDS AND ISSUES

Due to reductions in funding to the City's General Fund, the subsidies to Senior Resources and the Meals on Wheels programs have been held in check for the past several years. In fiscal year 2009/2010, \$17,100 was budgeted, in 2010/2011 \$17,800, and that same funding amount was maintained in the 2011/2012 budget. The funding request from Senior Resources for 2012/2013 was \$23,000. The approved funding allocation was set at \$20,000, an increase of 12.4%.

Function:
Health and Social Services

Department:
Legislative and Council

Activity:
Economic Well-Being

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	17,100	17,800	17,800	17,800	20,000	12.36%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 17,100	\$ 17,800	\$ 17,800	\$ 17,800	\$ 20,000	12.36%
Funding Sources						
General Revenues	<u>\$ 17,100</u>	<u>\$ 17,800</u>	<u>\$ 17,800</u>	<u>\$ 17,800</u>	<u>\$ 20,000</u>	12.36%

Function:
Community and Economic Development

Department:
Community Development

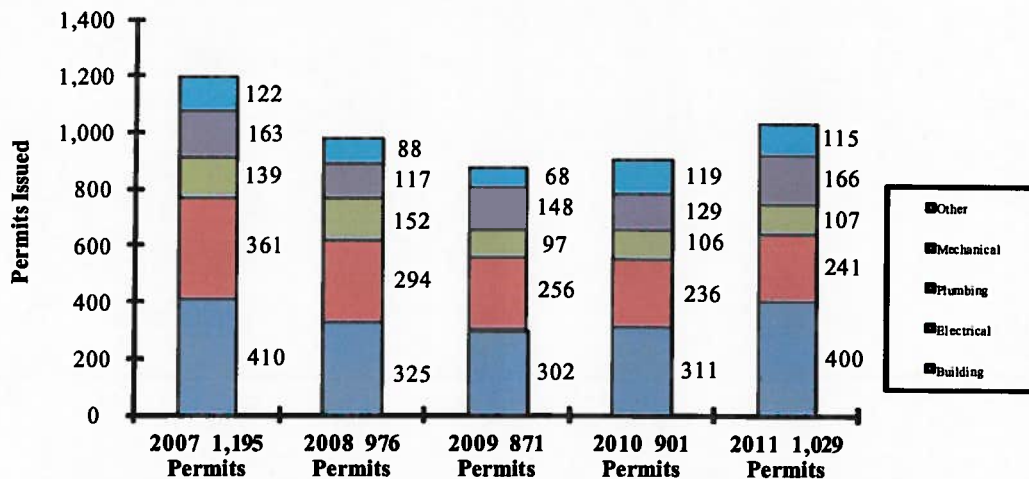
Activity:
Community Development

GENERAL INFORMATION

The former Planning, Zoning and Building Safety department was reorganized and renamed the Community Development department in 2010. This department is responsible for administering the zoning ordinance, building codes, the comprehensive plan, the capital improvements program, subdivisions, zoning changes, annexation reviews, and a variety of other planning and environmental functions. The department conducts building and site plan and site review for all building permit applications with respect to both building and zoning requirements including lot size, area, height, and the site plan review criteria. Also, compliance with handicap and energy code regulations is reviewed in accordance with state and local requirements. Inspections of all rental housing units are performed on a regular basis and the department conducts nuisance abatement activities in accordance with both state and local law.

During the past five calendar years, the following building-related permits were issued by the department with follow-up inspections:

Building-Related Permits by Year



Two (2) full time inspectors in this department perform on-site building and zoning inspections. The public health inspection program is also a responsibility of this department. The Health and Housing Coordinator performs all public health-related inspection activities including inspections of restaurants, retail food operations, and pool and spa operations. The rental housing inspection program results in approximately 1,000 regular inspections each year. In addition to these inspections and related record keeping, the Health and Housing Coordinator and Senior Health and Housing Inspector conduct inspections arising from complaints received and perform re-inspections of residential units found to be in violation of the adopted codes for compliance with City ordered repairs. The Community Development department also has responsibility for all nuisance abatement efforts including the weed and snow removal programs; trash, garbage, and junk removal orders; and demolition of substandard and dilapidated structures and outbuildings.

Decriminalizing violations of a number of ordinances related to building inspection activities has helped the enforcement component of the department's responsibilities. This department has also worked in conjunction with neighborhood organizations to address issues that affect the quality of life in those areas.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is \$22,500 higher than the original budget. Personal services costs increased by \$4,900 primarily due to a request to hire a new inspector approximately one month prior to the retirement of the Health and Housing Coordinator in May of 2012. Fuel costs increased by \$2,000 and nuisance abatement costs are \$14,000 higher than the original budget. The increased amount for nuisance abatement has been impacted by the part-time Community Services Officer position that was added in July of 2010. Nuisance abatement revenues are also projected to be higher than the original budget.

At the time of the retirement of the current Health and Housing Coordinator the job responsibilities of other positions in the department be re-aligned; an Inspector II position will be added, and the part-time Community Services Officer will be increased from half-time to three-quarters time. With the reorganization, personal services costs will not change significantly since the new inspector will be at the entry level in that pay grade.

The 2012/2013 budget is \$21,200 (3.0%) higher than the 2011/2012 original budget primarily due to increases in personal services, fuel, and nuisance abatement costs.

GOAL STATEMENT

To provide minimum standards to safeguard life or limb, health, property and public welfare by regulating and controlling the design, construction, quality of materials, use and occupancy, location and maintenance of all buildings and structures within the City limits of Muscatine. To administer the planning and community development process in order to achieve results which will best address the social, physical, and economic needs of the City. Decisions affecting the development of the City will be based upon the application of urban planning knowledge, community standards, and expressed needs in the community. The underlying theme of these decisions is to improve conditions where the citizens of Muscatine live, work, and shop.

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Permits Issued - Building, Plumbing, Electrical, HVAC, Accessibility, Energy, Sign, Percolation, Excavation, Sidewalk, Curb Cut, Occupancy, Tree, Demolition, House Moving	915	902	925	1,021	1,000
Building Inspections - Electrical, Building, Plumbing, HVAC	4,069	4,059	3,952	4,000	4,000
Rental Housing Inspections	1,066	1,047	1,168	902	950
Nuisance Complaints - Weeds, Snow, Junk Car, Debris, Garbage, Water, Rodents	1,946	2,274	4,062	4,782	5,000
Writ of Possessions	38	44	27	40	50
Properties Posted	111	83	51	35	30
Vehicles Towed/Impounded	63	78	50	28	35
Plan Reviews	35	25	5	7	8
Health Permits - Food Service Establishments (Restaurants)	130	135	137	140	135
Number of Inspections for Food Service (Restaurants)	425	421	415	427	420
Health Permits - Food Establishments (Grocery)	45	47	46	45	46
Number of Inspections for Food Establishments (Grocery)	122	120	120	111	120
Other Health Permits - Tanning Salons, Funeral Homes, Tattoo Parlors	24	15	17	15	15
Number of Inspections for Tanning Salons, Funeral Homes and Tattoo Parlors	51	41	44	42	42
Other Health Permits - Swimming Pools, and Hotel/Motels	19	14	16	16	16
Number of Inspections for Swimming Pools and Hotel/Motels	38	23	25	23	24
Number of People Certified and Recertified in Food Handling	64	31	45	30	N/A
Planning & Zoning Commission Meetings	8	12	12	10	12
Zoning Board of Adjustment Meetings	6	7	8	4	8
Rezoning Requests Processed	0	3	4	1	3
Subdivision Requests Processed	4	7	12	4	4
Property Vacation Requests Processed	3	6	1	4	4

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Airport Grants Administered	2	2	3	3	3
Housing Rehabilitation Units Completed	6	2	2	0	0

RECENT ACCOMPLISHMENTS

During the past year the Community Development department was involved in the completion of the voluntary annexation of 62 acres of real estate in the northeast corner of the city. Real estate transactions were completed with Canadian Pacific Railroad for property needed for construction of Phase II of the Mad Creek Levee Improvement Project. The department also completed the acquisition and relocation of the parking lot at the E. Second Street Apartments that was also required before the Mad Creek Levee Improvement Project could begin.

The three year Area-Wide Assessment Program funded under the EPA Brownfields Program as well as the Housing Rehabilitation Program funded under the Community Development Block Grant Program (CDBG) were both completed in 2011.

The department was involved in the demolition of three dilapidated and vacant homes and completed the sale and transfer of underutilized or unused city property making them available for development and placing them back on the tax rolls.

The department updated the new ward and precinct boundaries for the City based on the 2010 census information, completed an analysis of annexation options for City Council consideration, worked to secure the donation of real estate for the construction of the new South End Fire Station, and completed the Flood Plain Ordinance amendments and mapping to incorporate the new flood plain elevation data.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To continue acting as the staff support for the Planning Commission, Zoning Board of Adjustment, Airport Advisory Commission, Board of Health, Community Improvement Action Team (CIAT), Traffic Committee, Region 9 Technical Committee for the Bi-State Region, among others.
- * To assist in the Blue Zone Community Project.
- * To complete the update of the 2002 Comprehensive Plan making use of extensive citizen participation by conducting a public meeting in each of the seven planning districts and incorporating Iowa's Smart Planning Principals. **(City Council Policy Agenda and Management Agenda Top Priorities)**
- * To make use of the City's online assets to broaden public participation in the development of the Comprehensive Plan by giving citizens a way to participate that is not dependent on the ability or desire to attend public meetings. **(City Council Policy Agenda and Management Agenda Top Priorities)**
- * To complete a department reorganization in anticipation of pending and future retirement announcements.
- * To complete construction of Phase II of the Mad Creek Levee Improvement Project. **(Management Agenda High Priority)**

- * To complete the environmental review and preliminary engineering design for the Mississippi Drive Corridor. **(Management Agenda High Priority)**
- * To complete the necessary 4(f) statement under Section 106 of the Historic Preservation Act for the Mississippi Drive Corridor project and secure approval to move the project into the funding and final design stage. **(Management Agenda High Priority)**
- * To obtain all temporary and permanent easements necessary for the construction of the Harrison Street construction and Colorado Street reconstruction. **(Management Agenda High Priority)**
- * To assist in the design and approvals necessary for the construction of the Highway 38/61 connector. **(Management Agenda High Priority)**
- * Establish the framework for the rewrite of the City's 1974 Zoning Ordinance following the adoption of the new Comprehensive Plan. **(Management Agenda Top Priority)**
- * To continue development of strategies that support economic development opportunities, annexation policies and in-fill development. **(City Council Long-Term Goal)**
- * To develop housing and historical housing tax abatement plans for City Council consideration. **(City Council Top Priority)**
- * To review department processes and procedures for "Lean" initiatives. **(Management Agenda High Priority)**

Function:
Community and Economic Development

Department:
Community Development

Activity:
Community Development

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 482,939	\$ 524,897	\$ 569,300	\$ 574,200	\$ 576,000	1.18%
Commodities	7,838	12,001	10,700	11,000	11,800	10.28%
Contractual Services	95,231	129,634	123,400	140,700	136,800	10.86%
Capital Outlay	1,827	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 587,835	\$ 666,532	\$ 703,400	\$ 725,900	\$ 724,600	3.01%
Funding Sources						
Community Development Revenues	\$ 389,596	\$ 315,223	\$ 319,500	\$ 309,800	\$ 331,900	3.88%
Health Permits	37,463	38,966	37,500	39,000	39,000	4.00%
Sale of Property	137,441	12,937	20,000	20,000	20,000	0.00%
CDBG Grant	15,988	13,862	-	-	-	
Project Administrative Fees	7,091	11,075	6,000	2,100	-	-100.00%
General Revenues	256	274,469	320,400	355,000	333,700	4.15%
Total Funding Sources	\$ 587,835	\$ 666,532	\$ 703,400	\$ 725,900	\$ 724,600	3.01%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Community Development Director	-	1.00	1.00	1.00	1.00	
Director Planning, Zoning and Building Safety	1.00	-	-	-	-	
City Planner	-	0.50	1.00	1.00	1.00	
Senior Inspector	1.00	1.00	1.00	1.00	1.00	
Inspector II	1.00	0.50	-	0.17	0.67	
Health and Housing Coordinator	0.67	0.67	0.67	0.58	0.50	
Health and Housing Inspector	0.50	0.50	0.50	0.42	-	
Community Development/ Planning Coordinator	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	-	1.00	1.00	1.00	1.00	
Office Assistant	1.00	-	-	-	-	
Total Full Time	6.17	6.17	6.17	6.17	6.17	
Parttime Positions:						
Community Services Officer	-	0.50	0.50	0.55	0.75	
Custodian (Housing)	1.00	1.00	1.00	1.01	1.50	
Total	7.17	7.67	7.67	7.73	8.42	\$ 404,700
Employee Benefits						171,300
Total Personal Services						\$ 576,000

Capital Outlay - Equipment Replacement Fund			
Item	Quantity	Replacement	Amount
4 Wheel Drive Vehicle (Used)	1	Yes	\$ 17,500

Function:
Community and Economic Development

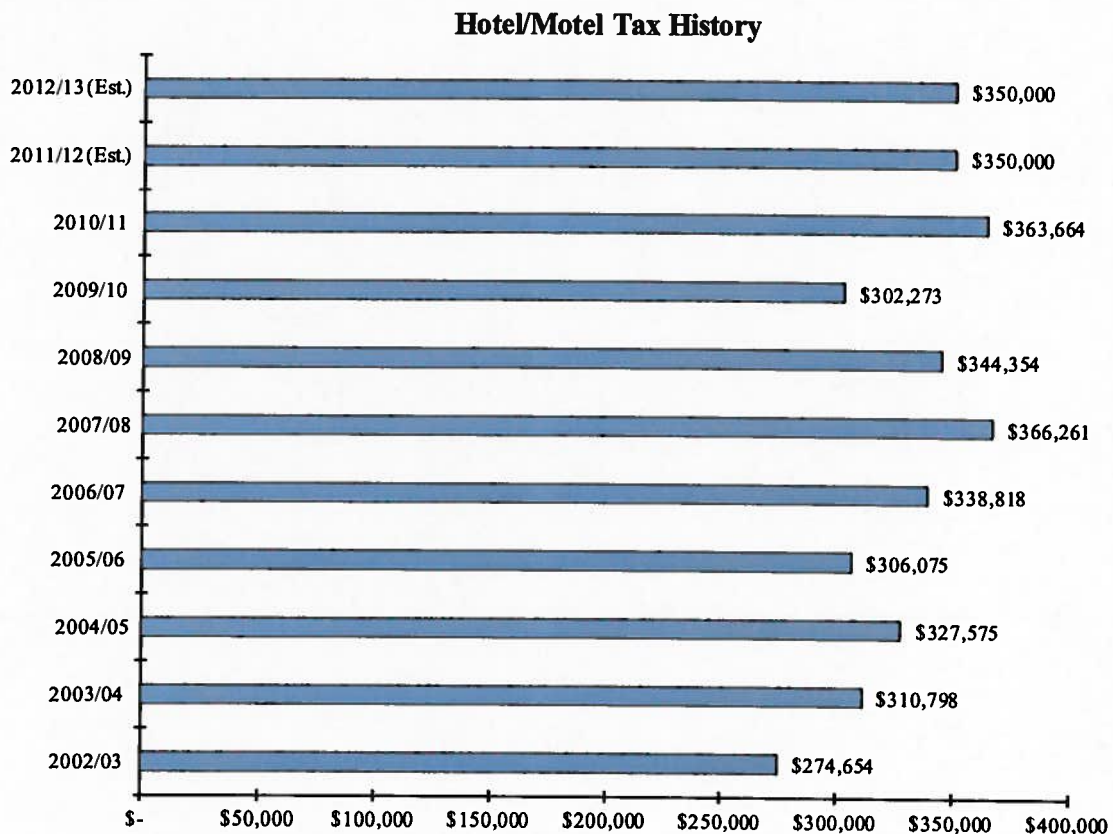
Department:
Legislative and Council

Activity:
Economic Development

GENERAL INFORMATION

The budget for this activity has provided financial support for the Tourism and Convention division of the Chamber of Commerce and the Muscatine Development Corporation. On April 1, 2004, the Muscatine Chamber of Commerce and Muscatine Development Corporation merged into the Greater Muscatine Chamber of Commerce and Industry (GMCCI).

In 1981 the City began to collect a hotel/motel tax of 4%. In 1991 voters approved increasing the hotel/motel tax to 7% effective April 1, 1992. The following chart shows the hotel/motel tax revenue for the last nine years as well as the estimated amounts for 2011/2012 and 2012/2013:



Since approval of the tax by the voters of Muscatine, one-half of the revenue has been utilized in the General Fund as general revenues and the other half has been allocated to support the Art Center/Museum and the Public Library. Of the general revenue of the General Fund, the Tourism and Convention division of the Chamber of Commerce has received financial support for their activities. For 2009/2010 \$50,000 was included in the budget for the tourism program and that funding level was increased to \$55,000 in 2010/2011 and maintained at \$55,000 for 2011/2012 and 2012/2013.

The State Code specifically requires the following:

"Each County or City which levies the tax shall spend at least 50% of the revenues derived therefrom for the acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining recreation, convention, cultural or entertainment facilities including but not limited to memorial buildings, halls and monuments, civic center, convention buildings, auditoriums, coliseums, and parking areas for facilities located at those recreation, convention, cultural, or entertainment facilities; for the payment of principal and interest, when due, on bonds, or other evidence of indebtedness issued by the County or City for those recreation, convention, cultural, or entertainment facilities; or for the promotion and encouragement of tourist and convention business in the City or County and surrounding areas."

CURRENT TRENDS AND ISSUES

The original 2011/2012 budget estimate for hotel/motel tax revenue was \$325,000. Based on the increase in the prior year and recent quarterly hotel/motel tax receipts, both the revised estimate for 2011/2012 and budget for 2012/2013 were increased to \$350,000. The 2012/2013 budget again allocates 50% of the hotel/motel tax to support the art center and library or \$87,500 each, and \$55,000 has been allocated to support tourism. This results in \$120,000 of the hotel/motel tax to be utilized as general revenue in the General Fund.

The City Council in previous years provided funding assistance to the Muscatine Development Corporation which was incorporated into the Greater Muscatine Chamber of Commerce and Industry (GMCCI) in 2004. The funding allocations to the GMCCI have varied in recent years based on financial constraints of the City. The funding allocation for 2009/2010 was \$30,000 and the allocation was increased to \$35,000 for 2010/2011. The \$35,000 funding level was maintained for both 2011/2012 and 2012/2013.

GOAL STATEMENT

To provide financial assistance to various community organizations which are involved with the economic development of the City. provided such development meets the overall city economic development and governmental service plans.

Function:

Community and Economic Development

Department:

Legislative and Council

Activity:**Economic Development**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	80,000	90,000	90,000	90,000	90,000	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 80,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	0.00%
Funding Sources						
Hotel/Motel Tax	\$ 50,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	0.00%
Tax Increment Funds for Economic Development	-	-	35,000	35,000	35,000	0.00%
General Revenues	<u>30,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Funding Sources	<u>\$ 80,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	0.00%

Function:
Public Works

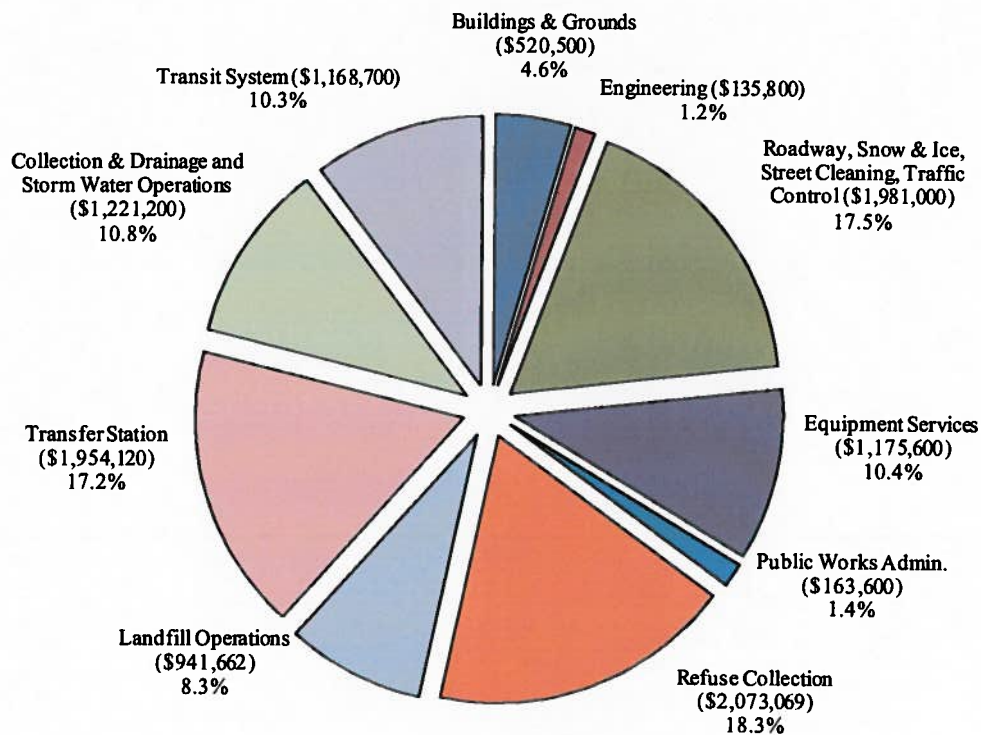
Department:
Public Works

Activity:
Public Works Administration

GENERAL INFORMATION

The Public Works Administration budget includes the costs of administrative coordination of all Public Works related activities. These activities are Engineering, Roadway Maintenance, Snow and Ice Control, Street Cleaning, Traffic Control, Collection and Drainage, Storm Water Operations, Building and Grounds, Equipment Services, Refuse Collection, Transfer Station Operations, Landfill Operations, and the Transit System. The Public Works Director also assists in risk management as well as safety-related programs for citywide implementation. The Public Works department performs a variety of functions, many seemingly unrelated but virtually all related to the City's physical infrastructure and contribution to the quality of the urban environment. The following chart shows the budgeted operating expenditures for the various public works activities for the 2012/2013 fiscal year.

2012/2013 Public Works Budgets by Activity
\$11,335,251



The Public Works Administration activity is included in the General Fund budget. However, several activities under the supervision of the Public Works Director are in the Enterprise and Internal Service Funds. These include Refuse Collection, Transfer Station, Landfill Operations, Transit System, Collection and Drainage, Storm Water Operations and Equipment Services Operations. An administrative fee is charged to Refuse Collection, Landfill Operations, Collection and Drainage, Equipment Services Operations, and the Transit System. For 2012/2013 these fees total \$59,200 and this amount has been included as revenue to the General Fund.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is over the budgeted amount by \$800 primarily due to increased temporary services costs. The 2012/2013 budget is \$7,900 (5.1%) higher than the 2011/2012 budget primarily due to increased personal services costs and capital outlay allocations of \$5,800 for a network backbone router and \$2,600 for two new computers.

GOAL STATEMENT

To contribute to the health and welfare needs of the citizens of Muscatine by providing modern, efficient, and economical public works services to the community through efficient management services in the coordination of the following City activities: Engineering, Roadway Maintenance, Snow and Ice Control, Street Cleaning, Traffic Control, Collection and Drainage, Storm Water Operations, Building and Grounds, Equipment Services, Refuse Collection, Landfill Operations, Transfer Station and Transit System.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Operating Expenditures - All Public Works Activities	\$11,420,963	\$11,098,080	\$ 10,412,627	\$11,139,981	\$11,335,251
Full Time Employees - All Public Works Activities	48	48	46	46	46
Part Time Employees - All Public Works Activities	28	28	28	28	28
Infrastructure Projects Under Construction	10	2	3	4	5
Infrastructure Projects Completed	12	5	3	4	5

RECENT ACCOMPLISHMENTS

Summarization of the department's activities is more specifically narrated in each public works division budget. In general, the department will be preparing for a busy construction season in 2012 (i.e. West Hill Sewer Separation, Colorado Reconstruction, Cedar Street Utilities, Pavement Management Program). We continue to look at improving our efficiencies and reorganization by using the "Lean" philosophy. Cleaning up the Public Works lower lot is more necessary now because of the amount of material stored.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To improve turnaround time on the Request Tracker portion of the City's web site.
- * To advance the following projects:

Streets:

- A. Colorado Reconstruction (**Management Agenda High Priority**)
- B. Cedar Street Utilities (**Management Agenda High Priority**)
- C. Pavement Management Program (**Management Agenda High Priority**)
- D. Harrison Avenue Extension (**Management Agenda High Priority**)
- E. Highway 38/61 Connector Study (**Management Agenda High Priority**)
- F. In-Depth Council Review of Roadway Maintenance Layer on the geographical information system (GIS).

Trails:

- A. Musser Park to Wiggins Road
- B. Mad Creek – Mississippi Drive to Washington
- C. Mad Creek Trail Extension to Clearview

Sewers:

- A. West Hill Sewer Separation Project (**Management Agenda High Priority**)
- B. Force Main – Progress Park Relief Valves

GIS Layers:

- A. Sidewalks

Miscellaneous:

- A. Lower Lot Reorganization

- * To apply the "Lean" management philosophy to public works services. (**Management Agenda High Priority**)
- * To continue quarterly Public Works staff meetings
- * To experience more "hands-on" observation of and assistance to Public Works employees.

Function:
Public Works

Department:
Public Works

Activity:
Public Works Administration

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 111,855	\$ 134,343	\$ 139,700	\$ 139,500	\$ 142,900	2.29%
Commodities	958	542	2,300	2,300	2,300	0.00%
Contractual Services	6,099	6,029	9,000	11,000	10,000	11.11%
Capital Outlay	-	331	4,700	-	8,400	78.72%
Transfers	-	-	-	3,700	-	
Total Expenditures	<u>\$ 118,912</u>	<u>\$ 141,245</u>	<u>\$ 155,700</u>	<u>\$ 156,500</u>	<u>\$ 163,600</u>	5.07%
Funding Sources						
Road Use Taxes	\$ 64,712	\$ 85,445	\$ 98,200	\$ 99,000	\$ 104,400	6.31%
Administrative Fees	<u>54,200</u>	<u>55,800</u>	<u>57,500</u>	<u>57,500</u>	<u>59,200</u>	2.96%
Total Funding Sources	<u>\$ 118,912</u>	<u>\$ 141,245</u>	<u>\$ 155,700</u>	<u>\$ 156,500</u>	<u>\$ 163,600</u>	5.07%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position/Position Allocations:						
Public Works Director	1.00	1.00	1.00	1.00	1.00	
Administrative Secretary	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	
Total Full Time	1.33	1.33	1.33	1.33	1.33	\$ 110,300
Employee Benefits						<u>32,600</u>
Total Personal Services						<u>\$ 142,900</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Network Backbone Router	1	Yes	\$ 5,800
Computers	2	Yes	2,600
			<u>\$ 8,400</u>

Function:
Public Works

Department:
Public Works

Activity:
Roadway Maintenance

GENERAL INFORMATION

The Roadway Maintenance activity includes the repair and maintenance of all roadways in the City of Muscatine except the U.S. 61 By-Pass and a small portion of Business Route U.S. 61 which are maintained by the State of Iowa. There is a total of over 140 miles of streets within the City limits. In addition, the Roadway Maintenance division maintains alleys, parking lots, and traffic signs. The division is also involved in various other projects including cleaning and replacing culverts, assisting the Refuse Collection division during clean-up week, painting for traffic control, replacing curbs and gutters, repairing City streets, and repairing sidewalks.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is over the budget in total by \$1,200. The revised estimate includes an increase of \$10,000 for vehicle and equipment repair and maintenance services. Savings in other areas of the budget partially offset this increase.

The 2012/2013 budget is \$103,700 (8.8%) more than the 2011/2012 budget primarily due to an increased allocation for capital outlay. Capital outlay items include \$110,000 for replacement of a dump truck, \$30,000 for replacement of a full size pick-up truck, and \$5,000 for a five ton flatbed trailer. The 2012/2013 budget includes \$29,300 toward the City's share of operating costs for the Geographical Information System (GIS) with a like amount allocated to both the Collection and Drainage and Water Pollution Control budgets.

The primary source of funding for the Roadway Maintenance activity is Road Use Tax funds collected by the State of Iowa and appropriated to cities based on a per capita formula. Road Use Tax funds are utilized to support the Public Works Administration, Engineering, Roadway Maintenance, Traffic Control, Street Cleaning, and Snow and Ice Control budgets. Expenditures for these six (6) activities and the right-of-way mowing program within the Park Maintenance budget are budgeted at \$2,280,400 for 2012/2013. Of this amount, \$2,039,700 will be funded from Road Use Taxes and \$240,700 from Public Works revenues. Specific information concerning the Road Use Tax Fund is included in the Special Revenue Funds section of the City budget.

GOAL STATEMENT

To provide a safe and well-maintained street system for the efficient movement of residential, commercial and industrial traffic, assist with the health, welfare and general appearance of the City through weed abatement, flood control assistance, and general community clean up projects.

PERFORMANCE MEASURES

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Miles of Streets Maintained	140	140	140	140	140
Hot Mix/Cold Mix Used	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Annual Street Resurfacing Program	9.45 miles 25,181 Tons	3.56 miles 6,502 Tons	1.5 miles 4,500 Tons	1.5 miles 4,500 Tons	1.5 miles 4,500 Tons
Curb & Gutter Repair (Lineal Feet)	2,503 LF	382 LF	165 LF	500 LF	500 LF
Full Depth Concrete Repair (Square Yards)	3,141 SY	2,656 SY	276 SY	6,600 SY	5,000 SY
Associated Driveways	None	377 SY	317 SY	N/A	N/A
Resurfacing (TIF Projects)	None	5,008 Tons	None	None	None
Resurfacing Greenwood Cemetery	None	4,952 Tons	None	None	None

RECENT ACCOMPLISHMENTS

The Roadway Maintenance division had another busy construction season in 2011. April started off with cleaning up after the winter season. Again this year two street sweepers were rented in April to help clean sand and other winter debris from the City's streets. With the rented sweepers and the City's two sweepers, crews were able to make one pass on every City street. This is important as it keeps the dirt and debris out of the sewer system.

From May through July this division worked on alleys and road shoulders that had rutted from the harsh winter. The employee responsible for the City's signs worked on replacing bent sign posts, faded/bent signs, and the signs needed for road closures during the construction season. Other work included patching plumber ditches, frost boils, potholes, and grading alleys. Illowa, the City's asphalt contractor, started the summer street overlay program June 6th and completed the project by the end of September. City crews assisted the contractor with repairs on the soft spots found in the subgrade of the milled surfaces.

Other work completed during the summer months included the Musser Park Trail, improvements to ten railroad crossings, road grading lots for Muscatine Power & Water at the power plant, road grading at the Transfer Station for trailer storage, cleanup at the Hawkeye site for dredge spoils, hauling dredge spoils from the riverfront, and additional grading for dredge bags at the Hawkeye site. The Geographical Information System (GIS) layers for culverts were completed this year as well as traffic counts and the review of accident data from the IDOT (Iowa Department of Transportation). Crews also assisted with signage for special events in the Central Business District.

The joint and crack filling and sealing program got off to a late start. Illowa completed one half of the contract work in the fall and will complete the remaining work as weather allows. The street striping took place July through September. City crews finished the in-house list of painting duties by the end of October. Crews then worked on getting the leaf trucks and leaf machines ready for the leaf pickup program. This operation started October 17th and was completed November 30th. The month of November also brought a close to the summer construction season. Crews were busy finishing up on asphalt work (650 tons), grading

of alleys, concrete work, and treating of the salt supply for the winter. December started with the Holiday Stroll, then this division focused on getting ready for the winter season.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To implement the ongoing maintenance portion of the Pavement Management Program funded from the 20% allocation of the Local Option Sales Tax.
- * To convert the GIS (geographical information system) data for Roadway Maintenance into this division's daily operating activities.
- * To pursue "Lean" philosophy improvements in this division. (**Management Agenda High Priority**)
- * To contract for an update to the Pavement Condition Index (PCI) for City streets.

Function:
Public Works

Department:
Public Works

Activity:
Roadway Maintenance

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 684,936	\$ 711,572	\$ 737,000	\$ 733,200	\$ 729,400	-1.03%
Commodities	109,450	131,699	143,000	137,600	137,400	-3.92%
Contractual Services	272,088	245,910	249,300	255,000	266,000	6.70%
Capital Outlay	298,067	139,098	44,800	49,500	145,000	223.66%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 1,364,541	\$ 1,228,279	\$ 1,174,100	\$ 1,175,300	\$ 1,277,800	8.83%
Funding Sources						
Road Use Taxes	\$ 1,304,486	\$ 1,184,334	\$ 1,146,600	\$ 1,138,800	\$ 1,241,300	8.26%
FEMA Reimbursement	15,655	1,819	-	-	-	
Street Revenues	33,919	39,730	27,000	36,000	36,000	33.33%
Other	10,481	2,396	500	500	500	0.00%
Total Funding Sources	\$ 1,364,541	\$ 1,228,279	\$ 1,174,100	\$ 1,175,300	\$ 1,277,800	8.83%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position/Position Allocations:						
Street Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Street Maintenance Leadworker	1.00	1.00	1.00	1.00	1.00	
Equipment Operator III	5.00	5.00	5.00	4.00	4.00	
Equipment Operator II	1.00	1.00	1.00	3.00	2.00	
Equipment Operator I	3.00	3.00	3.00	2.00	3.00	
Maintenance Worker II	0.10	0.10	0.10	0.10	0.10	
Administrative Secretary	0.33	0.33	0.33	0.33	0.33	
Total Full Time	11.43	11.43	11.43	11.43	11.43	
Part Time Positions:						
Consulting Engineer	0.26	0.22	0.19	0.34	0.19	
Total	11.69	11.65	11.62	11.77	11.62	\$ 461,700
Employee Benefits						267,700
Total Personal Services						\$ 729,400

Capital Outlay			
<i>Item:</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
4-Wheel Drive Pickup Truck	1	Yes	\$ 30,000
Dump Truck (32,000 lbs)	1	Yes	110,000
5 Ton Flatbed Trailer	1	Yes	5,000
			<u>\$ 145,000</u>

Function:
Public Works

Department:
Public Works

Activity:
Traffic Control Operations

GENERAL INFORMATION

The Traffic Control Operations activity was established to separately account for traffic control activities which include street striping, street signs, and other traffic control functions.

In most communities this activity would be funded at a substantially higher level. However, in Muscatine the municipally owned utility, Muscatine Power and Water, provides direct benefits to the general city operation by providing all street lighting including installation, maintenance, and operating costs. All maintenance and operational costs for traffic signals are paid by the utility with the exception of two traffic signals located outside of the utility's service district. These services are provided in lieu of a payment in taxes to the City.

CURRENT TRENDS AND ISSUES

The revised estimate for 2011/2012 is over the budgeted amount by \$6,500 primarily due to the addition of \$5,000 in capital outlay items and a \$1,700 increase in paint used for street markings. The capital outlay items added were a laptop computer and a tablet computer.

The 2012/2013 budget is \$24,300 (18.8%) more than the 2011/2012 budget primarily due to increased capital outlay. The capital outlay allocation consists of \$15,400 for the replacement of regulatory signs and \$6,000 for a solar battery arrow board.

GOAL STATEMENT

To provide for the efficient and safe movement of vehicular and pedestrian traffic through the painting of street markings, fabrication, replacement and maintenance of street name and traffic signs, and to cooperate with Muscatine Power and Water to develop, maintain and operate the street and traffic light system.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Number of Street Signs Maintained	5,285	5,378	5,565	5,750	6,000
Number of New Signs Installed	45	40	106	42	42
Lineal Feet of Street Striping	263,928	261,469	251,361	251,461	251,461
Number of Stop Bars Painted	304	304	303	304	304
Number of Arrows Painted	264	279	287	290	290
Number of Handicapped Stalls Marked	76	86	86	86	86
Number of Regular Parking Stalls Painted	2,521	2,639	2,639	2,639	2,639
Number of Crosswalks Painted	221	225	225	229	229
Number of Railroad Crossings Painted	33	33	33	33	33
Traffic Committee Meetings	26	24	23	24	24
Number of Signs Removed	2	9	23	11	11
Number of Sign Posts Maintained	4,052	4,104	4,195	4,200	4,300
Number of Speed Humps Painted	22	22	23	23	23

RECENT ACCOMPLISHMENTS

The City's 2011 street striping program started in mid-July. City crews worked on parking stalls, crosswalks, and stop bars in the Central Business District. A new contractor was used for the street striping program, Weikert Contracting from Ackley, Iowa. Parking lots 7 and 8 were also striped this year. City crews finished striping around the schools just days before school started. City crews were able to finish the in-house portion of the street painting/striping by mid-October. The street striping contract was finished by the end of September.

The employee in charge of sign work/replacement was busy all year replacing bent and worn out signs and posts. He also installed 106 new signs while removing 23 signs from city streets.

The department was busy during the summer with the portable speed humps. Speed humps were used on Barry Avenue, Bonnie Drive, Woodlawn Avenue, and Roscoe Avenue. An asphalt speed hump was installed on Clermont Drive late last year and has since been modified lowering the height so it wasn't as severe to drive over.

Several of the Street department employees attended workshops this year on Work Zone Safety and retro-reflectivity requirements to comply with IDOT regulations.

The Traffic Committee continues to meet bi-monthly to address issues and problems that come up during the year.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To implement year one of a three-year plan to update the City's regulatory, warning, and ground-mounted guide signs by January 2015 as mandated by the Iowa Department of Transportation (IDOT) and Federal Highway (FHWA) regulations.
- * To implement a sign maintenance policy for visual inspection of all signs and posts to complete the assessment of the sign inventory. This division can then compile a list and begin replacement of signs that do not meet the new standards set by the IDOT.

Function:
Public Works

Department:
Public Works

Activity:
Traffic Control

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 50,669	\$ 53,407	\$ 58,000	\$ 57,700	\$ 59,300	2.24%
Commodities	8,004	17,221	14,500	16,400	16,400	13.10%
Contractual Services	56,883	51,192	56,800	56,700	56,500	-0.53%
Capital Outlay	10,374	11,000	-	5,000	21,400	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 125,930</u>	<u>\$ 132,820</u>	<u>\$ 129,300</u>	<u>\$ 135,800</u>	<u>\$ 153,600</u>	18.79%
Funding Sources						
Road Use Taxes	<u>\$ 125,930</u>	<u>\$ 132,820</u>	<u>\$ 129,300</u>	<u>\$ 135,800</u>	<u>\$ 153,600</u>	18.79%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	\$ 43,000
Employee Benefits						16,300
Total Personal Services						<u>\$ 59,300</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Regulatory Signs	440	Yes	\$ 15,400
Solar Battery Arrow Board	1	Yes	6,000
			<u>\$ 21,400</u>

Function:
Public Works

Department:
Public Works

Activity:
Snow and Ice Control

GENERAL INFORMATION

This activity accounts for the cost of snow and ice removal from the streets of Muscatine as well as the spreading of salt and sand. The City has designated certain streets as snow emergency routes for priority snow removal prior to cleaning residential streets with low density traffic. In addition, the City has specific salt and sand routes for secondary consideration. The City continues to utilize the salt dome which was a joint City/County project. The City also has a separate salt facility that was completed in 2005.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is under the original budget in total by \$1,000. The revised estimate reflects an increase in fulltime wages used for snow and ice removal (based on prior year actual amounts). The revised estimate operating supplies were reduced based on the actual cost of the salt purchased for 2011/2012.

The 2012/2013 budget is \$95,600 (20.4%) less than the 2011/2012 budget primarily due to only budgeting for the purchase of one barge load of salt instead of the two barge loads usually budgeted. With the mild 2011/2012 winter, one barge load should be sufficient to replenish the City's inventory.

The budget for 2000/2001 first included funding for an outside contractor to provide snow removal services in the downtown area. The actual cost of this service during the unusually snowy winter of 2000/2001 was \$41,503. A history of the contracted downtown snow removal costs is as follows:

2000/2001	\$41,503
2001/2002	17,250
2002/2003	10,560
2003/2004	27,976
2004/2005	9,200
2005/2006	14,038
2006/2007	17,615
2007/2008	55,805
2008/2009	60,225
2009/2010	37,870
2010/2011	64,670

The 2011/2012 revised estimate and 2012/2013 budget each include \$40,000 for contracted snow removal in the downtown area.

GOAL STATEMENT

To provide a safe street system during the winter months through efficient and effective snow and ice removal and control procedures.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Number of Storms	25	21	15	20	20
Tons of Salt Used	1,182	1,581	1,100	1,200	1,200
Tons of Sand Used	1,028	630	450	500	500

RECENT ACCOMPLISHMENTS

Last winter started on December 3, 2010 with a 1 inch snowfall. Four more storms followed and December ended with 13 inches of snow. January 7, 2011 started off with another 1 inch snowfall and there was a total of 8.5 inches of snow in January. February started off with one of the biggest snow storms in many years. Fifteen (15) inches of snow fell with winds 25-60 mph creating blizzard conditions. A snow emergency was declared at noon Tuesday, February 1, 2011. Several trucks, salt boxes, and snowplows broke down during this storm. During this storm this division used every piece of equipment we had. Five (5) additional storms followed and the total snowfall for February was 21 inches. March came in like a lamb and went out like a lamb with no measurable snow during the month of March.

There were a total of 15 storms during the winter of 2010/2011. City crews used a total of 1,100 tons salt, 450 tons of sand, and 450 tons of cinders.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To sandblast, prime, and paint salt boxes and snowplows to prepare them for use during the winter months.
- * To continue to evaluate and improve on the enforcement of the city ordinance regarding public disposal of snow into city streets.
- * To evaluate the snow routes using GIS (geographical information system) technology.

Function:
Public Works

Department:
Public Works

Activity:
Snow and Ice Control

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 85,629	\$ 84,834	\$ 66,200	\$ 83,500	\$ 84,600	27.79%
Commodities	217,045	222,113	256,600	229,300	142,100	-44.62%
Contractual Services	122,592	155,333	97,400	113,400	108,400	11.29%
Capital Outlay	-	7,599	47,500	40,500	37,000	-22.11%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 425,266	\$ 469,879	\$ 467,700	\$ 466,700	\$ 372,100	-20.44%
Funding Sources						
Road Use Taxes	\$ 325,846	\$ 359,515	\$ 377,700	\$ 371,600	\$ 272,100	-27.96%
Reimbursement of Expenses	99,420	110,364	90,000	95,100	100,000	11.11%
Total Funding Sources	\$ 425,266	\$ 469,879	\$ 467,700	\$ 466,700	\$ 372,100	-20.44%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Equipment Operator III	N/A	N/A	N/A	N/A	N/A	
Equipment Operator II	N/A	N/A	N/A	N/A	N/A	
Equipment Operator I	N/A	N/A	N/A	N/A	N/A	
Total	N/A	N/A	N/A	N/A	N/A	\$ 45,000
Employee Benefits						39,600
Total Personal Services						\$ 84,600

Capital Outlay			
Item	Quantity	Replacement	Amount
10' Salt Boxes	1	Yes	\$ 15,000
10' Reversible Underbody Plow	1	Yes	10,000
10' Snow Plows 2-way	1	Yes	12,000
			\$ 37,000

Function:
Public Works

Department:
Public Works

Activity:
Street Cleaning

GENERAL INFORMATION

The Street Cleaning activity involves the operation of the City's street sweepers and the leaf collection program. The street cleaning operation functions primarily on streets with curbs and gutters and in the downtown commercial areas. Two (2) employees are involved in the operation utilizing two (2) machines. One machine is operated in the Central Business District, alleys and narrow locations with the other machine used in other areas of the City. During the winter season, the equipment operators supplement the snow and ice removal crews. The City's Street Cleaning operation is hindered substantially in its effectiveness as a result of the amount of on-street parking permitted throughout the City and the elimination of the night sweeping program because of machine noise. Further, the annual addition of new curb and guttered hard surface streets adds to the miles of streets which require street sweeping maintenance.

The City has four leaf vacuum units in addition to four leaf boxes, which can be mounted on existing dump trucks. This equipment has greatly improved the City's ability to pick up leaves as a service to residents and has helped keep leaves out of the City's sewer system. This service continues to be very popular.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate is under the budgeted amount by \$19,600. There was \$16,000 in the original budget to replace two leaf boxes and it was determined that these do not need to be replaced at this time. The revised estimate for personal services and contractual services are also less than the original budget amounts.

The 2012/2013 budget is \$15,600 (8.1%) less than the 2011/2012 budget since there are no capital outlay requests for 2012/2013. The 2012/2013 budget again includes funds for renting one additional street sweeper in the spring of 2013. The budget continues allocating 1/4 of an Equipment Operator's time to the Parking Fund to provide assistance to that operation in maintenance of the parking meters.

GOAL STATEMENT

To contribute to the health, welfare and appearance of the City through a systematic program of street sweeping and leaf removal.

PERFORMANCE MEASURES

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Miles of Streets Cleaned with Sweeper	77	87	89	89	89
Employee Hours for Leaf Program	887	872	828	862	862
Temporary Employee Hours for Leaf Program	1,892	1,619	1,845	1,800	1,800
Leaf Loads	237	238	314*	263*	300*

* The number of leaf load increased in part due to the smaller size of the new leaf boxes

RECENT ACCOMPLISHMENTS

During the spring of 2011 the Public Works department rented two additional street sweepers to help clean city streets of winter debris, keeping it from entering the sewer system. The rental cost for one of these sweepers was funded from the Street Cleaning budget and the other from the Collection and Drainage budget. Crews collected around 600 tons of sand, cinders, and other debris from city streets. This material (50 tandem dump truck loads) was hauled during the summer months to the landfill to use to cover trash. The 2011 spring street sweeping program began on April 11 and finished April 22. With the two rented sweepers and the City's two vacuum sweepers, crews were able to sweep every street in the city in two weeks.

The 2011 spring leaf pickup program started April 1 and continued every Friday during the month of April.

The fall 2011 leaf pickup started October 17. This year a large amount of leaves fell in early fall and then again late in November. The scheduled date for completion was November 23, 2011. Due to the large number of leaves that fell late, this division added one more complete round to the leaf collection schedule.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To add the Leaf Pickup route information to the geographical information system (GIS).
- * To add the Street Sweeping route information to the geographical information system (GIS).

Function:
Public Works

Department:
Public Works

Activity:
Street Cleaning

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 92,099	\$ 95,752	\$ 106,400	\$ 105,600	\$ 108,200	1.69%
Commodities	6,796	11,161	11,300	12,000	12,500	10.62%
Contractual Services	56,896	52,347	59,400	55,900	56,800	-4.38%
Capital Outlay	-	11,342	16,000	-	-	-100.00%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 155,791	\$ 170,602	\$ 193,100	\$ 173,500	\$ 177,500	-8.08%
Funding Sources						
Road Use Taxes	\$ 155,791	\$ 170,602	\$ 193,100	\$ 173,500	\$ 177,500	-8.08%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Equipment Operator II	1.75	1.75	1.75	1.75	1.75	\$ 72,200
Employee Benefits						36,000
Total Personal Services						\$ 108,200

Function:
Public Works

Department:
Public Works

Activity:
Engineering Operations

GENERAL INFORMATION

The Engineering division through November of 2007 consisted of a civil engineer and an allocation of a secretarial position. The City's in-house engineering staff had been reduced to that level with outside engineers used for the majority of the larger construction projects. The civil engineer coordinated smaller construction projects and served in a consulting capacity to other departments on special construction projects. The Civil Engineer left employment with the City in November, 2007.

In June of 2008 the City found a qualified candidate for the City Engineer position. This position is funded by engineering charges to the City's various capital improvement projects and Road Use Taxes.

CURRENT TRENDS AND ISSUES

The revised estimate for the Engineering division is \$100 less than the original budget. The budget for 2012/2013 is \$6,100 (4.7%) higher than the 2011/2012 budget primarily due to increased personal services costs (\$2,600) and a capital outlay allocation of \$3,200 for a computer upgrade and software.

Engineering Performance Measures

	FY 2011/2012				FY 2012/2013			
	2011	2011	2012	2012	2012	2012	2013	2013
	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring
Paving Projects								
Harrison Street Extension	Plan	Plan	Design	Design	Construct	Construct	Done	
Cedar Culvert Extensions	Construct	Construct	Done					
Cedar Utilities	Plan	Plan	Design		Construct	Construct	Done	
Cedar Paving	Plan	Plan	Plan	Design	Design	Design	Design	Construct
Cedar Trail	Plan	Plan	Plan	Design	Design	Design	Design	Design
Hershey ave Reconstruction	Construct	Construct		Done				
Colorado Street Reconstruction	Plan	Plan	Plan	Plan	Plan	Construct		Construct
Mulberry & 61 improvements		Plan	Plan	Construct	Construct	Construct	Done	
38/61 Connector	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Sewer Projects								
Hershey Phase 2	Construct	Construct	Done					
Mad Creek Sewer Extension	Plan	Plan	Plan	Plan	Construct	Construct	Done	
Heatherlyn Drive	Design	Construct	Done					
West Hill 1	Plan	Plan	Plan	Construct	Construct	Construct	Construct	Construct
West Hill 2	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Construct
Trail Projects								
Weed Park to Wildcat Den Trail	Construct	Construct	Done					
Musser Park to Wiggins Road	Plan	Plan	Design	Design	Design	Design	Design	Construct
Mad Creek - Riverfront to Wash	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Musser Park	Construct	Done						
Levee								
Mad Creek 2	Plan	Plan	Construct	Construct	Construct	Construct	Done	
Mad Creek Accreditation	Plan	Plan					Done	
MILD Accreditation	Done							
Subdivision Plans								
North Port Commons	Construct	Done						
Site Plans								
MCC	Construct	Done						
Casey's	Construct	Done						
Muscatine Dermatology Clinic	Construct	Done						
GPC Dryer #5	Review	Construct	Construct	Construct	Construct	Construct		
Stanley Laurel Building		Review	Construct	Construct	Construct			
National Guard Center	Construct	Construct	Done					
Theatre 61/Mulberry		Review		Construct	Construct	Construct		

RECENT ACCOMPLISHMENTS

The Engineering Department continues work on the Cedar Street Reconstruction Project. The culvert extensions have been completed with the next phase being the relocation of utilities. Paving is expected to begin in 2013.

The Weed Park to Wildcat Den Trail has been completed and work continues on the Musser Park to Wiggins Road Trail.

This department prepared a concept plan and cost estimate for the extension of Harrison Street from Park Avenue to Bandag Drive along the south side of the Muscatine Mall. This extension will allow traffic flow from Park Avenue to University Drive when the west half of Colorado is under construction in 2013. It will also allow access to Colorado School from the north side versus Colorado Street.

This department was responsible for the sanitary sewer extension to Parkview Condominiums. This construction satisfied the City's obligations in the pre-annexation agreement which provides for Parkview Condominiums and Irish Ivy to be annexed into the City of Muscatine.

The department was responsible for administering contracts and overseeing the Hershey Avenue reconstruction from Newcomb Boulevard to Clinton Street. It provided guidance for maintenance of the documentation required for a federally funded project.

Accreditation of the Muscatine Island Levee was received. The department is now working toward accreditation of the Mad Creek Levee.

The department developed and administered a system to allow all available city subdivision plats and public construction project plans to be available in PDF format from Public Works. The system allows projects to be searched for by name. Documents are stored in PDF format and can be viewed and emailed.

The department worked with former mayor Bob Bosch before his passing in October 2010 to achieve his desire of using Bosch Trust land along Hershey Avenue to benefit the City of Muscatine. The City Engineer will continue to work with the Bosch Trust attorneys to continue this effort.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013

- * To review site plans and provide comments according to City Code and standard engineering practice resulting in orderly development of commercial and institutional projects.
- * To review subdivision plans and provide comments according to City Code and standard engineering practice resulting in safe, reliable and orderly land development infrastructure.
- * To add additional documents to the digital archive system where site plans, subdivisions, plat, easement, and construction documents are digitally stored and accessed through the city's Geographical Information System (GIS).
- * To coordinate with consultants for improvements to the Highway 92 corridor from the Mississippi Bridge south to the US Highway 61 By-pass. (**Management Agenda High Priority**)

- * To construct Cedar Street utilities and storm sewer in 2012 and pavement in 2013. (**Management Agenda High Priority**)
- * To evaluate long-term infrastructure improvements for areas subject to possible annexation. (**City Council Long-Term Goal**)
- * To provide support for various trail projects.
- * To further develop plans and possible funding for enhancements to the donated land at the intersection of Hershey and Houser Street.
- * To work with the consultant for reconstruction of Colorado Street in 2012/2013. (**Management Agenda High Priority**)
- * To design and complete construction of Harrison Street in 2012. (**Management Agenda High Priority**)
- * To continue efforts for the organized development of the Northeast U.S. Highway 61 Corridor.
- * To complete the certification for Mad Creek Levees.
- * To begin Phase I construction of the West Hill Sewer Separation project in 2012 and complete in 2013. (**City Council Policy Agenda High Priority**)
- * To design the Musser Park to Wiggins Trail in 2012 and construct in 2013.
- * To provide support for the Mad Creek Trail and Public Works lower lot reorganization.

Function:
Public Works

Department:
Public Works

Activity:
Engineering Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 106,056	\$ 110,726	\$ 111,600	\$ 111,200	\$ 114,200	2.33%
Commodities	881	1,236	2,600	2,800	2,600	0.00%
Contractual Services	6,249	12,003	15,500	15,600	15,800	1.94%
Capital Outlay	883	-	-	-	3,200	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 114,069	\$ 123,965	\$ 129,700	\$ 129,600	\$ 135,800	4.70%
Funding Sources						
Engineering Fees	\$ 33,544	\$ 54,103	\$ 40,000	\$ 40,000	\$ 45,000	12.50%
Road Use Tax	80,525	69,862	89,700	89,600	90,800	1.23%
Total Funding Sources	\$ 114,069	\$ 123,965	\$ 129,700	\$ 129,600	\$ 135,800	4.70%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
City Engineer	1.00	1.00	1.00	1.00	1.00	\$ 84,600
Employee Benefits						29,600
Total Personal Services						\$ 114,200

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Computer Upgrade and Software	1	Yes	\$ 3,200

Function:
Transfers

Department:
City Administrator

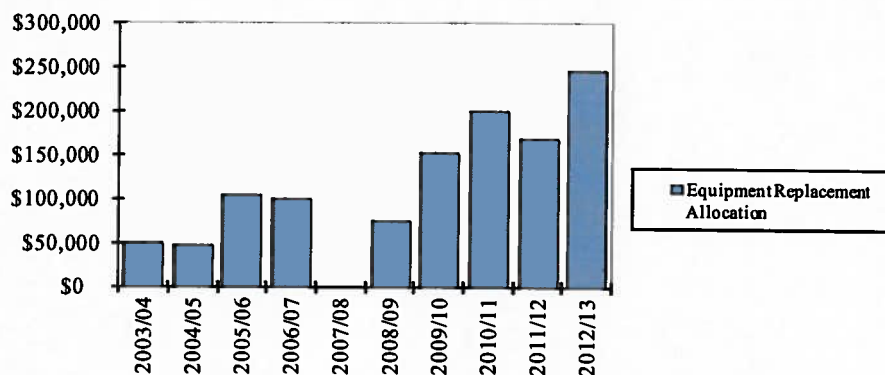
Activity:
Equipment Replacement Subsidy

GENERAL INFORMATION

The Equipment Replacement Special Revenue Fund was established in an effort to provide a more systematic method of replacing equipment and leveling the cost of replacing such equipment. This activity has funded equipment replacements in the General Fund with the exception of equipment eligible for Road Use Tax funding. Equipment to be replaced in the Enterprise Funds is funded directly from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including autos, pickup trucks, dump trucks, heavy equipment and other miscellaneous equipment has been completed in an effort to assess the overall condition of the City's inventory. Staff has developed a replacement and cost schedule for each piece of equipment. An equipment maintenance cost program has also been developed and is used in conjunction with the replacement schedule to determine the most cost effective and economical time to replace City equipment.

Annual funding transfers have normally been made from the General Fund to fund current requirements and to anticipate and prepare for future equipment replacement needs. Over the last ten years these amounts have ranged from zero in 2007/2008 to \$245,000 budgeted for 2012/2013. A history of funding levels is shown in the following chart:



CURRENT TRENDS AND ISSUES

Due to funding limitations no transfer to this reserve from the General Fund was budgeted in 2007/2008. For 2007/2008 capital equipment items totaling \$126,700 were funded from the June 2008 general obligation bond issue. For 2008/2009 a funding allocation of \$75,000 was included in the budget and the funding transfer increased to \$152,300 in 2009/2010, further increased to \$200,000 in 2010/2011, and decreased to \$168,900 for 2011/2012. The budgeted transfer for 2012/2013 is \$245,000. The larger transfer for 2012/2013 will fund five new police squad cars, a used vehicle for the police department, a used vehicle for the community development department, a mower for the cemetery, and a large mower and a used pickup truck for the park maintenance division. Additional information on the Equipment Replacement Fund is included in the Special Revenue Funds section of this document.

Function:
Transfers

Department:
City Administrator

Activity:

Equipment Replacement Subsidy

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>152,300</u>	<u>200,000</u>	<u>168,900</u>	<u>168,900</u>	<u>245,000</u>	45.06%
Total Expenditures	<u>\$ 152,300</u>	<u>\$ 200,000</u>	<u>\$ 168,900</u>	<u>\$ 168,900</u>	<u>\$ 245,000</u>	45.06%
Funding Sources						
General Revenues	<u>\$ 152,300</u>	<u>\$ 200,000</u>	<u>\$ 168,900</u>	<u>\$ 168,900</u>	<u>\$ 245,000</u>	45.06%

Function:
Transfers

Department:
City Administrator

Activity:
Transit Subsidy

GENERAL INFORMATION

The Muscatine City Transit System has provided public transportation for all citizens of the community since 1981. State law permits the City to levy up to \$.95 per \$1,000 of assessed valuation for Public Transportation outside the \$8.10 General Fund limitation. Tax monies are transferred to the Transit System Enterprise Fund to support transit operations.

CURRENT TRENDS AND ISSUES

The 2011/2012 budget included a tax levy of \$.39489 per \$1,000 of valuation for public transportation which will generate \$300,000 (including the utility replacement excise tax).

The levy rate for 2012/2013 has been increased to \$.40950 per \$1,000 of valuation which will generate \$320,000. The tax rate is higher in 2012/2013 due to a number of factors including (1) increased fuel costs, (2) increased bus maintenance costs, and (3) subject to grant approval, funding for the local share (17%) of the cost of two new buses.

More information on the Transit Operation is included in the Enterprise Funds section of this document.

Function:
Transfers

Department:
City Administrator

Activity:
Transit Subsidy

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>229,908</u>	<u>180,141</u>	<u>300,000</u>	<u>300,000</u>	<u>320,000</u>	6.67%
Total Expenditures	<u>\$ 229,908</u>	<u>\$ 180,141</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 320,000</u>	6.67%
Funding Sources						
Transit Tax Levy	\$ 228,622	\$ 179,335	\$ 298,620	\$ 298,620	\$ 318,463	6.64%
Utility Tax Replacement						
Excise Tax	<u>1,286</u>	<u>806</u>	<u>1,380</u>	<u>1,380</u>	<u>1,537</u>	11.38%
Total Funding Sources	<u>\$ 229,908</u>	<u>\$ 180,141</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 320,000</u>	6.67%

Function:
Transfers

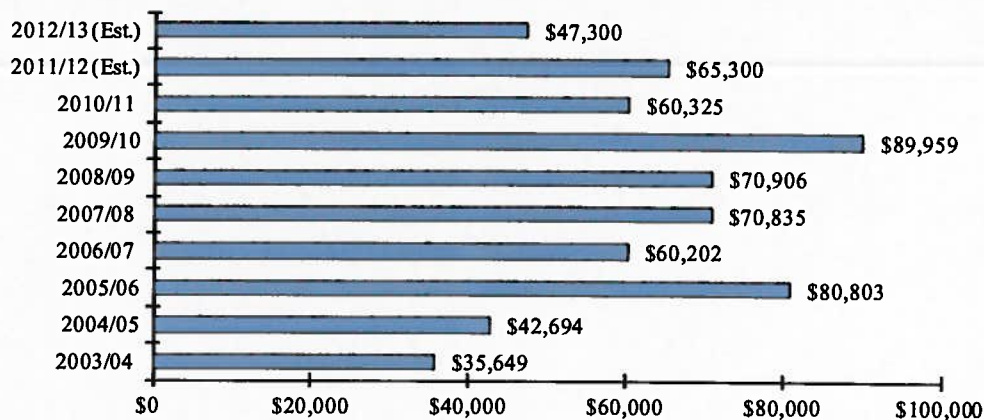
Department:
City Administrator

Activity:
Airport Operations Subsidy

GENERAL INFORMATION

The Municipal Airport operation has been designated as an Enterprise Fund for budgeting purposes. As such, it has been necessary to make subsidy transfers from the General Fund as expenses incurred exceed revenues received from the operation. A summary of General Fund transfers since fiscal year 2003/2004 follows:

General Fund Airport Subsidies



The General Fund subsidy has ranged from approximately \$35,000 to \$90,000 during the past ten years. The fluctuations in the subsidies were due to costs of repair and maintenance of airport facilities and navigational equipment, capital outlay costs and changes in farm prices which are linked to the rental land which helps support the Airport Operation.

CURRENT TRENDS AND ISSUES

The 2011/2012 revised estimate subsidy is under the budgeted amount by \$2,000. This is primarily due to reductions in tree removal services, utility, and insurance costs. The budgeted subsidy for fiscal year 2012/2013 of \$47,300 is \$20,000 (29.7%) less than the original 2011/2012 budget. This decrease is primarily due to the increase in farm rental income from City-owned property around the airport. The City re-negotiated the farm lease beginning in 2012 which will increase the net revenue (rent payment less property, drainage district, and island levee taxes) from this property. Beginning in 2012/2013 all of the farm rental income will be credited to the Airport. In 2011/2012 and prior years approximately 50% of the farm income was credited to the Water Pollution Control fund. A full review of the airport operation is included in the Airport Operations budget in the Enterprise Funds section of this document.

As the Municipal Airport is an integral part of the community and plays an important role in the economic development of the City, it is anticipated that the General Fund will continue to subsidize this operation in the future.

Function:
Transfers

Department:
Community Development

Activity:
Airport Operations Subsidy

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>89,959</u>	<u>60,325</u>	<u>67,300</u>	<u>65,300</u>	<u>47,300</u>	-29.72%
Total Expenditures	<u>\$ 89,959</u>	<u>\$ 60,325</u>	<u>\$ 67,300</u>	<u>\$ 65,300</u>	<u>\$ 47,300</u>	-29.72%
Funding Sources						
General Revenues	<u>\$ 89,959</u>	<u>\$ 60,325</u>	<u>\$ 67,300</u>	<u>\$ 65,300</u>	<u>\$ 47,300</u>	-29.72%

Function:
Transfers

Department:
City Administrator

Activity:
Levee Project Subsidy

GENERAL INFORMATION

The State Code of Iowa allows cities in the State to levy up to \$.0675 per \$1,000 of valuation for a levee improvement fund in special charter cities. A project was completed in 2000 which increased flood protection along the Mississippi River in Muscatine. The U.S. Army Corps of Engineers contracted for the improvements and provided funding of 80% of project costs with the remaining costs funded by the City of Muscatine. The levee tax levy has been used since 1996/97 to generate tax funding for a portion of the local costs of this project and is also being used to fund a portion of the local cost of the Mad Creek Flood Control/Levee project currently in progress.

CURRENT TRENDS AND ISSUES

Since 1996/97 the City of Muscatine has levied the maximum tax rate of \$.0675 per \$1,000 of valuation to fund a portion of the local costs of the levee improvement projects. This levy rate (including the utility replacement excise tax) will generate \$51,280 in 2011/2012 and \$52,747 in 2012/2013. The 2011/2012 and 2012/2013 levies will be used to fund a portion of the local share of the Mad Creek Flood Control/Levee project. Construction on Phase I of this project has been completed and Phase II construction is scheduled to be completed in 2012. Levee taxes are required to be received in the General Fund and transferred to levee improvement capital project funds.

Function:
Transfers

Department:
City Administrator

Activity:
Levee Project Subsidy

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>49,242</u>	<u>50,019</u>	<u>51,044</u>	<u>51,280</u>	<u>52,747</u>	3.34%
Total Expenditures	<u>\$ 49,242</u>	<u>\$ 50,019</u>	<u>\$ 51,044</u>	<u>\$ 51,280</u>	<u>\$ 52,747</u>	3.34%
Funding Sources						
Levee Tax Levy	\$ 48,967	\$ 49,795	\$ 50,808	\$ 51,044	\$ 52,494	3.32%
Utility Tax Replacement						
Excise Tax	<u>275</u>	<u>224</u>	<u>236</u>	<u>236</u>	<u>253</u>	7.20%
Total Funding Sources	<u>\$ 49,242</u>	<u>\$ 50,019</u>	<u>\$ 51,044</u>	<u>\$ 51,280</u>	<u>\$ 52,747</u>	3.34%

Function:
Transfers

Department:
City Administrator

Activity:
Assigned Funding Allocations

GENERAL INFORMATION

Governmental Accounting Standards Board Statement 54 was effective for the City's fiscal year ended June 30, 2011. This Statement provided for clearer, more structured fund balance classifications and clarified the definitions of each fund type. This statement provides that the fund balances of governmental funds, including the General Fund of governmental entities, be classified into nonspendable, restricted, committed, assigned, and unassigned amounts.

The 2012/2013 General Fund budget includes the following three assigned funding allocations:

Police COPS Grant Future Funding Commitment - \$40,000

In 2011 the City was awarded funding for two police officer positions under a U.S. Department of Justice COPS Grant. This grant provides 100% funding for the two officers for three years. The grant requires the City retain these two positions for at least one more year after the grant funding ends. One of the new positions will be a second School Resource Officer used during the school year in the middle schools. The School has agreed to fund the cost of the fourth year for this position (one officer prorated at 75% for the school year). Plans are for the City to assign annual allocations of \$40,000 in each of the three years of the grant so sufficient funding is available to fund the City's portion of the fourth year cost for these positions.

Future Fire Engine Replacement - \$250,000

The Fire department budget included a \$490,000 capital outlay request for a new fire engine. The 2012/2013 budget assigns \$250,000 of funding from the General Fund toward the future year (2013/2014) purchase of this fire engine. The balance of the fire engine cost (\$240,000) will be funded from the 2013/2014 budget if sufficient funding is available. In prior years this type of purchase would likely have been funded from a bond issue. This alternate funding arrangement was proposed in order to not increase the debt service tax levy for this purchase. The current General Fund balance is sufficient to make this funding assignment in 2012/2013.

Financial Software Replacement - \$140,000

Replacement of the City's financial software system has been included in the Five-Year Capital Improvements Program. Selection for the new software system is underway. One on-site and one web-based demonstration have been presented to a committee consisting of the Finance Director, Accountant, IT Manager, and HR Manager. Price quotations have been received from both of these vendors. More in-depth review of each of these systems, however, will be made before a formal recommendation is made. The 2012/2013 budget includes \$140,000 of assigned funding for this purchase. Similar to the Fire Engine funding assignment, this purchase was proposed to be funded from the General Fund balance and not financed through a bond issue in order to not incur interest costs on this purchase.

ENTERPRISE FUNDS

AIRPORT OPERATIONS

GENERAL INFORMATION:

The Muscatine Municipal Airport provides a non-commercial facility for use by the entire community. Because the Airport is heavily utilized by private companies and individuals, this facility assists in generating additional business and promotes industrial and commercial growth in the City. The facility includes a terminal building, four (4) corporate hangars, twenty (20) T-hangars, a maintenance building, and a community hangar that can store approximately fifteen (15) to twenty (20) small airplanes. The Airport has a 5,500 foot main runway and a 4,000 foot crosswind runway.

The Airport property consists of approximately 680 acres; however, only 394 acres are used for the aviation operation. The remaining 286 acres are leased for farming purposes with the income assisting in the support of the Airport operation.

The facility is operated through a contractual agreement by the Airport Manager who oversees the general operation of the facility. The City also has a Fixed Base Operator (FBO) who provides various business functions and services to the users of the Airport. The FBO provides airplane maintenance, charter services and flight training in addition to the sale of airplanes, gasoline and other general services required by the aviation industry. The current contract is with Carver Aero Inc. for both the Airport Management and FBO activities. These contracts run through June 30, 2015. The amount paid to Carver Aero for airport management fees for both 2011/2012 and 2012/2013 is \$45,000. Carver Aero, as fixed base operator (FBO), will make payments to the City of \$9,900 in both 2011/2012 and 2012/2013.

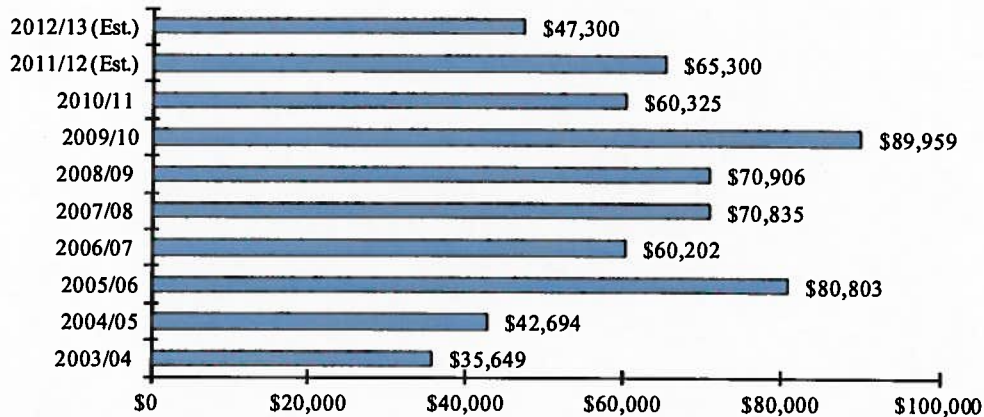
The City has completed a variety of improvements at the Municipal Airport in recent years. These improvements have been made in conjunction with the receipt of Federal Aviation Administration (FAA) or State grants. In 2006/2007 the city completed land acquisitions and related improvements for the building restriction line as well as the pavement rehabilitation of Runway 6/24. In 2008/2009 construction of a parallel taxiway for the crosswind runway was completed and new snow removal equipment was purchased. A snow removal tractor was purchased in 2010. These projects received 95% FAA funding with a 5% local match. Construction of a hangar access road was completed in 2011 with 85% State funding and a local match of 15%. Currently in progress are the Runway Lighting Repair Project which will receive 95% FAA and 5% local funding and the Airport Hangar Repair Project which will receive 85% State and 15% local funding.

The City completed construction of the new airport terminal building in 2004. This project was financed from tax increment revenue bonds. Incremental taxes from the Southend TIF area fund the annual principal and interest requirements on this issue.

CURRENT TRENDS AND ISSUES:

The Airport Operation was established as an Enterprise Fund in order to segregate revenues and expenditures of the operation and as a result of efforts to generate additional revenues for this facility. As revenues from the Airport are less than expenditures for the operation, a General Fund subsidy is required annually to balance the budget. A history of the General Fund Airport subsidies is shown in the following chart:

General Fund Airport Subsidies



The 2011/2012 revised estimate subsidy is under the budgeted amount by \$2,000 due to changes in both revenues and expenditures. Revised estimate expenditures are projected to be \$4,800 higher than budgeted primarily due to the addition of \$9,300 for runway blowup repairs. Reductions in other areas of the budget offset a portion of this increase. Revised estimate revenues are \$6,800 higher than the original budget amount since 70% of the cost of the runway blowup repairs were funded from a State grant (\$6,500).

Early in 2012 the lease for the farm land surrounding the airport was re-negotiated which will generate \$34,000 in annual farm lease revenue. In prior years, both the farm income and the related property, drainage, and island levee taxes were pro-rated between the Airport and the Water Pollution Control (WPC) fund. The 2012/2013 budget is based on crediting 100% of the farm income and charging 100% of the farm-related expenses to the Airport fund. This is the primary reason for the decrease in the General Fund Airport subsidy for 2012/2013.

Airport expenditures for 2012/2013 are \$8,000 (7.3%) higher than the original 2011/2012 budget primarily due to a capital outlay allocation of \$6,300 for cleaning, sealing, and repainting the former HNI hangar and the increase in property, drainage, and island levee taxes due to no longer allocating this cost between the Airport and the WPC funds. The Airport revenues budgeted for 2012/2013 are \$28,000 higher than the budget for 2011/2012 primarily due to the increase in farm lease revenue. These changes in revenues and expenditures will result in a General Fund subsidy for 2012/2013 of \$47,300 which is \$20,000 (29.7%) lower than the original 2011/2012 budgeted amount.

The 2012/2013 budget continues funding in the amount of \$16,000 for outside consulting services to assist the city with airport operational and planning requirements.

GOAL STATEMENT:

To provide safe and efficient aviation facilities and services to the community which will promote the commercial and industrial growth and stability of the City, and provide for the needs of the recreational and leisure activities involving aviation.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
T-Hangars Maintained	20	20	20	20	20
Hangar Spaces Rented	20	20	20	20	20
Airport Advisory Meetings	8	9	10	10	10
Hangar Rentals	\$19,622	\$19,976	\$19,399	\$22,000	\$22,000
FBO Lease	\$8,700	\$8,700	\$8,800	\$9,900	\$9,900
Gallons of Fuel Dispensed by FBO	106,566	57,841	71,234	83,300	90,000
Fuel Commission (\$0.03/gallon)	\$3,197	\$1,735	\$2,137	\$2,500	\$2,700
Farm Lease Revenue	\$6,632	\$6,636	\$6,639	\$6,500	\$34,000
General Fund Subsidy	\$70,906	\$89,959	\$60,325	\$65,300	\$47,300

RECENT ACCOMPLISHMENTS:

An agreement was made with the Muscatine County Sheriff to utilize prisoner labor to clear the airport perimeter fence line of brush and tree growth that is causing damage. This arrangement eliminated the need for a \$22,000 expenditure that was originally estimated by the city's engineer for the airport.

The Community Development Director was able to negotiate with HNI to pay for the paving around their hangar at the airport and obtain additional funding through a grant amendment with the State of Iowa Division of Aviation that allowed the city to pay for the completion of the Hangar Access Road.

A State grant was secured to repair a blow up on the taxiway cross-over to the primary runway at the airport. The funds provided 70% of the cost for making the necessary repairs.

Negotiations were completed for a new agricultural lease for the airport farm ground that was presented and approved by the City Council in January, 2012.

Staff prepared an updated Storm Water Prevention Plan (SWPP) for the airport property that was approved following an inspection by the Iowa Department of Natural Resources (IDNR).

Staff completed coordination with the Iowa National Guard and Army Reserve for the construction of the Joint Armed Forces Center located on 19 acres of real estate in the southeast corner of the airport property. The \$8 million facility is now in use.

The Airport Layout Plan has been updated by department staff. Aerial plotting clearly defined the areas being utilized for agricultural and was helpful during negotiations for the farm lease modifications. The information was also presented to the Muscatine County Assessor in an effort to clearly define the area(s) within the airport property that are subject to property taxes.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To obtain funding to clear and grub approximately 29 acres of unwanted growth in the northeast corner of the airport adjacent to Highway 61.
- * To obtain funding for airfield pavement maintenance.
- * To obtain funding to replace the aging AWOS (Aviation Weather System) at the airport during the spring of 2013.
- * To continue the wildlife mitigation program in an effort to keep the animal population on the airport property under control and avoid further damage to airport infrastructure.
- * To initiate a regular program of spraying the perimeter fence with a sterilizer to prevent unwanted vegetation from compromising the fence.
- * To continue a dialogue with the Airport Advisory Commission regarding future improvements and the potential for a community event to educate the community and promote this asset.
- * To continue to serve as the staff representative on the Airport Advisory Commission.

Airport Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Fixed Base Operator Fee	\$ 8,700	\$ 8,800	\$ 8,700	\$ 9,900	\$ 9,900
Hangar Rentals	19,976	19,399	23,000	22,000	22,000
Reimbursement of Costs	600	858	1,100	900	900
Farm Leases	6,636	6,639	6,700	6,500	34,000
Gasoline Commission	1,735	2,137	2,000	2,500	2,700
State Grant	11,400	0	0	6,500	0
Transfers In					
General Fund Subsidy	<u>89,959</u>	<u>60,325</u>	<u>67,300</u>	<u>65,300</u>	<u>47,300</u>
Total Revenues	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>
Funds Available	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>
Expenditures	<u>139,006</u>	<u>98,158</u>	<u>108,800</u>	<u>113,600</u>	<u>116,800</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Increase (Decrease) in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Function:
Business Type

Department:
Community Development

Activity:
Airport Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	3,332	3,323	3,700	3,700	3,600	-2.70%
Contractual Services	103,463	87,135	97,200	92,700	98,800	1.65%
Capital Outlay	24,711	-	-	9,300	6,300	
Transfers	<u>7,500</u>	<u>7,700</u>	<u>7,900</u>	<u>7,900</u>	<u>8,100</u>	2.53%
Total Expenditures	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>	7.35%
Funding Sources						
Airport Revenues	\$ 49,047	\$ 37,833	\$ 41,500	\$ 48,300	\$ 69,500	67.47%
General Fund Operating Subsidy	<u>89,959</u>	<u>60,325</u>	<u>67,300</u>	<u>65,300</u>	<u>47,300</u>	-29.72%
Total Funding Sources	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>	7.35%

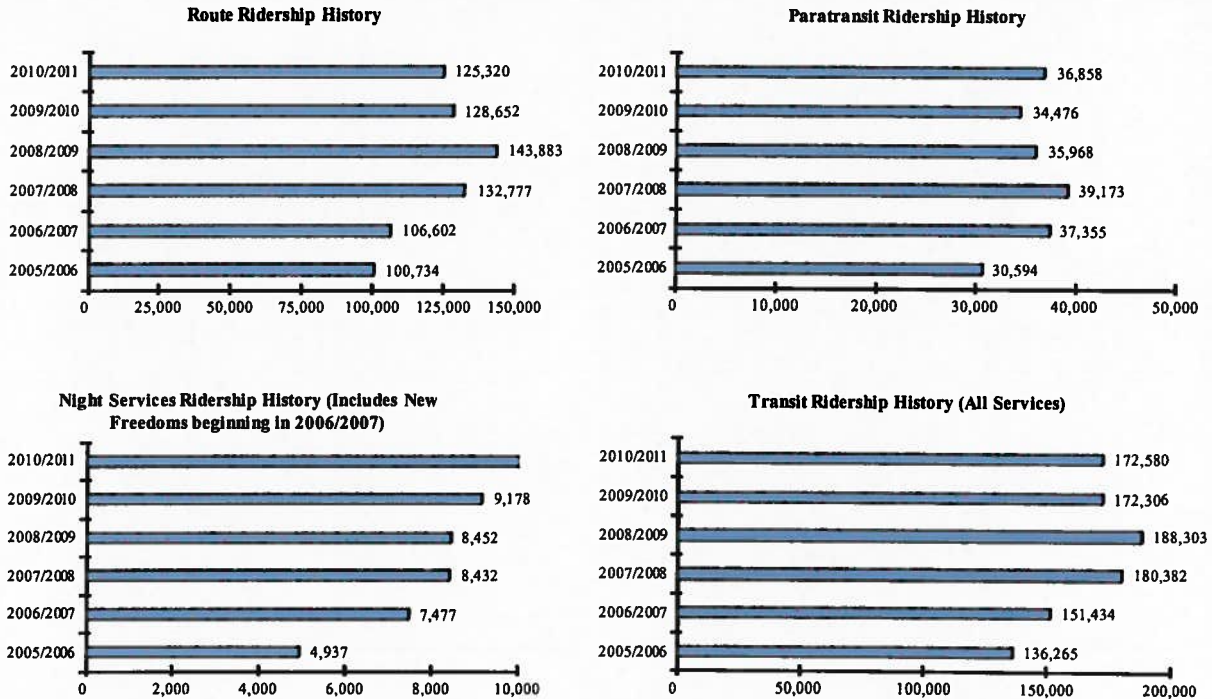
Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Pressure Wash, Seal, and Repaint Hangar			<u>\$ 6,300</u>

TRANSIT SYSTEM

GENERAL INFORMATION:

The City Transit System operates with eleven (11) small buses, all equipped with wheelchair lifts. Personnel supporting the transit system are a full-time Transit Supervisor, two (2) part-time dispatchers, 21 part-time drivers, and one part-time vehicle service worker. The system consists of three (3) fixed routes for the general public, a paratransit system for senior citizens and the disabled, an evening service for individuals to travel to employment and employment-related destinations, an evening service two nights a week primarily for the disabled, and a shuttle service between Muscatine and Wilton. Since 2007 there has been a fourth fixed route for 4 hours each weekday during peak travel times. Appointed by the City Council, the Transportation Advisory Commission assists the Council and Transit Supervisor in establishing operating policies and procedures for the system.

The breakdown of the ridership for the system since 2005/2006 on a fiscal year basis is as follows:



The City receives both Federal and State funding for the transit operation. Federal operating assistance is received annually and for 2012/2013 is estimated to be \$249,900. Federal capital support has also been used, primarily to purchase buses. The State of Iowa also provides transit funding assistance from a portion of the motor vehicle use tax. These funds are allocated by a formula to the thirty-five (35) public transit systems in the State by the Iowa Department of Transportation, Air and Transit Division. In fiscal year 2012/2013 it is anticipated that the City will receive \$161,400 in public transit support from the State of Iowa.

The State of Iowa currently allows cities to levy up to \$.95 per \$1,000 of assessed value to support a transportation system. This levy is in addition to the \$.10 limit imposed on cities for general operating purposes. For fiscal year 2011/2012 the City's transit levy rate was set at \$.39489 per \$1,000 of valuation which will generate \$300,000.

The levy rate for 2012/2013 has been increased to \$.40950 per \$1,000 of valuation which will generate \$320,000. The tax rate is higher in 2012/2013 due to a number of factors including (1) increased fuel costs, (2) increased bus maintenance costs, and (3) subject to grant approval, funding for the local share (17%) of the cost of two new buses.

The Transit Division is located in the Public Works Facility on Washington Street. A transfer point for this operation is located at City Hall.

CURRENT TRENDS AND ISSUES:

The revised estimate expenditures for 2011/2012 are under the original budgeted amount in total by \$800. Increases in fuel and bus maintenance cost have been offset by decreases in personal services, utilities, and capital outlay costs. The original budget included a capital outlay allocation of \$38,000 for transit dispatch software. Instead of purchasing this software, a system was developed by MAGIC (Muscatine Area Geographical Information Consortium) using the routing software in the Arc/GIS realm. Transit staff is currently testing this software and anticipate that it will be fully operational in the spring of 2012.

The 2012/2013 budget is \$148,700 (14.6%) more than the original 2011/2012 budget. Significant increases include \$18,000 in fuel costs, \$21,300 in vehicle repair and maintenance services, and \$107,700 in capital outlay. The capital outlay allocation includes \$146,100 for the purchase of two new transit vehicles. This purchase is subject to the receipt of federal grant funding currently estimated at \$121,200 (83% of the cost of the vehicles). The local share of the buses would be \$24,900.

As noted previously, the transit tax levy has been increased by \$20,000 to fund the transit operation in 2012/2013. This, however, leaves a minimal fund balance of \$2,729 as of June 30, 2013. This does not allow for further increases in fuel or bus maintenance costs without this fund going into a deficit position. Staff will continue to closely monitor transit grant funding as well as fuel, maintenance, and other transit operating costs.

GOAL STATEMENT:

To provide an opportunity to all citizens for safe and efficient public transportation with special services provided for senior citizens and handicapped residents

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Buses Used and Maintained	10	11	11	11	11
Fixed Bus Routes (Weekdays)	3 (4 for 4 hours of the day)	3 (4 for 4 hours of the day)	3 (4 for 4 hours of the day)	3 (4 for 4 hours of the day)	3 (4 for 4 hours of the day)
Fixed Bus Routes (Saturdays)	2	2	2	2	2
Fixed Route Passengers	143,883	128,652	125,320	126,000	126,500
Paratransit Passengers	35,968	34,476	36,858	36,000	36,000
JARC for Work (Night service)	7,191	6,145	5,521	6,000	6,025
New Freedom	1,261	1,227	1,604	1,700	1,725
Muscatine/Wilton (ICAAP)	N/A	1,806	3,277	3,400	3,450
Total Passengers	188,303	172,306	172,580	173,100	173,700

RECENT ACCOMPLISHMENTS:

MuscaBus provided 172,580 rides, logged 275,199 miles, and used over 30,000 gallons of fuel in 2010/2011. Ridership increased over the previous year by 274 rides. Not only was there an increase in ridership, it was an accident free year for all 21 drivers. The transit system continues to operate three fixed routes (four during weekday hours of 11:30 a.m. to 4:00 p.m.) and a ParaTransit (shuttle) service for disabled passengers. Hours of operation are Monday through Friday from 6:30 a.m. to 5:00 p.m. and Saturday from 8:30 a.m. to 4:00 p.m. JARC evening service for individuals traveling to employment and employment-related destinations is operated Monday through Saturday from 5:30 p.m. to midnight. New Freedom service is operated from 5:30 p.m. to 9:30 p.m. on Tuesday and Thursday evenings. This service accommodates transportation requests for any purpose to offer "New Freedom" to those in need of this service. MuscaBus also offers two round trips daily to/from Wilton, Monday through Friday. All services are open to the general public and accessible to individuals with disabilities.

MuscaBus provided rides for multiple community service groups throughout the year. The first event of the year involved shuttling passengers between the dining and concert site for the Muscatine Symphony fundraiser. In April, MuscaBus assisted with rides to/from Discovery Park for a JDRF run which was relocated due to flooding. The tradition of providing free rides for students K-12 during the summer months continued. Due to construction at Franklin school during the summer months, rides were also provided from Franklin to Garfield school Monday through Friday for a lunch program in June and July. In July, MuscaBus assisted the Greater Muscatine Chamber of Commerce with transportation downtown. The Chamber hosted a steam engine/riverboat tour and guests rode MuscaBus to tour downtown Muscatine. In September passengers were shuttled at Heritage Days and in October MuscaBus drove for the Greenwood Cemetery Civil War tour. This was held in conjunction with the Civil War exhibit at the Muscatine Art Center. MuscaBus made an appearance in both the Fourth of July and Great River Days parades.

MuscaBus had a booth at several community events during 2010/2011 including the Community Agencies Fair, Earth Day, Senior Expo, Senior Health Fair in Muscatine, Muscatine Community Y Block Party, and the first annual Health Fair held in Wilton. Each of these venues provided the opportunity to discuss MuscaBus services with the general public.

A Defensive Driving course was held in January for all drivers and dispatchers.

The Transit Supervisor attended quarterly Iowa Public Transit training sessions in Des Moines, Okoboji, and West Des Moines. She also attended an FTA (Federal Transit Administration) presentation on Substance Abuse and training on Understanding ADA (Americans with Disabilities Act).

OBJECTIVES TO BE ACCOMPLISHED 2012/2013:

- * To implement and evaluate the dispatch routing software.
- * To continuously evaluate service routes to determine if changes would be required due to possible annexation or city expansion.
- * To evaluate “Lean” practices and their application to the public transit operation.
- * To review the transit staff pay structure and compare it with similar Transit operations in Iowa.

Transit System

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ (15,192)	\$ 143,507	\$ 50,307	\$ 86,329	\$ 51,629
Revenues	<u>1,196,004 (2)</u>	<u>877,209 (3)</u>	<u>1,005,100</u>	<u>984,500 (4)</u>	<u>1,119,800 (5)</u>
Funds Available	\$ 1,180,812	\$ 1,020,716	\$ 1,055,407	\$ 1,070,829	\$ 1,171,429
Expenditures (1)	<u>1,037,305</u>	<u>934,387</u>	<u>1,020,000</u>	<u>1,019,200</u>	<u>1,168,700</u>
Ending Balance, June 30	<u>\$ 143,507</u>	<u>\$ 86,329</u>	<u>\$ 35,407</u>	<u>\$ 51,629</u>	<u>\$ 2,729</u>

Increase (Decrease) in Fund Balance	\$ 158,699	\$ (57,178)	\$ (14,900)	\$ (34,700)	\$ (48,900)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. The 2009/2010 revenues included federal funds for buses encumbered in 2008/2009.
3. The 2010/2011 revenues included \$180,000 from the Transit tax levy. This was a reduction of \$50,000 from the previous levy of \$230,000. This reduction resulted in the use of available fund balance during the year and was done in part to keep the overall City tax rate increase to 1.4%.
4. In 2011/2012 the Transit tax levy increased to \$300,000 (from \$180,000).
4. The 2012/2013 Transit levy was increased to \$320,000 to maintain a positive balance in this fund. This levy also includes \$24,900 in funding for the local share of the cost for two new transit vehicles.

Explanation of Decrease in Fund Balance:

The balance in this fund has been fluctuating primarily due to capital purchases, primarily transit buses. The City has also varied the Transit tax levy when needed, to keep the annual changes in the City's total tax rate at reasonable levels.

Transit System

Summary of Revenues

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Transit Charges	\$ 175,269	\$ 168,175	\$ 180,000	\$ 168,300	\$ 169,000
Transit Grants					
Operating Subsidies:					
Federal Operating Grant	\$ 273,429	\$ 274,847	\$ 248,700	\$ 260,800	\$ 249,900
Federal Job Access Grant	36,278	37,728	41,000	41,000	42,000
State Vehicle Use Tax	159,895	170,154	160,900	160,900	161,400
New Freedoms Grant	5,955	7,614	8,400	8,300	9,000
ICAAP Grant	16,082	35,641	36,000	36,000	37,000
Other Operating Grants	1,340	1,998	1,500	1,500	1,500
Capital Grants:					
Federal Funds for Equipment	0	0	28,500	1,600	0
State Funds for Equipment	0	0	0	5,600	3,700
Federal Funds - Buses	189,888 (1)	0	0	0	121,200
Federal ARRA Funds - Parking Lot	100,000 (1)	0	0	0	0
Subtotal - Grants	<u>\$ 782,867</u>	<u>\$ 527,982</u>	<u>\$ 525,000</u>	<u>\$ 515,700</u>	<u>\$ 625,700</u>
General Fund Support:					
Transit Tax Levy	229,908	180,141 (2)	300,000	300,000 (3)	320,000 (4)
Sale of Vehicles	7,334	57	0	0	5,000
Interest	390	83	100	100	100
Donations	0	771	0	400	0
Other	<u>236</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 1,196,004</u>	<u>\$ 877,209</u>	<u>\$ 1,005,100</u>	<u>\$ 984,500</u>	<u>\$ 1,119,800</u>

1. Federal capital grants in 2009/2010 included one transit bus at \$80,000 for the ICAAP grant program (100% grant funded), two buses at \$56,950 each for regular service (80% grant funded), and \$100,000 in federal Stimulus funds for the parking lot reconstruction project.
2. The 2010/2011 revenues included \$180,000 from the Transit tax levy. This was a reduction of \$50,000 from the previous levy of \$230,000. This reduction resulted in the use of available fund balance during the year and was done in part to keep the overall City tax rate increase at 1.4%.
3. FY 2011/2012 revenues reflect an increase in the Transit tax levy to \$300,000 (from \$180,000).
4. The 2012/2013 Transit levy was increased to \$320,000 to maintain a positive balance in this fund. This levy also includes \$24,900 in funding for the local share of the cost for two new transit vehicles.

Function:
Business Type

Department:
Public Works

Activity:
Transit System

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 613,066	\$ 627,254	\$ 679,300	\$ 676,900	\$ 683,300	0.59%
Commodities	82,430	106,572	110,100	129,600	128,800	16.98%
Contractual Services	196,011	178,094	169,500	188,400	187,300	10.50%
Capital Outlay	138,623	3,409	45,000	8,200	152,700	0.00%
Transfers	15,100	15,600	16,100	16,100	16,600	3.11%
Total Expenditures	\$ 1,045,230	\$ 930,929	\$ 1,020,000	\$ 1,019,200	\$ 1,168,700	14.58%
Funding Sources						
Transit Charges	\$ 175,269	\$ 168,175	\$ 180,000	\$ 168,300	\$ 169,000	-6.11%
Transit Grants	782,867	527,982	525,000	515,700	625,700	19.18%
Transit Tax Levy	229,908	180,141	300,000	300,000	320,000	6.67%
Sale of Vehicles	7,334	57	-	-	5,000	
Interest	390	83	100	100	100	0.00%
Donations	-	771	-	400	-	
Other	236	-	-	-	-	
Total Funding Sources	\$ 1,196,004	\$ 877,209	\$ 1,005,100	\$ 984,500	\$ 1,119,800	11.41%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Transit Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.20	0.20	0.20	0.20	0.20	
Total Full Time	1.20	1.20	1.20	1.20	1.20	
Part Time Positions:						
Transit Driver	11.18	11.23	11.45	11.19	11.26	
Transportation Dispatch Coordinator	0.88	0.88	0.88	0.89	0.89	
Transit Dispatcher	0.87	0.89	0.89	1.20	0.88	
Transportation Serviceperson	0.62	0.60	0.63	0.61	0.63	
Total Part Time	13.55	13.60	13.85	13.89	13.66	
Total	14.75	14.80	15.05	15.09	14.86	\$ 547,100
Employee Benefits						136,200
Total Personal Services						\$ 683,300

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Light Duty Buses	2	Yes	\$ 146,100
Route Signs	100	Yes	6,600
			<u>\$ 152,700</u>

PARKING SYSTEM

GENERAL INFORMATION:

The Parking System Enterprise Fund accounts for all metered, leased, and free parking provided by the City of Muscatine in the central business district. These parking spaces are located both on and off-street and involve four (4) specific activities including parking operations, parking enforcement, downtown landscaping and development of new parking. The City maintains 1,427 parking spaces in the downtown commercial area distributed as follows:

		<u>Lot #1</u>	<u>Lot #2</u>	<u>Lot #4</u>	<u>Lot #6</u>	<u>Lot #7</u>	<u>Lot #8</u>		
	<u>On-Street</u>	<u>Chestnut Street</u>	<u>W. 2nd Street</u>	<u>Sycamore Street</u>	<u>W. 3rd Street</u>	<u>E. 3rd Street</u>	<u>Cedar Street</u>	<u>Levee</u>	<u>Totals</u>
Free Parking	143	0	16	14	0	0	5	497	675
			(4 hour)	(3 hour)			(3 hour)	(24 hour)	
2 Hour	287	0	5	0	0	0	0	0	292
Handicapped	14	1	1	3	1	0	2	17	39
10 Hour	56	19	15	42	0	9	0	0	141
Leased/Reserved	0	7 R	4 L	46 L	24 R	149 L	50 L	0	280
Totals	500	27	41	105	25	158	57	514	1,427

The four largest off street lots are located on 3rd Street across from City Hall, adjacent to Mississippi Drive at Sycamore, 2nd and Pine streets, and at the corner of 3rd and Cedar streets. These lots have a combination of leased parking spaces, and short and long-term meters. In September, 2007 on-street parking and off-street parking lot metered rates were increased from \$.20 to \$.30 per hour for short-term (two hour) meters and from \$.10 to \$.20 per hour for long-term (10 hour) meters.

The parking enforcement program provides control of the parking spaces in the central business district. This program is intended to insure that parking restrictions are enforced in order to meet the goals of the program. The primary goal is to provide short-term parking for customers in the downtown business district. The enforcement program is also involved in controlling loading zones, alley parking and other parking regulations in the downtown area.

The downtown landscaping program was initiated in conjunction with the reconstruction of Second Street which was funded as part of a Community Development Block Grant Program. This landscaping program has added aesthetically to the business environment to assist in promoting a healthy economic state in the downtown business district. One-half of a groundskeeper position is charged to this budget and this individual is responsible for maintenance and landscaping in the downtown area with supervision through the Park Maintenance division of the Parks and Recreation department.

Numerous modifications were implemented in the Parking operation in past years. An Administrative Review Panel was formed to hear citizen appeals of parking violations. A standardized alley parking program was established for the downtown area to improve traffic movement, the conditions for delivery to merchants, and public safety response for fire and emergency medical services. Also, handicapped parking has been provided throughout the downtown area. Since 1985 the City has been providing free parking in all areas on Saturdays.

In 2007 the Mayor appointed a Parking Task Force which was given the responsibility to evaluate and make recommendations on changes to the downtown parking program. These recommendations were to include both operational and financial changes with the goal that revenues from the parking operation would fund costs associated with the system. The significant changes recommended by the Task Force and subsequently adopted by City Council included the following:

1. Removing 20 10-hour meters in Lot 4 and changing these to leased spaces.
2. Increasing leased parking rates from \$225 to \$300 if paid annually and from \$300 to \$350 if paid quarterly.
3. Removing the meters on Second Street and providing free parking up to 3 hours once per day in each space.
4. Changing metered parking rates from \$.20 to \$.30 for 2-hour meters and from \$.10 to \$.20 per hours for 10-hour meters.
5. Changing the daily beginning enforcement time from 9:00 a.m. to 8:00 a.m.
6. Increasing the fines for expired meter tickets from \$3.00 if paid within 72 hours to \$5.00 and from \$5.00 if paid after 72 hours to \$10.00.
7. Elimination of free holiday parking in the downtown area.
8. Increasing the ticket fee to \$25 per ticket after 20 tickets are issued each calendar year.
9. Adding 2-hour parking meters on 4th Street between Iowa and Chestnut Street.
10. Removing or changing time limits for parking in various other areas.
11. Purchasing electronic meters and phasing out the mechanical meters that were still in use.

These changes were fully implemented by September 1, 2007.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate expenditures are under the budgeted amount by \$3,300 due to a vacancy in one of the part-time Meter Attendant positions during the year, as well as the new hire being at a lower pay rate. Revised estimate revenues are projected to be \$3,800 higher than budgeted. While these two factors have a positive impact on the fund balance, expenditures are still expected to exceed revenues for the year by \$8,100.

The 2012/2013 budgeted expenditures for the Parking operation are \$19,400 (10.5%) higher than the budgeted amount for 2011/2012 due to increased personal services, contractual services, and administrative fees. Beginning in 2012/2013 City Council chose to include all of the parking related costs in this budget. This includes \$6,700 in employee insurance benefit costs for the Parks Groundskeeper that previously only had 50% of his wages and payroll taxes charged to the Parking budget. The 2012/2013 Parking budget also includes \$7,500 for contracted snow removal costs for the downtown parking lots. This cost has been funded from the Snow and Ice Control budget in previous years.

During the 2012/2013 budget review City Council discussed but chose not to implement parking fee rate increases for the upcoming year. While there will still be a positive fund balance at the end of 2012/2013, this balance will decrease by \$30,300 to \$19,036 with the additional allocated costs and no fee increases. Fee increases or other changes in the parking operation will again be considered for the 2013/2014 budget year.

The 2012/2013 budget continues allocating one-fourth of one of the Equipment Operator positions in the Street Cleaning activity budget to this operation to provide assistance in repairing and maintaining the parking meters.

GOAL STATEMENT:

To provide attractive, convenient, low-cost parking in order to aid in the growth and improvement of the Central Business District and adjacent commercial areas.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Metered Parking Spaces	439	432**	432	433	433
Leased Parking Spaces	174	174	174	174	174
Reserved Parking Spaces *	106	104	106	106	106
Free Parking Spaces (Inc. Handicapped)	713	713	718	714	714
Total Parking Spaces	1,432	1,423**	1,430	1,427	1,427
Overtime Parking Tickets Issued	7,816	8,465	8,684	8,800	8,800
Overtime Tickets Paid or Dismissed	6,627	7,533	7,603	7,744	7,714
Percent Paid or Dismissed	84.79%	88.99%	87.55%	88%	88%
Handicapped Tickets Issued	33	42	40	40	40
Handicapped Tickets Paid or Dismissed	32	36	37	36	36
Percent Paid or Dismissed	96.97%	85.71%	92.50%	90%	90%
Other Parking Tickets Issued	1,438	1,484	1,173	1,280	1,280
Other Tickets Paid or Dismissed	1,003	1,157	908	998	998
Percent Paid or Dismissed	69.75%	77.96%	77.41%	78%	78%
Overall Collection Rate	82.50%	87.34%	86.39%	86.74%	86.44%
Leased Parking Spaces Available	174	174	174	174	174
Spaces Leased	145	136	119	126	131
Percentage Leased	83.33%	78.16%	68.39%	72.41%	75.29%
Fines Collected by County Treasurer	N/A	\$6,915	\$15,201	\$10,000	\$10,000
Courtesy Tickets Issued	417	490	517	520	520

* Reserved spaces include those reserved for the Library, Clark House and Central State Bank.

** Reduction due to reconfiguration of Lot 1.

RECENT ACCOMPLISHMENTS:

The City entered into a 28E agreement with Muscatine County in March of 2009 which provides that the City can forward delinquent parking tickets to the Muscatine County Treasurer's Office to place as a required charge to be paid before the vehicle owner can renew their vehicle registration. This system required the City to charge the wording on the tickets as well as delinquent notices prior to forwarding delinquent tickets to the County. A total of \$6,915 in parking fines was collected through the Treasurer's Office in 2009/2010 and this increased to \$15,201 in 2010/2011. The 2009/2010 collection amount reflected only a partial year of collections since the vehicle registrations are renewed throughout the year based on the birth month of the vehicle owner. The 2010/2011 collection amount reflects more collections than expected in a normal fiscal year since it was the first full year after implementation and there was a "catch-up" period for the prior year. The staff of both offices continues to work well together in making this collection option successful.

OBJECTIVES TO BE ACCOMPLISHED IN 2011/2012:

- * To continue to frequently send notices and perform other follow-up procedures for parking fine collections including forwarding unpaid tickets to the County Treasurer's Office to be placed as a required charge to be paid in order to renew the vehicle registration.
- * To continue to increase marketing efforts for leased parking spaces available in the various City lots. The percentage of available spaces leased in the various lots has decreased from 88% in 2007/2008 to 78% in 2009/2010 and to 68% in 2010/2011. The estimate for the current year is 72.4% and the goal is to increase this percentage to at least 75% for 2012/2013.
- * To review Parking processes for any "Lean" efficiencies. (**Management Agenda High Priority**)

Parking System

Fund Statement

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Beginning Balance, July 1	\$ 64,319	\$ 69,304	\$ 48,004	\$ 57,436	\$ 49,336
Revenues					
Parking Fees	\$ 81,770	\$ 81,425	\$ 80,000	\$ 80,000	\$ 80,000
Parking Permits	38,612	36,070	36,000	36,500	37,000
Meter Hoods	1,114	2,407	700	1,000	1,000
Fines	53,752	55,046	52,000	55,000	55,000
Interest	441	182	100	100	100
Donations	724	743	0 (2)	0	0
Miscellaneous	131	0	0	0	0
Total Revenues	<u>\$ 176,544</u>	<u>\$ 175,873</u>	<u>\$ 168,800</u>	<u>\$ 172,600</u>	<u>\$ 173,100</u>
Funds Available	\$ 240,863	\$ 245,177	\$ 216,804	\$ 230,036	\$ 222,436
Expenditures (1)	<u>171,559</u>	<u>187,741</u>	<u>184,000 (2)</u>	<u>180,700</u>	<u>203,400</u>
Ending Balance, June 30	<u>\$ 69,304</u>	<u>\$ 57,436</u>	<u>\$ 32,804</u>	<u>\$ 49,336</u>	<u>\$ 19,036</u>
Increase (Decrease) in Fund Balance	\$ 4,985	\$ (11,868)	\$ (15,200)	\$ (8,100)	\$ (30,300)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Beginning in 2011 the Downtown Flower Basket program is no longer being accounted for in the Parking Fund. This program is currently being funded from the Park Maintenance budget.

Explanation of Changes in Fund Balances:

Actual Parking revenues in 2010/2011 were less than expenditures for the year and the estimated revenues for 2011/2012 are also projected to be less than expenditures. This is being attributed to reduced traffic in the downtown area. In 2012/2013 City Council chose to include all parking-related costs in this budget including contracted snow removal costs and 50% of the employee insurance costs for the Parks Groundskeeper charged 50% to this budget. This has contributed to the fund balance decrease in 2012/2013. While a balance remains in this fund at the end of 2012/2013, fee increases or other changes in the parking operation will need to be considered for future years.

Function:
Business Type

Department:
Finance

Activity:
Parking System

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 147,617	\$ 147,167	\$ 151,400	\$ 147,500	\$ 161,700	6.80%
Commodities	2,127	2,354	3,300	3,300	3,300	0.00%
Contractual Services	5,773	5,676	8,200	8,800	16,700	103.66%
Capital Outlay	1,200	10,000	1,200	1,200	1,200	
Transfers	18,700	19,300	19,900	19,900	20,500	3.02%
Total Expenditures	\$ 175,417	\$ 184,497	\$ 184,000	\$ 180,700	\$ 203,400	10.54%
Funding Sources						
Parking Fees	\$ 121,496	\$ 119,902	\$ 116,700	\$ 117,500	\$ 118,000	1.11%
Parking Fines	53,752	55,046	52,000	55,000	55,000	5.77%
Interest	441	182	100	100	100	0.00%
Miscellaneous	131	-	-	-	-	
Donations	724	743	-	-	-	
Total Funding Sources	\$ 176,544	\$ 175,873	\$ 168,800	\$ 172,600	\$ 173,100	2.55%

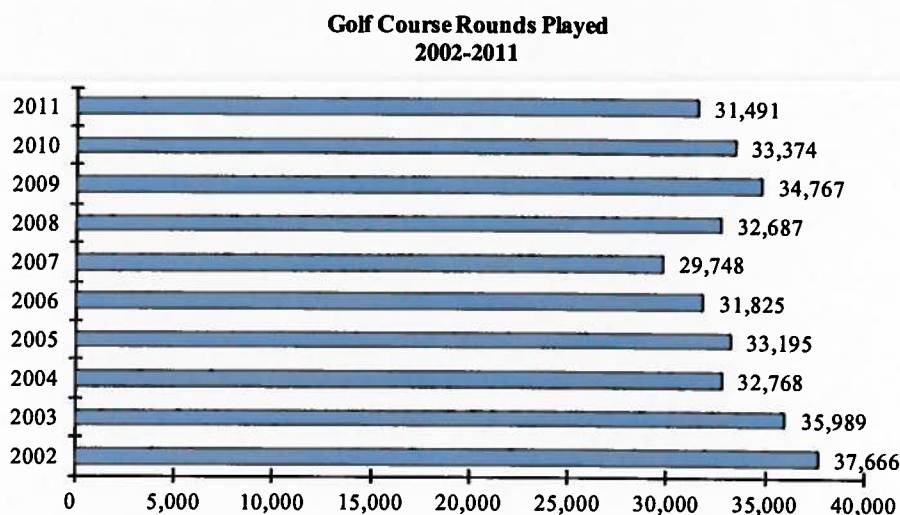
Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Finance Director	0.10	0.10	0.10	0.10	0.10	
Parking Meter Repairperson	0.25	0.25	0.25	0.25	0.25	
Groundskeeper	0.50	0.50	0.50	0.50	0.50	
Finance Secretary/Parking Coordinator	0.50	0.50	0.50	0.50	0.50	
Office Assistant	0.25	0.25	0.25	0.25	0.25	
Total Full Time	1.60	1.60	1.60	1.60	1.60	
Part Time/Temporary Positions:						
Meter Attendant	1.50	1.50	1.50	1.50	1.50	
Seasonal Laborers	0.07	0.05	-	-	-	
Total	3.17	3.15	3.10	3.10	3.10	\$ 122,600
Employee Benefits						39,100
Total Personal Services						\$ 161,700

Capital Outlay			
Item:	Quantity	Replacement	Amount
Electronic Meters	10	Yes	\$ 1,200

GOLF COURSE FUND

GENERAL INFORMATION:

The Golf Course Enterprise Fund was established July 1, 1977. This fund functions as a self-supporting operation without General Fund tax support. The only exceptions in prior years were the principal and interest payments on the \$250,000 bond issue for the purchase of the golf course property. This issue was retired in 1987. Play at the 18-hole Municipal Golf Course, located north of the City limits, decreased in the years from 1998 through 2007. This decreased play follows a national trend and competition from other area courses may also have had an impact. Play, however, increased in 2008 by 9.9% to 32,687 rounds and further increased by 6.4% to 34,767 in 2009. For 2010 play decreased by 4.0% to 33,374 and decreased another 5.6% to 31,491 rounds in 2011. Rainy weather and extreme heat were contributing factors in the decrease in rounds in 2010 and 2011. The following is a summary of the rounds during the past ten years:



The fees at the Municipal Golf Course have increased several times in recent years as reflected below. The fees shown include the state and local option sales tax, currently 7%. The rates were increased for the 2005, 2006, 2007 and 2008 golf seasons. No increases were budgeted for 2009, 2010 or 2011. The rates are budgeted to change for the upcoming 2012 season as follows:

<u>WEEK DAYS</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012</u>
Adults					
9 holes	\$ 12.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 14.00
18 holes	\$ 5.00	\$ 16.00	\$ 16.00	\$ 17.00	\$ 18.00
Senior Citizens					
9 holes	\$ 11.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 13.00
18 holes	\$ 13.00	\$ 14.00	\$ 14.00	\$ 15.00	\$ 16.00
Junior					
9 holes	\$ 10.00	\$ 10.00	\$ 11.00	\$ 11.00	\$ 5.00
18 holes	\$ 10.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 5.00

<u>WEEK DAYS</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012</u>
Adults 1-3 p.m.					
9 holes	N/A	N/A	N/A	N/A	\$ 9.00
18 holes	N/A	N/A	N/A	N/A	\$ 11.00
Senior Citizens 1-3 p.m.					
9 holes	N/A	N/A	N/A	N/A	\$ 8.00
18 holes	N/A	N/A	N/A	N/A	\$ 10.00

WEEKENDS AND HOLIDAYS

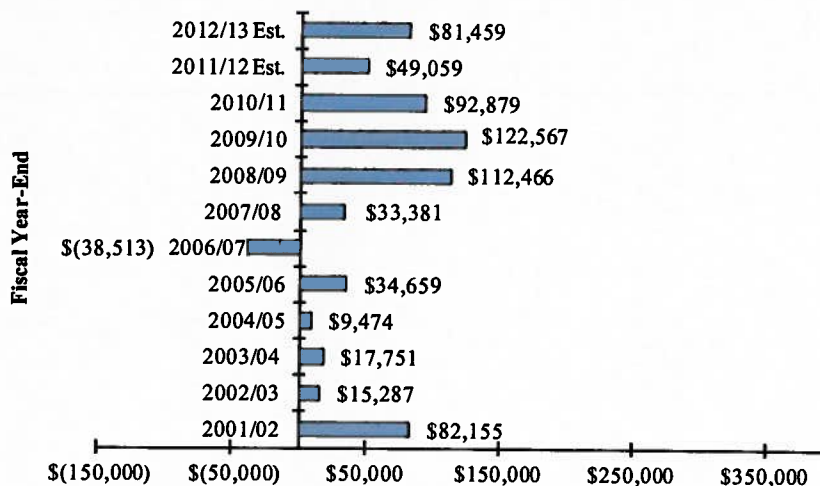
18 Holes					
Adult	\$ 15.00	\$ 16.00	\$ 18.00	\$ 19.00	\$ 20.00
Senior Citizens	N/A	N/A	\$ 16.00	\$ 17.00	\$ 18.00
Juniors	N/A	N/A	\$ 13.00	\$ 14.00	\$ 5.00

SEASON PASSES

Adults	\$ 455.00	\$ 485.00	\$ 485.00	\$ 525.00	\$ 550.00
Juniors	\$ 150.00	\$ 160.00	\$ 160.00	\$ 160.00	\$ 90.00
Senior Citizens	\$ 380.00	\$ 405.00	\$ 405.00	\$ 440.00	\$ 465.00
College Student Pass	N/A	N/A	N/A	\$ 335.00	\$ 300.00
Family Pass	N/A	N/A	N/A	\$ 875.00	\$ 915.00

The Golf Course fund balance has varied in recent years due to the amount of capital expenditures each year and also due to reduced play over the past ten years. The planned accumulation of funds and the subsequent decrease in fund balance in 2002 were due to the Water Hole Renovation Project. The deficit balance at the end of 2006/2007 and small balance at the end of 2007/2008 were due to the maintenance building fire. The fund balance history is shown below.

Golf Course Fund Balance History



Prior to 2007 the city had a contractual agreement with a golf professional to provide various services during the golf season. Effective as of the start of the 2007 season, the golf professional and all of the clubhouse staff are now employees of the city.

CURRENT TRENDS AND ISSUES:

Golf Clubhouse

A separate Golf Clubhouse activity within the Golf Fund was established at the time the City changed from a contracted golf professional to a City employee golf professional. This budget includes wages and benefits for staff, food and beverage items for resale, golf merchandise for resale, lease of golf carts, and various other items needed for the clubhouse. Revised estimate expenditures are \$2,800 less than the original budget.

The budgeted expenditures for 2012/2013 are \$6,500 (1.8%) higher than the 2011/2012 budget. This increase is primarily due to increases in personal services and items for resale.

An indoor golf simulator was purchased in 2010 to be used during winter months. Revenue from the simulator was \$8,615 in the first year it was introduced. Revenue is estimated at \$10,000 for both 2011/2012 and 2012/2013. Since this budget includes numerous items for resale, actual expenditures will be impacted by the volume of food and beverage items as well as golf merchandise sold.

Golf Course Operations

The golf course maintenance building fire on May 31, 2007 destroyed most of the mowers, other equipment, chemicals and fertilizers, tools and various other items, as well as the building itself. Insurance reimbursements were received toward the cost of replacing these items; however, the insurance coverage for the equipment was based on the current value of the equipment, not replacement value. The insurance reimbursement also would fund the replacement of the same size and type of building that was destroyed. The City, however, hired an architect to design a new maintenance building to meet the current needs of the Golf Course. Construction of this building was completed in the spring of 2009 at a cost of \$253,800. Insurance reimbursements for the former facility were only \$76,385. A capital project fund was established to account for costs of reconstructing this building and the estimated project cost (net of insurance) was originally projected to be financed over an 8-year period with a loan from other City funds. A down payment of \$23,600 was made in 2008/2009 with future annual payments (including interest) scheduled to be made over the next seven years. These types of loans have been used in previous years for major golf course projects. Based on actual revenues since that time, the loan repayment schedule was accelerated. The 2011/2012 revised estimate includes a final transfer of \$39,440 to pay off the internal loan.

The revised estimate for 2011/2012 for the Golf Operations activity budget is \$5,160 less than budgeted due to the net effect of increases and decreases in various line items. The 2012/2013 budget is \$38,900 (8.0%) less than the original budget for 2011/2012. This decrease is primarily due to a decrease in budgeted capital outlay items. The transfer allocation for 2012/2013, however, includes \$50,000 for the down payment for the fairway irrigation system project. This project is estimated at \$260,000 and is scheduled for construction in 2012/2013. An internal loan will again be required to finance this project.

Summary Information

Based on budget assumptions, it is estimated that the fund balance in the Golf Course fund, net of inventory, at the end of the 2011/2012 year will be \$49,059 and at the end of 2012/2013 will be \$81,459. A number of factors, however, can impact revenues at the course, especially the weather. As with previous internal loans for golf course improvements, payments on the internal loan for the fairway irrigation system project will be accelerated if sufficient funds are available.

As noted above, a rate increase is budgeted for the 2012 season. The budgeted rate structure represents an approximately 5% rate increase with the exception of junior rates and college season passes. A lower, flat rate for juniors was proposed in order to attract younger golfers to the course. This will be the 6th year of the City-operated clubhouse. During the upcoming year, staff is looking to maintain a quality golf course as well as increase food sales, lessons, and winter use of the clubhouse facility.

GOAL STATEMENT:

To provide and maintain a setting for the enjoyment and challenge by the public of the game of golf for both playability and aesthetics, including a regulation 18-hole course, driving range, clubhouse and related facilities.

PERFORMANCE MEASURES:

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Golf Course Operations:					
Top Dressed Greens	7	7	7	8	7
Stimped Greens	20	20	20	12	20
Aerified Greens	2	2	1	2	2
Acres Maintained	170	170	170	170	170
Acres Mowed Per Week	263	263	263	263	263
New Trees Planted	14	4	3	4	4
Bluebirds Fledged	25	22	25	6 (84 eggs)	20
Rolled Greens	N/A	25	29	27	27
Verti-cut Greens	N/A	6	6	7	7
Clubhouse Operations:					
Rounds Played	32,687	34,767	33,374	31,491	33,370
Events	51	52	48	50	52
Leagues	7	7	7	8	8
Season Passes Sold	264	292	312	277	300
Driving Range Tokens Sold	7,428	7,931	7,397	7,700	8,000
Gift Cards Sold (\$)	\$16,363	\$16,121	\$22,708	\$18,578	\$18,000
Lesson Hours	158	160	165	168	180
Total Beer Sales (Units)	29,380	29,195	37,455	36,400	37,000
Total Food and Beverage (Units)	37,449	40,489	43,422	49,795	42,000
Simulator Usage (\$)	NA	NA	\$3,285	\$6,990	\$10,000
Merchandise Sales (\$)	\$43,018	\$36,244	\$44,731	\$59,414	\$60,000

RECENT ACCOMPLISHMENTS:

Golf Course Operations

The 2011 golfing season started as a wet year but soon turned extremely dry and hot. The turf did not respond very well to these conditions. There is a lot of poa annual bluegrass throughout the golf course. This species like every other will seek out water and when the only water being applied is by irrigation, it does not allow moisture to really soak the soil down deep which causes the roots to become shallow. Poa does not perform well under extreme heat and will die off with this shallow root system. August brought some pleasant weather allowing the repair process to start. Fairways were aerified and re-seeded, greens were aerified the best that they have ever been aerified and staff was able to pull cores that were 6 inches deep allowing sand to get down those holes to help with drainage and air transfer for the plants. This will be of benefit in the future. Tee boxes were aerified and re-seeded as well; collars were also aerified and seeded. Staff was fortunate enough to be able to aerify fairways again in September. This is the first time they've been done twice in one season. Hopefully there will be a benefit from this second aerification by relieving some compaction from golf cart traffic and mower traffic. The 2011 season ended up with a very nice fall for growing turf. Most areas have been fully recovered with only a few areas coming in a little weak. These weak areas will be addressed again in the spring with full recovery expected.

Some cart path work was done around Hole #1 which should help get golf carts out sooner in wet conditions. A circle area was also added between greens 10 and 13 to allow carts to park and others to pass by without leaving the cart path. Hole #15 also received a cart path extension to connect the forward tee to the existing path. This was also a low area which would stay wet. More cart path work in the future should help with turf quality and getting carts out sooner.

The sand bunker to the left of number 10 fairway was removed and a new one placed on the right side of the fairway. The golfing survey done a few years ago identified this as one of the top requests from golfers. This work was all done in house with the only expense being a load of sand. The new mini excavator and uni-loader from the Park Maintenance division were utilized for this project.

The tee box renovation project for numbers 3, 9, 10, and 12 has been completed with some rolling and tweaking to be done next spring. The number 3 tee turned out really well. A tremendous amount of turf area was gained by removing the railroad tie wall and plantings which should help with wear and tear and allow recovery sooner as staff is now able to move the teeing area to more locations. This tee was also sodded with bent grass which is a more aggressive species and should recover quicker. Numbers 9, 10, and 12 were stripped of the old sod and laser leveled with the correct slope and new bluegrass sod laid down. These should be playable soon after the turf begins to grow in the spring.

Clubhouse Operations

The golf course got off to a sluggish start when it opened for play on March 14th. With the cool and wet weather, rounds were about 1,600 behind the pace set in 2010. The hot weather during the summer had an impact on play as well. Parks staff decided to run specials during the summer which helped the rounds stay steady even with the warm and humid weather. The season ended with 31,491 rounds, about 1,800 rounds below average with most of that difference coming in March and April. The number of season pass holders was down as well from 312 in 2010 to 277 in 2011. This also explains some of the revenue numbers being down. The average pass holder plays 57 rounds. With 35 fewer season pass holders, about 2,000 season pass rounds were lost as well as the incidental revenue that goes with those rounds.

The golf course closed for the winter on November 28th and at that time staff changed focus to the simulator and winter golf activities. The first session of the winter golf league has started and there continues to be steady daily play. Several lesson series were scheduled and several club fittings will be done throughout the winter. It is anticipated this will be a good year for the simulator with increased awareness and more people wanting to use this great tool.

OBJECTIVES TO BE COMPLETED IN 2012/2013:

Golf Course Operations

- * To design and install the fairway irrigation system in the fall of 2012.
- * To strategically plant new trees to replace trees that have died and/or been damaged.
- * To install a new driving range pad to help with early season usage and wet condition usage (subject to funding).
- * To continue cart path work/renovation (subject to funding).
- * To repair/replace the number 10 cart path and add continuous paths on numbers 3 and 17.
- * To repaint parking lot lines and seal cracks in the asphalt.
- * To have a plan in place to renovate number 9 and number 15 greens.
- * To have a plan in place to replace the fence along hole number 16 (180th Street).
- * To continue to pursue bunker renovations and get a timeline and pricing together for this project.
- * To continue to operate within the approved budget.
- * To continue to work with the public on special events and requests.
- * To explore and implement “Lean” initiatives in this division.

Clubhouse Operations

- * To increase merchandise sales through active selling and by providing quality products at a competitive price.
- * To continue to improve the quality of service that the guests receive in all areas of the facility.
- * To be price competitive among local and regional golf facilities.
- * To continue to utilize the City website to market the golf course and activities.

- * To increase participation in the golfer development programs, including the junior camp as well as adult classes.
- * To work with local organizations to increase usage of the facility and to promote the game of golf.
- * To continue to actively promote the simulator and provide new winter activities at the Clubhouse.
- * To explore and implement “Lean” initiatives in all areas of the operation.

Golf Course Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 95,856	\$ 104,469	\$ 103,869	\$ 58,899	\$ 15,059
Revenues	821,811	777,025	834,200	804,600 (2)	856,400 (2)
Encumbrance Variance	<u>875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	<u>\$ 918,542</u>	<u>\$ 881,494</u>	<u>\$ 938,069</u>	<u>\$ 863,499</u>	<u>\$ 871,459</u>
Expenditures:					
Golf Course Operations	\$ 440,972	\$ 433,535	\$ 488,000	\$ 482,840	\$ 449,100
Golf Clubhouse Operations	<u>373,101</u>	<u>389,060</u>	<u>368,400</u>	<u>365,600 (3)</u>	<u>374,900 (4)</u>
Total Expenditures (1)	<u>\$ 814,073</u>	<u>\$ 822,595</u>	<u>\$ 856,400</u>	<u>\$ 848,440</u>	<u>\$ 824,000</u>
Ending Balance, June 30	<u>\$ 104,469</u>	<u>\$ 58,899</u>	<u>\$ 81,669</u>	<u>\$ 15,059</u>	<u>\$ 47,459</u>
Allowance for Inventory	<u>18,098</u>	<u>33,981</u>	<u>18,100</u>	<u>34,000</u>	<u>34,000</u>
Net Balance, June 30	<u>\$ 122,567</u>	<u>\$ 92,879</u>	<u>\$ 99,769</u>	<u>\$ 49,059</u>	<u>\$ 81,459</u>
Increase (Decrease) in Fund Balance	\$ 8,613	\$ (45,570)	\$ (22,200)	\$ (43,840)	\$ 32,400

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Both the Revised Estimate and 2012/2013 revenues include a rate increase for the 2012 season.
3. The Revised Estimate expenditures include the final payment on the internal loan for the Maintenance Building project.
4. The 2012/2013 expenditures include a downpayment of \$50,000 on the internal loan for the Irrigation System project (\$260,000 total project cost).

Golf Course
Summary of Revenues

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Season Passes	\$ 124,682	\$ 107,009	\$ 129,000	\$ 121,000 (1)	\$ 131,000 (1)
Greens Fees	254,932	222,923	250,000	230,700 (1)	247,000 (1)
Trail Fees	164	175	150	150	150
Interest	807	315	0	100	100
Rental of Buildings	0	50	350	350	350
Lessons	8,349	5,760	10,000	8,000	10,000
Golf Cart Rental	176,299	178,098	182,000	181,300	193,000
Pull Cart Rental	1,292	966	1,300	800	1,000
Driving Range Fees	20,135	17,435	18,000	18,000	18,000
Tee Time Reservations	726	359	0	0	0
Simulator Fees	0	8,615	10,000	10,000	10,000
Catering Fee	460	206	600	600	600
Beer Sales	72,913	80,356	81,000	84,000	85,000
Food and Beverage Sales	65,029	66,403	72,000	65,000	68,000
Merchandise Sales	47,088	54,073	48,000	54,200	60,000
Miscellaneous Sales	1,315	1,355	2,000	2,000	2,000
Rebate - Soft Drink Supplier	1,800	1,800	1,800	1,800	1,800
Sales Tax	42,111	25,608	28,000	26,600	28,400
Sale of Equipment	0	2,772	0	0	0
Miscellaneous	3,709	2,750	0	0	0
Total Revenues	\$ 821,811	\$ 777,025	\$ 834,200	\$ 804,600	\$ 856,400

1. Reflects increases in fees for the 2012 season.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Golf Course Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 173,597	\$ 179,617	\$ 194,100	\$ 190,500	\$ 195,400	0.67%
Commodities	85,817	96,685	101,300	105,600	101,900	0.59%
Contractual Services	41,335	45,780	43,200	47,200	41,800	-3.24%
Capital Outlay	18,210	22,289	59,500	52,900	11,400	-80.84%
Transfers	121,565	83,000	89,900	86,640	98,600	9.68%
Total Expenditures	<u>\$ 440,524</u>	<u>\$ 427,371</u>	<u>\$ 488,000</u>	<u>\$ 482,840</u>	<u>\$ 449,100</u>	-7.97%
Funding Sources						
Golf Funds	<u>\$ 440,524</u>	<u>\$ 427,371</u>	<u>\$ 488,000</u>	<u>\$ 482,840</u>	<u>\$ 449,100</u>	-7.97%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Golf Course Supervisor	1.00	1.00	1.00	1.00	1.00	
Groundskeeper	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	2.00	2.00	2.00	2.00	2.00	
Part Time:						
Seasonal Equipment Operator	<u>2.66</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	
Total	4.66	4.56	4.56	4.56	4.56	\$ 143,400
Employee Benefits						52,000
Total Personal Services						<u>\$ 195,400</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Clubhouse Door Replacement	2	Yes	\$ 7,000
Stump Grinder (1/3 of Cost)	1	Yes	2,000
Roto-tiller	1	No	2,400
			<u>\$ 11,400</u>
Capital Project Funding Transfer			
Fairway Irrigation System (Downpayment)			<u>\$ 50,000</u>

Function:
Business Type

Department:
Parks and Recreation

Activity:

Golf Clubhouse Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 140,999	\$ 150,904	\$ 147,500	\$ 148,200	\$ 153,900	4.34%
Commodities	116,625	128,976	118,800	119,400	122,800	3.37%
Contractual Services	105,109	89,230	95,600	91,500	97,200	1.67%
Capital Outlay	10,368	19,950	6,500	6,500	1,000	-84.62%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 373,101</u>	<u>\$ 389,060</u>	<u>\$ 368,400</u>	<u>\$ 365,600</u>	<u>\$ 374,900</u>	1.76%
Funding Sources						
Golf Fees and Sales	<u>\$ 373,101</u>	<u>\$ 389,060</u>	<u>\$ 368,400</u>	<u>\$ 365,600</u>	<u>\$ 374,900</u>	1.76%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Golf Professional	1.00	1.00	1.00	1.00	1.00	
Part Time:						
Clubhouse Supervisor	1.35	1.61	1.35	1.49	1.35	
Cashier	1.03	1.33	1.18	1.14	1.18	
Laborer/Ranger	<u>0.66</u>	<u>0.49</u>	<u>0.74</u>	<u>0.64</u>	<u>0.74</u>	
Total Part Time	<u>3.04</u>	<u>3.43</u>	<u>3.27</u>	<u>3.27</u>	<u>3.27</u>	
Total	4.04	4.43	4.27	4.27	4.27	\$ 122,900
Employee Benefits						31,000
Total Personal Services						<u>\$ 153,900</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Merchandise Display Fixtures			<u>\$ 1,000</u>

BOAT HARBOR OPERATIONS

GENERAL INFORMATION:

The Boat Harbor budget accounts for revenues and expenditures of the municipal boat harbor. Maintenance of the park levee is assigned to several City departments under the supervision of the Parks and Recreation department. Weed and vegetation control are a focus of this maintenance activity. All costs associated with the operation of Riverside Park are reflected in the Park Maintenance budget.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate is \$1,000 higher than the original budget due to an increase in utility costs and the cost to repair the boat motor.

The 2012/2013 budget totals \$24,400 which is \$1,100 (4.7%) higher than the original 2011/2012 budget primarily due to increased personal services and utility costs. The electrical upgrade to the houseboat dock completed in 2011 resulted in a deficit fund balance of \$9,337 at the end of the 2010/2011 fiscal year. This deficit should be eliminated over the next several years with the deficit at the end of 2012/2013 decreasing to \$2,637.

The number of boat slip rentals and the corresponding revenue is dependent on river conditions each year and other factors. There was a decrease in the number of slip rentals in 2008 due to two floods and high fuel prices. Those reduced levels continued in 2009. The number of slip rentals increased by five in 2010 to forty-eight (48) and remained at that level in 2011. Fuel prices continue to be high and only a modest increase in the number of slip rentals is projected for both the 2012 and 2013 boating seasons. Slip rental rates were increased by \$40 per slip for the 2010 season and were not increased for the 2011 season. These rates are budgeted to remain the same for 2012. The seasonal fee structure for the boat harbor is as follows:

TYPE OF BOAT

	<u>1992</u>	<u>1993-97</u>	<u>1998</u>	<u>1999-2007</u>	<u>2008-2009</u>	<u>2010-2012</u>
17 feet or less	\$224.00	\$235.00	\$246.00	\$271.00	\$298.00	\$338.00
18 to 25 feet	299.00	314.00	330.00	363.00	399.00	439.00
26 to 32 feet	374.00	393.00	413.00	454.00	499.00	539.00
33 feet and up	635.00*	667.00*	700.00*	770.00*	847.00*	887.00*
Single slips	449.00	471.00	495.00	545.00	595.00	635.00

* Plus a surcharge of \$5.00 per foot over 40 feet.

GOAL STATEMENT:

To establish and maintain a usable and aesthetically compatible riverfront area for the use of the general public in the City of Muscatine including a municipal harbor and launching ramp.

PERFORMANCE MEASURES:

Calendar Year Basis	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
House Boat Slips Rented	14	14	15	15	15
House Boat Slips Available	18	18	18	18	18
Percent Rented (House Boats)	78%	78%	83%	83%	83%
Other Slips Rented	29	34	33	35	35
Other Boat Slips Available	87	87	87	87	87
Percent Rented (Other Slips)	33%	39%	38%	40%	40%
Courtesy Slip Rentals	23	19	17	20	20

RECENT ACCOMPLISHMENTS:

The electrical upgrade to the houseboat dock has been completed and many of the deck boards on the dock have been replaced. Staff worked with a diver from Muscatine Search and Rescue to repair the chains that anchor the long dock. Staff also assisted the Water Pollution Control Plant (WPCP) staff with dredging the harbor.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To complete a plan to reduce the number of long dock boat slips.
- * To complete the houseboat dock stiff arm redesign.
- * To train new staff on harbor operations.
- * To educate boaters about slip usage rules.
- * To continue to coordinate harbor dredging with WPCP staff.
- * To discuss and implement "Lean" initiatives in this division.

Boat Harbor Operations

Fund Statement

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (2,366)	\$ 3,607	\$ (11,793)	\$ (9,337)	\$ (5,937)
Revenues					
Boat Slip Rentals	\$ 27,447	\$ 25,106	\$ 27,000	\$ 27,000	\$ 27,000
Utilities	370	0	0	0	0
Overnight Slip Rentals	840	457	700	700	700
Miscellaneous	<u>447</u>	<u>1,775</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$ 29,104	\$ 27,338	\$ 27,700	\$ 27,700	\$ 27,700
Encumbrance Variance	<u>193</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 26,931	\$ 30,945	\$ 15,907	\$ 18,363	\$ 21,763
Expenditures (1)	<u>23,324</u>	<u>40,282</u>	<u>23,300</u>	<u>24,300</u>	<u>24,400</u>
Ending Balance (Deficit), June 30	<u>\$ 3,607</u>	<u>\$ (9,337) (2)</u>	<u>\$ (7,393)</u>	<u>\$ (5,937) (2)</u>	<u>\$ (2,637) (2)</u>

Increase (Decrease) in					
Fund Balance	\$ 5,973	\$ (12,944)	\$ 4,400	\$ 3,400	\$ 3,300

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. The deficits beginning at the end of 2010/2011 were due to the upgrade of the electrical service on the houseboat dock at a cost of \$16,944. This deficit should be reduced and eliminated over the next several years.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Boat Harbor Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 13,076	\$ 12,903	\$ 12,800	\$ 12,700	\$ 13,600	6.25%
Commodities	1,414	544	700	900	600	-14.29%
Contractual Services	4,333	4,278	4,800	5,700	5,000	4.17%
Capital Outlay	-	17,694	-	-	-	
Transfers	4,700	4,800	5,000	5,000	5,200	4.00%
Total Expenditures	<u>\$ 23,523</u>	<u>\$ 40,219</u>	<u>\$ 23,300</u>	<u>\$ 24,300</u>	<u>\$ 24,400</u>	4.72%
Funding Sources						
Boat Harbor Revenues	<u>\$ 29,104</u>	<u>\$ 27,338</u>	<u>\$ 27,700</u>	<u>\$ 27,700</u>	<u>\$ 27,700</u>	0.00%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Maintenance Repairperson	0.25	0.25	0.25	0.25	0.25	\$ 10,800
Employee Benefits						2,800
Total Personal Services						<u>\$ 13,600</u>

MARINA OPERATIONS

GENERAL INFORMATION:

The operation of the gas barge on the City's riverfront began in the spring of 1995. Fuel, oil and ice were available for sale to area boaters. Through 2003 the gas barge was operated by City staff and not by a private entity as the City had hoped. In its first two years, the marina operated on a deficit basis due to overhead costs, a relatively low volume of fuel sales and the limited number of items available for sale. Revenues exceeded expenditures by \$773 in 1997/98, \$2,171 in 1998/99 and \$95 in 1999/2000. Expenditures, however, exceeded revenues by \$287 in 2000/2001, \$1,920 in 2001/2002, \$1,593 in 2002/2003, and \$1,301 in 2003/2004. The marina did not open during the 2004 season primarily due to construction on the riverfront. In 2004/2005 a General Fund subsidy transfer was made to eliminate the \$13,823 accumulated deficit in this fund. General Fund subsidy transfers were also made in 2005/2006, 2006/2007, 2007/2008, and 2008/2009 to eliminate deficits of \$560, \$1,708, \$1,740, and \$4,363, respectively. In 2009/2010 and 2010/2011 the marina had a fund balance of \$172 and \$453, respectively.

In 2005 the City entered into a five-year agreement with D&C Werner, LLC, for riverfront and marina operations. Under the agreement, D&C Werner, LLC, would pump gas and diesel fuel and was to also sell convenience and boater specific products in the building adjacent to the marina which had previously been used by park maintenance staff. The City was to pay the contractor \$5,000 annually under this contract. The contractor provided fuel sales to boaters through 2007; however, the store area for boater convenience items was not opened beginning in 2007. In 2008 the contractor withdrew from the agreement and City staff is again selling fuel to boaters. No concession items are being sold by the City.

CURRENT TRENDS AND ISSUES:

The 2008 boating season was affected by two floods and also high fuel prices which resulted in a reduction of fuel purchases and fuel sales for the year. Fuel sales returned to close to previous levels in 2009 and 2010. Fuel sales were down in 2011 primarily due to fewer outings on the paddle wheel excursion boat.

The 2011/2012 revised estimate and 2012/2013 budget allow for fuel purchases and fuel sales to continue at prior year levels. Both the revised estimate for 2011/2012 and the budget projection for 2012/2013 show this operation as having small surpluses. As in previous years, if there are shortfalls for either year, it is proposed that they be eliminated by funding transfers from the General Fund on an annual basis.

GOAL STATEMENT:

To provide fuel, oil and other items for sale to boaters on the Mississippi River.

PERFORMANCE MEASURES:

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012	Estimated 2013
Gallons of Gasoline Sold	3,539	3,442	3,933	3,500	3,500
Gallons of Diesel Fuel Sold	2,520	2,287	635	2,000	2,000
Hours Open	194	174	129	180	180

RECENT ACCOMPLISHMENTS:

General maintenance upkeep was done on the dock and a new pump computer was installed. Annual staff training was also completed.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To continue to explore entering into a contractual arrangement to operate retail concessions for boaters.
- * To replace the roof and paint the shed.
- * To improve fuel and electric connections.
- * To continue to operate within federal and state guidelines.
- * To recruit and train quality staff.
- * To discuss and implement "Lean" initiatives in this division.

Marina Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (5,141)	\$ (2,337)	\$ (1,837)	\$ (5,371)	\$ (5,071)
Revenues					
Fuel Sales	\$ 19,572	\$ 13,409	\$ 20,000	\$ 20,000	\$ 20,000
Miscellaneous	51	64	100	100	100
Transfer from General Fund: Subsidy to Eliminate Deficit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 19,623</u>	<u>\$ 13,474</u>	<u>\$ 20,100</u>	<u>\$ 20,100</u>	<u>\$ 20,100</u>
Funds Available	\$ 14,482	\$ 11,137	\$ 18,263	\$ 14,729	\$ 15,029
Expenditures	<u>16,819</u>	<u>16,507</u>	<u>19,600</u>	<u>19,800</u>	<u>19,800</u>
Ending Balance (Deficit), June 30	\$ (2,337)	\$ (5,371)	\$ (1,337)	\$ (5,071)	\$ (4,771)
Allowance for Inventory	<u>2,509</u>	<u>5,824</u>	<u>2,500</u>	<u>5,800</u>	<u>5,800</u>
Net Balance (Deficit), June 30	<u>\$ 172</u>	<u>\$ 453</u>	<u>\$ 1,163</u>	<u>\$ 729 (1)</u>	<u>\$ 1,029 (1)</u>

Increase (Decrease) in Net Fund Balance	\$ 2,804	\$ (3,034)	\$ 500	\$ 300	\$ 300

1. Although positive fund balances are projected with the allowance for inventory, any shortfalls are proposed to be funded from transfers from the General Fund on an annual basis.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Marina Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 1,686	\$ 1,535	\$ 1,700	\$ 1,800	\$ 1,800	5.88%
Commodities	14,394	14,072	17,200	17,300	17,300	0.58%
Contractual Services	739	900	700	700	700	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 16,819	\$ 16,507	\$ 19,600	\$ 19,800	\$ 19,800	1.02%
Funding Sources						
Fuel Sales	\$ 19,572	\$ 13,409	\$ 20,000	\$ 20,000	\$ 20,000	0.00%
Miscellaneous Revenue	51	64	100	100	100	0.00%
Subsidy to Eliminate Deficit	-	-	-	-	-	
Total Funding Sources	\$ 19,623	\$ 13,473	\$ 20,100	\$ 20,100	\$ 20,100	0.00%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Part Time:						
Seasonal Laborer	0.09	0.09	0.09	0.09	0.09	\$ 1,500
Employee Benefits						300
Total Personal Services						\$ 1,800

AMBULANCE OPERATIONS FUND

GENERAL INFORMATION:

Through June 30, 2000, ambulance service for the City of Muscatine and surrounding townships was provided by a private ambulance service under contracts between the City and each respective township, and the ambulance service. The agreement with the previous ambulance provider expired on June 30, 2000. This agreement provided for a City subsidy to the ambulance service of \$90,500 per year and subsidies from the townships that totaled \$24,500 per year.

In August of 1998, the City contracted with an outside consultant to provide a thorough analysis of the City's system of pre-hospital care involving the Muscatine Fire Department and Muscatine Ambulance, Inc. The consultant's report was used as a basis for development of specifications and a request for proposals (RFP) for potential providers of ambulance services upon the expiration of the ambulance contract on June 30, 2000. After reviewing two proposals, the City Council selected the Muscatine Fire Department to provide this service. In order to account for revenues and expenditures of the Fire Department Ambulance Service, this operation was established as an enterprise fund of the City.

In 1999/2000, \$289,690 was expended for purchasing and equipping three (3) new ambulances and purchasing the necessary supplies to begin providing services effective July 1, 2000. The original budget for the 2000/2001 fiscal year included costs and cost allocations to fund this new operation. Five new firefighter positions, one-half of a Fire Mechanic position and a half-time equivalent clerical position were included in this budget. Additionally as part of the Ambulance Operation's administrative fee, 50% of an Assistant Fire Chief and 25% of the Fire Chief's costs were also charged to this budget. The budget also included funds for supplies and services associated with this service including funds to contract for ambulance billing services.

Since the ambulance service became a city operation in 2000, the city has been able to allocate the cost of firefighters and administrative positions to this operation. This amount has varied based upon revenues generated and fund balances at the end of each fiscal year. This allows the city to relieve the General Fund of these expenses.

Effective for the 2007/2008 year, the City made a number of changes to employee allocations to address decreases in fund balance in the Ambulance Fund as well as assisting with balancing the General Fund budget. These changes included transferring the 6.5 fulltime equivalent firefighter/mechanic positions from the Ambulance Fund to the Fire Department budget in the General Fund. Funding transfers are now being made from the Ambulance Fund to the General Fund for a percentage of the total wage and benefit costs for the overall fire department staff. Benefit costs for these positions are funded from the Employee Benefits tax levy for General Fund Employees. Also in 2007/2008, a decision was made to use bond financing for the refurbishment of two ambulances (\$160,000).

A rate increase was implemented April 1, 2006 which increased the base rate from \$450 to \$485. This was the first increase in the base rate since the Fire department began providing ambulance services in 2000. Rates were again increased effective April 1, 2007 due to reduced revenues to the Ambulance Fund. Under the new rate structure fees vary by level of ambulance service with the BLS rate increasing to \$525, the ALS1 to \$575 and the ALS2 to \$675. Rates were again adjusted in January, 2009. The rates for ALS1 increased from \$575 to \$586 and for Skilled Care Transport from \$775 to \$1,002. Effective July 1, 2010 the rates for ALS1 increased to \$616, ALS2 to \$891, and skill care transports to \$1,053. Effective July 1, 2011, the base rate was increased to \$560, ALS1 increased to \$665, ALS2 increased to \$962 and SCT increased to

\$1,137. These rate adjustments correspond to the increases in the amounts allowed by Wellmark for these types of transports.

CURRENT TRENDS AND ISSUES:

Beginning in the 2008/2009 revised estimate and continuing through 2012/2013, personnel costs in the Fire Department budget are being allocated to the Ambulance budget on a percentage basis rather than by computing a specific number of fire positions and position allocations. This percentage has been increased from 22% to approximately 24% in 2011/2012 and 2012/2013. The 2011/2012 revised estimate funding transfer from the Ambulance fund was increased \$35,400 from the \$750,900 originally budgeted due to increased overtime in the fire department revised estimate. The Ambulance funding transfer for 2012/2013 is budgeted at \$773,800, again 24% of fire department personnel costs. As 90% or more of Fire department calls are medical, this percentage allocation is appropriate and at the same time maintains an adequate balance in the Ambulance fund.

The revised estimated expenditures for 2011/2012 are \$111,800 higher than originally budgeted. The overall increase is due to increases in fuel costs (\$18,200), medical supply costs (\$3,000), vehicle maintenance costs (\$15,000), capital outlay (\$39,000), and the transfer to the General Fund (\$35,400). The increase in capital outlay includes \$26,100 for a LifePak 15 (with \$20,000 of this purchase funded from a grant from the Muscatine Health Support Foundation) and \$12,000 for a power cot for the new ambulance (funded from remaining bond proceeds for prior year ambulance refurbishments).

The budgeted expenditures for 2012/2013 are \$117,900 (8.7%) lower than the 2011/2012 budget. This overall decrease is primarily due to a decrease in the capital outlay allocation. The budget also continues the increased allocations for fuel, medical supplies, and vehicle maintenance.

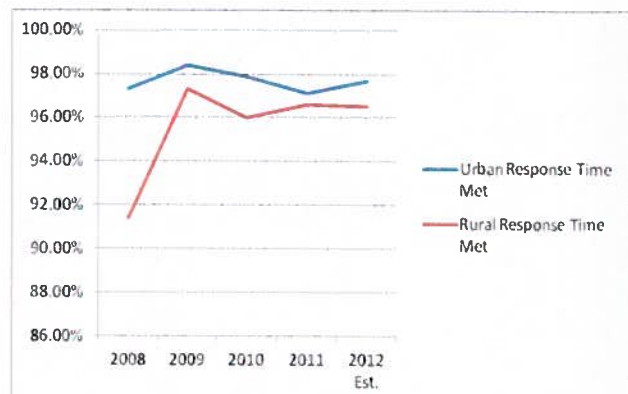
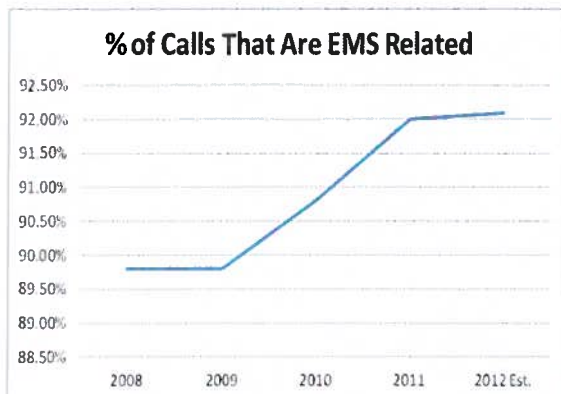
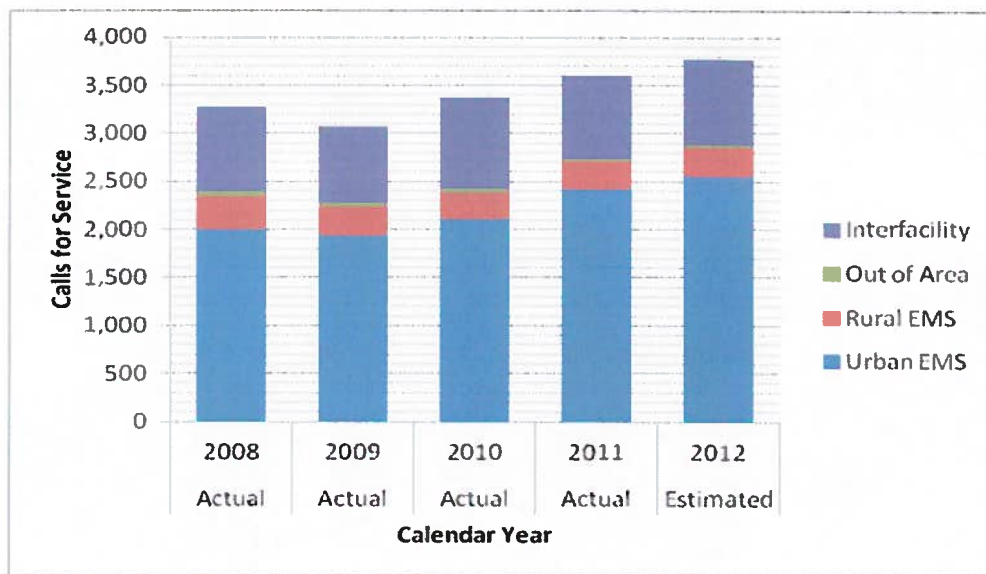
Ambulance service fees are estimated at \$1,200,000 for both 2011/2012 and 2012/2013. Usage and revenues have fluctuated in recent years and staff continues to monitor trends in these areas. The fund balance at the end of 2012/2013 is projected at \$246,333.

GOAL STATEMENT:

To provide high performance paramedic transport services in the Muscatine area, responding to all emergency calls with a transport unit in less than 9 minutes on not less than 95% of all response requests within the "Urban Zone" and less than 15 minutes on not less than 95% of all response requests within the "Suburban/Rural Zone."

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Urban Zone Medical Responses	1,992	1,929	2,106	2,413	2,550
Suburban/Rural Zone Medical Responses	350	302	278	292	300
Out of Territory Medical Responses	55	48	32	25	25
Interfacility Transfers	879	787	951	872	900
Total EMS Calls	3,276	3,066	3,367	3,602	3,775
EMS Calls as % of Total Fire Calls	89.8%	89.8%	90.8%	92.0%	92.1%
EMS Training Hours	2,437	2,719	1,983	1,174	1,200
Urban Response Time Compliance (8:59 minutes or less on at least 90% of calls)	97.3%	98.4%	97.9%	97.1%	97.7%
Suburban/Rural Response Time Compliance (14:59 minutes or less on at least 90% of calls)	91.4%	97.3%	96.0%	96.6%	96.5%



RECENT ACCOMPLISHMENTS:

Once again the department played host for a training day supported by the Iowa EMS Association held at Discovery Park. In addition to Muscatine Fire department personnel, providers from many other EMS agencies were also in attendance. This event is one way that Muscatine reaches out to neighboring EMS providers to assist them in their training and response preparation. The 2012 EMS event has already been planned and scheduled and is expected to once again help our neighbors and ourselves improve service delivery.

During the past year the department received the old Mule from the Police department when they purchased a new off road vehicle. The old Mule underwent limited refurbishment by Fire department mechanics, with a focus on electrical improvements and providing a solid mechanical base to work from. In addition, department personnel applied all appropriate decals to the vehicle and prepared it for use. An EMS skid was purchased for the vehicle and it is now a functioning EMS support vehicle. The Mule has been outfitted with basic supplies and is upgraded with advanced supplies as needed. The unit has been used to provide standby support to sporting events which will help to improve department efficiency during such events.

This year marked the 20th Annual Child/Family Safety Day sponsored by the Muscatine County EMS Association in conjunction with the Muscatine Fire Department. In 2010 the event was moved to Blain's Farm and Fleet parking lot and this partnership has worked very well. Each year this is a day devoted to informing the public about who we are and what we do. Ambulances, fire trucks, Water Rescue boats, and a Medforce helicopter were on display. The American Red Cross and Trinity ER were on hand with a booth to answer questions and also had give-aways for adults and children. This past year the Muscatine Agility Club of Iowa provided education about pet safety and shared their very friendly dogs, which is always a crowd pleaser. The department was fortunate to have contributions from Muscatine businesses that made it possible to have this day. Coloring books were provided to the children, smoke detectors, escape ladders, and other items were given to some lucky winners. The children had a chance to experience a "smoke house" and learned what to do in case a fire would break out in their home.

The Muscatine Fire department was able to once again provide support and leadership to the state organization of EMS providers. The Iowa EMS Association (IEMSA) is the recognized organization for EMS issues and training in the state. This year Muscatine's Fire Chief, Jerry Ewers, served as the President of IEMSA. In addition Muscatine Firefighter/Paramedic Tom Summitt served yet another year on the board of directors. Both of these individuals have provided countless hours of leadership, support, and direction for EMS providers state wide. In addition to these two individuals, Muscatine businessman Tom Hendricks 'Taco Tom' was recognized at the annual IEMSA conference for his support of EMS in our community. IEMSA is also the organization that recognized Muscatine Fire Department as its 2002 Career Service Provider of the year. No other agency in the state provides as much support and leadership to IEMSA as Muscatine.

Thanks to a partial grant of \$20,000 from the Muscatine Health Support Foundation, the Department was able to purchase a LifePak 15 (LP15) for the new ambulance. This purchase allowed the department to further raise the level of care provided to the public. The new monitor allows better and easier 12 lead EKG acquisition, has an integrated CO2 monitor (used for patients with respiratory issues), and includes additional monitoring capabilities that will help identify persons who may have health effects caused by smoke inhalation. The department will utilize the LP15 not only for patients, but it will be a useful device to help determine actions relating to employee rehabilitation at fire scenes.

The Muscatine Fire Department has been a driving force in the improved treatment of a certain type of heart attack, called an ST elevated myocardial infarction (STEMI). We have been leaders at implementing a

bypass protocol, which decreases the event to cardiac catheterization time, which results in a lowered chance of death and an increase in heart muscle saved. Through the receipt of grant funds, the department was able to upgrade the cardiac monitors and provide software and related equipment for Muscatine Trinity Hospital so that 12 lead EKGs can be transmitted from the field. For patients with a STEMI, the 12 lead is sent to the receiving hospital if the patient is taken to Iowa City. The Muscatine Fire Department, with some assistance from Trinity Muscatine, has been a motivating agent for the two main Quad City hospitals to obtain the technology so that telemetry may be sent to them. Both Genesis East and Trinity Rock Island will soon be getting the necessary equipment, so in the near future STEMI patients that go to the Quad City hospitals will be able to benefit fully from the bypass protocol and telemetry.

Customer service in the provision of interfacility transfer services to Trinity Muscatine have been identified as an area in need of improvement. Ongoing communication with Trinity Emergency Department Director Dr. Eric Schmieg and our department has resulted in improvements to the delivery of services and improved asset utilization. Thanks to Dr. Schmieg and the Trinity Emergency Department, the dispatching process has been streamlined and the occurrence of requests for service that draw department staffing critically low have decreased. This ongoing conversation is also improving patient care and providing better relationships with the hospital, their staff, and our department.

The Department has been working to improve communications and relations with other members of the health care community. Presently a representative from the fire department is involved in committees and/or meetings with local long term residential health facilities, the public health community, and thanks to Trinity Muscatine staff, we also participate in their trauma and emergency department committee meetings. This has opened the channels of communication and provided for improved service delivery, which ultimately improves patient care. The department regularly takes ideas developed in these various settings and uses them to provide a better level of patient care. It can be said that the Muscatine ambulance operations has been fully integrated into the health care community.

The department was successful in obtaining a partial grant of \$20,000 from the Muscatine Health Support Foundation for purchase of a new cardiac monitor. This purchase was required due to the addition of the new 5th ambulance. The department also submitted applications for several Assistance to Firefighter Grants. One grant application was for an exhaust containment system for the fire apparatus, one was for the purchase of additional Lucas CPR devices, and the third grant was for the replacement of outdated cardiac monitors. The Lucas devices and the cardiac monitors are in the 5 Year Capital Improvement Plan, so if grant funded would be awarded, the City will see a direct positive impact in the ambulance operations capital improvement plan. Award notifications should be released within the next six months.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To develop a comprehensive medical helicopter protocol.
- * To research and potentially integrate a cardiac enzyme procedure to further identify and better treat chest pain patients.
- * To research and potentially integrate a stroke bypass protocol.
- * To share the department's tactical EMS experience with the wider EMS community to further improve the support provided to law enforcement officers and civilians at high risk situations.

- * To research and potentially integrate therapeutic hypothermia protocols and systems for treatment of return of spontaneous circulation patients and those with neurological deficits, including stroke.
- * To research, create, and implement an ambulance ordinance for the City of Muscatine in order to ensure high quality ambulance service in the City.
- * To review the ambulance operation for “Lean” initiatives. **(Management Agenda High Priority)**

Ambulance Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 283,380	\$ 281,293	\$ 297,493	\$ 458,463	\$ 254,033
Revenues					
Ambulance Fees	\$ 1,008,079	\$ 1,245,636	\$ 1,100,000	\$ 1,200,000	\$ 1,200,000
Ambulance Fees (Prior Year Amount Over (Under) Accrual)	(17,072)	75,716	0	0	0
Township Subsidies	31,400	31,400	31,400	31,400	31,400
Donations	10,899	7,737	0	20,000	0
Interest	911	632	200	1,100	600
Reimbursement of Damages	5,000	160	0	0	0
Transfer In: Ambulance Refurbishment Capital Project Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,470</u>	<u>0</u>
Total Revenues	<u>\$ 1,039,217</u>	<u>\$ 1,361,281</u>	<u>\$ 1,131,600</u>	<u>\$ 1,264,970</u>	<u>\$ 1,232,000</u>
Funds Available	\$ 1,322,597	\$ 1,642,574	\$ 1,429,093	\$ 1,723,433	\$ 1,486,033
Expenditures (1)	<u>1,041,304</u>	<u>1,184,111</u>	<u>1,357,600</u>	<u>1,469,400</u>	<u>1,239,700</u>
Ending Balance, June 30	<u>\$ 281,293</u>	<u>\$ 458,463</u>	<u>\$ 71,493</u>	<u>\$ 254,033</u>	<u>\$ 246,333</u>
Increase (Decrease) in Fund Balance	\$ (2,087)	\$ 177,170	\$ (226,000)	\$ (204,430)	\$ (7,700)

1. Expenditures include changes in compensated absences and other post-employment benefits.

Explanation of Changes in Fund Balances:

The fund balance decrease in 2011/2012 is primarily due to the purchase of an additional ambulance at a cost of \$160,000 and various other capital items totaling \$81,700.

Function:
Business Type

Department:
Fire

Activity:
Ambulance Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 105,739	\$ 124,591	\$ 122,500	\$ 121,800	\$ 125,400	2.37%
Commodities	56,554	67,288	64,700	87,900	82,700	27.82%
Contractual Services	143,054	150,587	146,100	161,000	153,300	4.93%
Capital Outlay	55,766	108,852	240,900	279,900	5,800	-97.59%
Transfers	678,300	729,419	783,400	818,800	872,500	11.37%
Total Expenditures	\$ 1,039,413	\$ 1,180,737	\$ 1,357,600	\$ 1,469,400	\$ 1,239,700	-8.68%
Funding Sources						
Ambulance Fees	\$ 991,007	\$ 1,321,352	\$ 1,100,000	\$ 1,200,000	\$ 1,200,000	9.09%
County Subsidy	31,400	31,400	31,400	31,400	31,400	0.00%
Donations	10,899	7,737	-	20,000	-	
Interest	911	632	200	1,100	600	200.00%
Other	5,000	160	-	12,470	-	
Total Funding Sources	\$ 1,039,217	\$ 1,361,281	\$ 1,131,600	\$ 1,264,970	\$ 1,232,000	8.87%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Ambulance Billing Manager	1.00	1.00	1.00	1.00	1.00	
Part Time:						
Ambulance Attendants	0.53	0.53	0.53	0.53	0.53	
Office Coordinator	0.25	0.25	0.25	0.25	0.25	
Total	1.78	1.78	1.78	1.78	1.78	\$ 101,100
Employee Benefits						24,300
Total Personal Services						\$ 125,400

Capital Outlay			
Item:	Quantity	Replacement	Amount
Trailer for Mule	1	No	\$ 2,000
Medication Refrigerators	5	No	3,800
Total			\$ 5,800

SOLID WASTE MANAGEMENT FUNDS

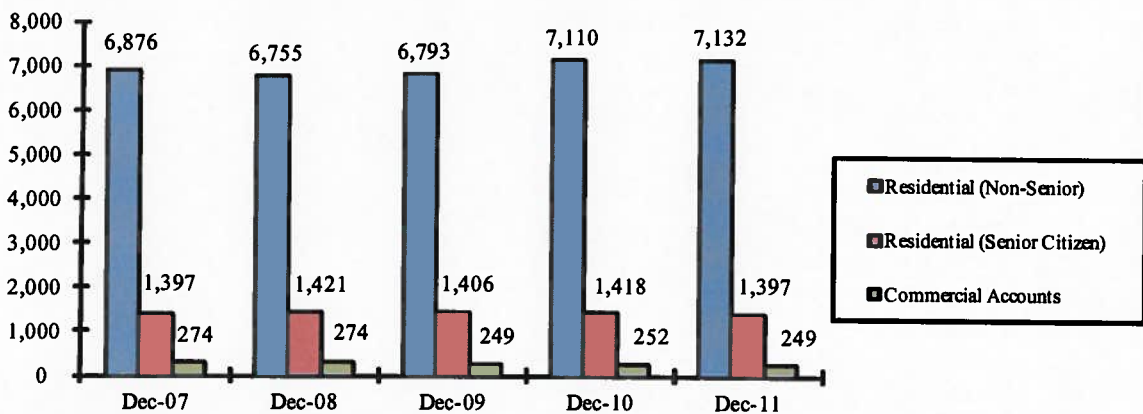
REFUSE COLLECTION

GENERAL INFORMATION:

The Solid Waste Management functions of the City are accounted for in three (3) separate funds - Landfill Operations, Transfer Station Operations, and Refuse Collection. Separating the three activities is required to properly analyze the fee structure and costs within each of the operations. The Landfill operation and Transfer Station operation are detailed in separate activity budgets which follow.

The Refuse Collection activity involves the pickup of solid waste by refuse trucks in the City of Muscatine. Refuse at residential dwellings is collected once each week. The department also collects refuse from some apartment complexes, commercial businesses and industrial customers. Non-residential refuse collection is made only upon request, as many businesses contract with private haulers for this service. The breakdown of the number of customers in December for the last five years is as follows:

Refuse Customers by Type



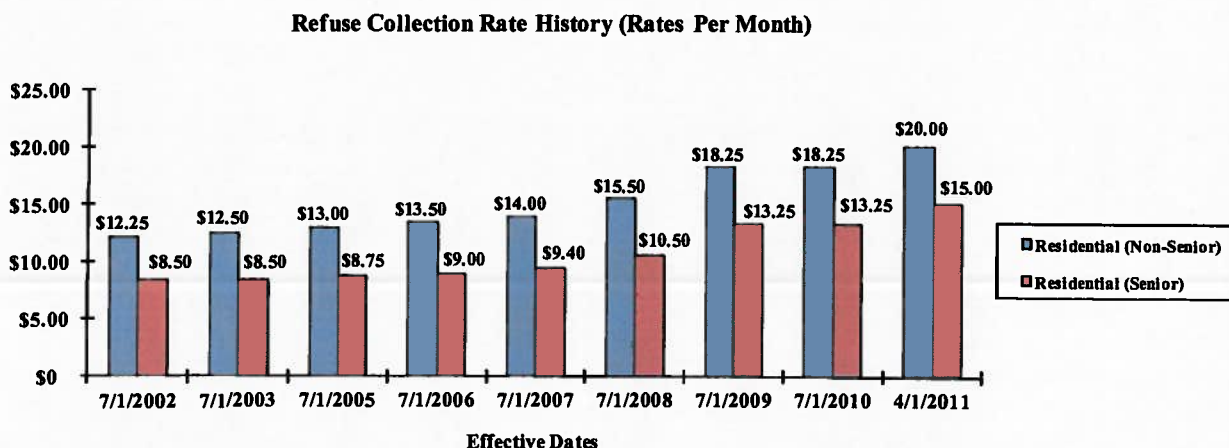
* January 2010 and 2011 Residential (Non-Senior) customers includes 325 residences in Fruitland.

In April 2011, the City began a contracted single-sort curbside recycling program for all residential refuse collection customers. Allied Waste was selected as the contractor. This replaced the previous program which involved recycling trailers located throughout the community. Funding for the curbside recycling program has been incorporated into the refuse collection rates. The cost per customer per month for the curbside recycling program is \$3.05 in the first year of the contract. This increases to \$3.14, \$3.23, \$3.33, and \$3.43, respectively, for the 2nd through the 5th years of the contract. Allied Waste provided the containers for each customer as part of that fee.

The City realized savings from discontinuing the previous drop-off trailer recycling program. These savings were in the reduction of one fulltime refuse collection driver, decreased temporary services, decreased overtime, and decreased fuel and maintenance costs. Temporary services and overtime were reduced since the drop-off trailers were emptied seven days per week which resulted in approximately \$23,900 of overtime annually.

The Refuse Collection activity is performed by six (6) full-time refuse drivers, one (1) solid waste leadworker, and a Solid Waste Supervisor. In addition to regular weekly garbage pickup service, the City provides a curbside pickup service for large refuse items.

As an enterprise fund, it has been necessary to increase rates to assure the service fees properly cover the cost of this operation. The following chart reflects fee charges on a monthly basis for residential customers. The rates increased to \$20.00 and \$15.00 respectively, for regular and senior customers, effective April 1, 2011 when the single sort curbside recycling program was implemented.



CURRENT TRENDS AND ISSUES:

The Transfer Station opened in August of 1995. All refuse from the City's refuse collection division is delivered to the transfer station, compacted and then taken to the landfill. The 2012/2013 budget includes \$450,000 for Transfer Station fees at the budgeted rate of \$60.00 per ton. This amount is based on an estimated 7,500 tons of refuse compared to the 8,535 actual waste volume in 2009/2010. This reduction is due to the addition of the contracted curbside recycling service beginning in April, 2011.

The 2011/2012 revised estimate includes \$319,100 for the curbside recycling service and this increases to \$329,400 in 2012/2013 based on the per customer rate for each year of the contract.

The 2011/2012 revised estimate expenditures are \$24,600 more than the budgeted amount primarily due to the addition of a \$50,000 transfer to the Transfer Station fund to eliminate the deficit in that fund. Reductions in other line items offset a portion of the increase in the transfer amount. The 2010/2011 budget also included a transfer to the Transfer Station fund of \$200,000.

The budget for 2012/2013 is \$40,376 (2.0%) more than the 2011/2012 budget primarily due to an increased allocation for capital outlay. Capital outlay items for 2012/2013 include \$35,000 for a one-ton truck with plow and \$5,000 for additional dumpsters.

The 2012/2013 budget continues to include the allocation of 50% of the Senior Health and Housing Inspector position. This position works out of the Community Development department and is involved in addressing nuisance complaints including garbage and junk removal responsibilities. The budget also continues to fund the City of Muscatine's portion of the Solid Waste Management Agency assessment which began in 2008/2009 (\$64,800).

GOAL STATEMENT:

To provide an efficient and cost effective solid waste collection system providing once per week pickup in all residential areas and providing service upon request to commercial and industrial customers to provide a clean and healthy environment for the citizens of Muscatine.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Tons of Refuse Collected	8,023	8,535	7,731	7,500	7,500
Regular Residential Customers - December	6,755	6,793	6,785	6,807	6,810
Senior Residential Customers - December	1,421	1,406	1,418	1,397	1,400
Commercial and Industrial Customers - December	274	249	252	249	250
Fruitland Residential Customers – December	N/A	325	325	325	325
Cleanup Week Collections (Tons)	440	558	526	500	500
Number of Recycling Trailers	11	16	16/5 *	5 *	5 *
Recycling Trailer Collections (Tons)	1,240	1,300	892 *	250 *	250 *
Single Sort Curbside Recycling (Tons)	0	0	294	1,200	1,200
Curbside Pickups (calendar year)	1,216	1,227	1,245	1,250	1,250

- * With the implementation of the curbside recycling program in April 2011, the recycling trailers located throughout the community were discontinued with the exception of those at one drop-off location at the Transfer Station.

RECENT ACCOMPLISHMENTS:

This division was heavily involved in the implementation of the single sort curbside recycling program which began in April 2011. This program provides curbside recycling services for all residential customers in the City, all City facilities, and all of the Muscatine Community School district facilities. This program is also in place at several apartment complexes as well as downtown apartments. This program has assisted in reducing the amount of waste going into the landfill.

The Refuse Collection division and the Code Enforcement officers worked together to address downtown garbage and recycling collection issues, primarily garbage that is placed in front of the downtown storefronts from businesses and apartments. Joint collaboration continues for these businesses and residents to have their garbage and recycling collected from the alleys.

While the main focus of this division is to provide refuse and recycling services to residential customers, providing these services to certain businesses is also part of the refuse collection program. There are approximately 250 commercial accounts adding over \$120,000 in annual revenue. Along with providing regular refuse collection services to these customers, staff works with City Carton to assist these businesses with their recycling needs.

This division has begun implementing “Lean” concepts into the Refuse Collection operation. When curbside recycling began in April 2011, all of the former recycling drop-off trailer locations, except for the Transfer Station, were discontinued. The reduction in the number of trailer locations reduced both overtime and temporary staffing costs.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To evaluate adding containers and tippers to the current refuse trucks to allow for the automated collection of solid waste.
- * To continue working with the Code Enforcement officers on downtown garbage and recycling collection issues.
- * To collaborate with Parks and Recreation staff to provide for recycling at park facilities and at community events.
- * To continue public education outreach on services provided by this division for refuse collection, the compost site, and the curbside recycling program.
- * To continue providing employee safety programs in an effort to continue this division’s outstanding safety record.
- * To research the use of GPS technology for more efficient routing and better daily communication with staff.
- * To research and implement “Lean” concepts in the Refuse Collection operation. **(Management Agenda High Priority)**

REFUSE COLLECTION FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Refunding Bonds
Refuse Collection Portion of
Refunding of Advance Refunding of November 1, 1994 Solid Waste Transfer
Station and Recycling Center (Series A) Issue Dated June 1, 1998
and December 1, 1995 Issue
\$536,392 of \$6,560,000 Issue Dated June 1, 2008 (Series B)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 90,750	\$ 9,143	\$ 99,893
2012/13	93,775	6,194	99,969
2013/14	<u>96,800</u>	<u>3,146</u>	<u>99,946</u>
Total	<u>\$ 281,325</u>	<u>\$ 18,483</u>	<u>\$ 299,808</u>

Principal and interest payments for this general obligation bond issue are made from the Debt Service Fund. Bond proceeds from the original issues financed construction of the Transfer Station including the separate Refuse Collection building. Accordingly, transfers from the Refuse Collection Fund to the Debt Service Fund are made annually to fund principal and interest payments on the Refuse Collection portion of this issue as they become due.

Refuse Collection Fund

Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 136,765	\$ 206,671	\$ 102,344	\$ 149,400	\$ 200,907
Revenues					
Charges for Services	\$ 1,888,793 (2)	\$ 1,941,062	\$ 2,090,000	\$ 2,090,000	\$ 2,090,000
Sales - Yard Waste Bags	12,140	14,856	12,000	12,000	12,000
Commercial Brush Fee	205	1,236	2,000	2,000	2,000
Rental of Dumpsters	0	0	100	100	100
Interest	268	327	500	200	200
Sales Tax	4,216	4,235	4,500	4,500	4,500
FEMA Reimbursement	0	149	0	0	0
Miscellaneous	289	0	0	0	0
Sale of Equipment	0	9,311	0	0	0
Total Revenues	<u>\$ 1,905,911</u>	<u>\$ 1,971,175</u>	<u>\$ 2,109,100</u>	<u>\$ 2,108,800</u>	<u>\$ 2,108,800</u>
Funds Available	\$ 2,042,676	\$ 2,177,846	\$ 2,211,444	\$ 2,258,200	\$ 2,309,707
Expenditures (1)	<u>1,836,005</u>	<u>2,028,446 (3)</u>	<u>2,032,693</u>	<u>2,057,293 (4)</u>	<u>2,073,069</u>
Ending Balance, June 30	<u>\$ 206,671</u>	<u>\$ 149,400</u>	<u>\$ 178,751</u>	<u>\$ 200,907</u>	<u>\$ 236,638</u>
Increase (Decrease) in Fund Balance	\$ 69,906	\$ (57,271)	\$ 76,407	\$ 51,507	\$ 35,731

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Charges for services includes those for the City of Fruitland beginning July 1, 2009.
3. The actual 2010/2011 expenditures included a \$200,000 transfer to the Transfer Station fund to reduce the deficit in that fund.
4. The Revised Estimate expenditures include an additional \$50,000 transfer to the Transfer Station fund to eliminate the deficit in that fund.

Function:
Business Type Activity

Department:
Public Works

Activity:
Refuse Collection

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 691,385	\$ 684,222	\$ 695,600	\$ 679,100	\$ 705,500	1.42%
Commodities	59,377	74,820	89,000	86,500	86,500	-2.81%
Contractual Services	857,835	895,760	1,083,300	1,076,900	1,079,400	-0.36%
Capital Outlay	57,634	9,938	5,000	5,000	40,000	700.00%
Transfers	155,502	359,827	159,793	209,793	161,669	1.17%
Total Expenditures	\$ 1,821,733	\$ 2,024,567	\$ 2,032,693	\$ 2,057,293	\$ 2,073,069	1.99%
Funding Sources						
Charges for Services	\$ 1,888,793	\$ 1,941,062	\$ 2,090,000	\$ 2,090,000	\$ 2,090,000	0.00%
Sales - Yard Waste Bags	12,140	14,856	12,000	12,000	12,000	0.00%
Other Fees	205	1,236	2,000	2,000	2,000	0.00%
Sales Tax	4,216	4,235	4,500	4,500	4,500	0.00%
Interest	268	327	500	200	200	-60.00%
Sale of Equipment	-	9,310	-	-	-	
Other	289	149	100	100	100	
Total Funding Sources	\$ 1,905,911	\$ 1,971,175	\$ 2,109,100	\$ 2,108,800	\$ 2,108,800	-0.01%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Solid Waste Manager	0.34	0.39	0.50	0.50	0.50	
Solid Waste Supervisor	1.00	1.00	1.00	1.00	1.00	
Refuse Truck Driver I	7.00	6.25	6.00	6.00	6.00	
Refuse Collection Leadworker	1.00	1.00	1.00	1.00	1.00	
Sr. Health & Housing Inspector	0.50	0.50	0.50	0.50	0.50	
Maintenance Worker II	0.33	0.33	0.33	0.33	0.33	
Clerk	0.33	0.39	0.50	0.50	0.50	
Total Full Time	10.50	9.86	9.83	9.83	9.83	
Part Time:						
Compost Site Attendant	0.83	0.83	0.83	0.48	0.83	
Total	11.33	10.69	10.66	10.31	10.66	\$ 466,200
Employee Benefits						239,300
Total Personal Services						\$ 705,500

Capital Outlay		
Item	Replacement	Amount
One Ton Truck with Plow Package	Yes	\$ 35,000
Dumpsters	Yes	5,000
		\$ 40,000

SOLID WASTE MANAGEMENT FUNDS

LANDFILL OPERATIONS

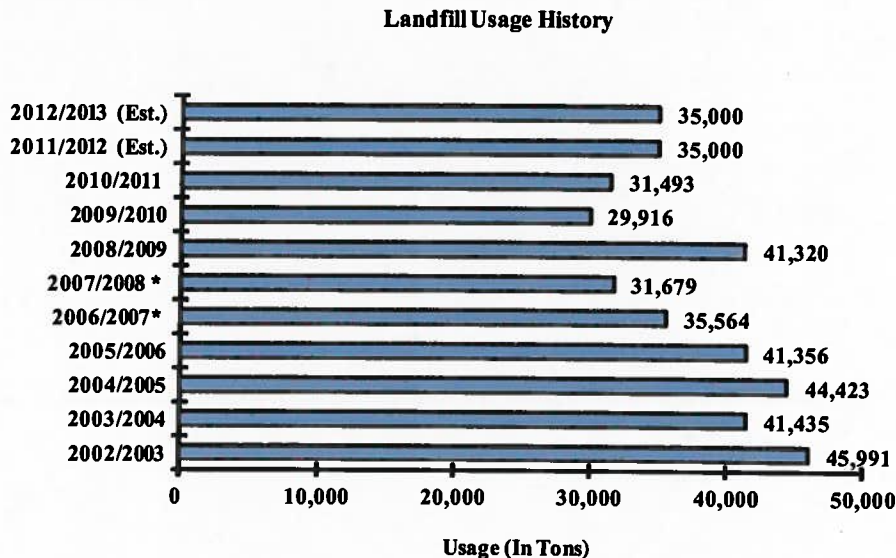
GENERAL INFORMATION:

The Solid Waste Management funds consist of three (3) operations, Refuse Collection, Landfill Operations and Transfer Station Operations.

The City is a member of the Muscatine County Solid Waste Management Agency. This agency contracts with the City of Muscatine to operate the landfill. The Agency is responsible for the disposal of solid waste in Muscatine County. The Transfer Station opened in August of 1995. This facility is used as a staging area for recycling, refuse collection and the transfer of non-recyclable items to the landfill.

Under the terms of the agreement between the Solid Waste Management Agency and the City, the City is responsible for the costs incurred in the operation of the sanitary landfill, the maintenance of the entrance road, the cost of purchasing the landfill site and certain special engineering fees. The City establishes an annual price per ton for waste disposal at the landfill. Beginning in 2008/2009 the Agency reinstated an annual assessment to each of its members in a total annual amount of \$117,200. This was to assist in reducing the accumulated deficit in this fund.

The following chart shows the amounts of waste disposed of at the landfill since 2002/2003 as well as the projected waste volumes for 2011/2012 and 2012/2013.



* 9,319 tons of waste were taken to the Scott County Landfill in 2006/07 and 17,584 in 2007/08 due to landfill capacity issues.

Volumes at the landfill have fluctuated over the years shown above and the number and types of users have changed. The State of Iowa has also enacted regulations for volume reduction and restrictions on materials that can be deposited in landfills. As noted above, capacity issues in 2006/2007 and 2007/2008 required waste to be taken to the Scott County Landfill while projects were underway to develop new waste disposal areas.

The following chart shows the Transfer Station regular rates since the 2002/2003 year and the portion of the transfer station fee paid to the landfill fund. In 2002/2003 \$17.00 of the \$41.00 per ton rate was paid to the landfill for material disposed of at that facility. The landfill portion of the disposal rate has increased since that time to the current \$40.00 per ton in the most recent years. This rate was increased from \$25 to \$40/ton July 1, 2009 due to the significant cost of developing the most recent landfill cells.

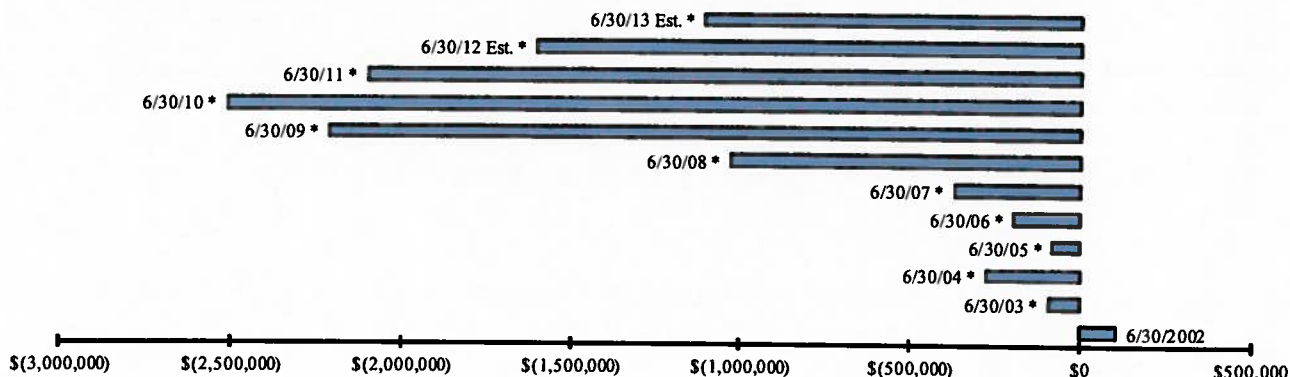
Transfer Station and Landfill Rates (Per Ton)



In addition to the rates shown in the table above, in 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. In 2010 five new industrial contracts were negotiated which are expected to bring 5,000 tons of new waste volume to the landfill. These are three year contracts with variable disposal rates.

The fund balance for the Landfill Operation has varied over the past ten (10) years. The following is a summary of actual and projected fiscal year-end balances (deficits):

Landfill Fund Balance (Deficit) History



* Beginning June 30, 2003 there have been interim loans to fund cell closure costs, costs to develop

The deficit fund balances in recent years are due to costs for capital projects at the landfill, costs to complete the purchase of landfill property formerly leased, loss of revenue due to capacity issues, and increased regulatory requirements. In 2007/2008 \$767,200 in capital expenditures were required including \$417,600 to develop the new Phase II cell, \$180,000 for drainage and erosion control, \$58,000 for improvements to the side slope of Phase II, and \$35,000 for a tarp system to use as daily cover. Due in part to the June 1, 2007 tornado, the Phase I cell was at capacity and was required to be closed prior to completion of the new cell. This required waste to be hauled to the Scott County Landfill and resulted in the loss of revenue to the Muscatine Landfill of approximately \$400,000. These factors combined to result in the \$1,026,781 deficit in the landfill fund as of June 30, 2008. The deficit increased to \$2,211,935 as of June 30, 2009 and to \$2,512,600 as of June 30, 2010 due primarily to costs to develop two new cells (III and IV) which are estimated to have a combined capacity of 298,800 tons and have an expected life of 7.5 years based on estimated waste volumes. The deficit is projected to be incrementally reduced over the next six years as the capacity of the new cells is filled.

CURRENT TRENDS AND ISSUES:

The tipping fee rate at the Transfer Station was increased to \$60 per ton effective July 1, 2009 with \$40 of this rate being credited to the Landfill and the remaining \$20 to the Transfer Station. This increase was directly related to capital costs for constructing the Phase III and IV cells as well as capital costs to close previous ravines. With this increase, the landfill saw waste volume in 2009/2010 decrease to 29,916. With the continuing deficit in the Landfill fund, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the Transfer Station and Landfill. Area businesses and the Chamber requested a committee be formed of business leaders, city staff, an Agency member, and others, to discuss the impacts that flow control would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the Landfill and a long-term financial plan to incrementally reduce the Landfill Fund deficit over the next several years with the goal of having it eliminated by the time the next landfill cell needs to be developed. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts have been entered into which will bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over the next three years. The reduction in the deficit was \$411,988 in 2011/2012, which was slightly higher than the targeted reduction in the financial plan.

The revised estimate expenditures for 2011/2012 are \$53,500 higher than the original budget. This increase is primarily due to the change in the Landfill operator agreement from a "per ton" basis to a flat fee basis of \$25,000 per month (plus fuel surcharges). This resulted in an increase of \$83,300 in revised estimate expenditures. The required transfers to the Landfill Closure and Post-Closure Reserve are \$30,700 less than the original budget which offset a portion of the increase in the Landfill operator payment.

Landfill expenditures for 2012/2013 are expected to be \$51,074 (5.7%) higher than the original 2011/2012 budget. This is again due to the increase in the Landfill operator agreement (\$83,300) and the reduction in the estimated transfers to the Closure and Post-Closure Reserve funds (\$30,700).

Revised estimate landfill service charges revenue is estimated at \$1,290,000 based on a total of 35,000 tons of waste. This waste estimate includes 21,000 tons at the full \$40 rate (\$840,000), 9,000 tons at the original \$30 industrial contract rate (\$270,000), and 5,000 at the negotiated industrial rates (\$180,000). This same revenue estimate has been included for the 2012/2013 budget.

With the projected landfill revenues and expenditures, the deficit in the landfill fund is projected to decrease by \$495,612 during the 2011/2012 fiscal year and by an additional \$498,038 to \$1,106,962 by the end of the 2012/2013 year. The goal is to have the deficit eliminated or nearly eliminated by the time the next cell needs to be constructed. Based on current waste volume projections, it is estimated that construction on the next cell would need to begin in the 2016/2017 fiscal year.

As noted above, private firms have been used to operate the landfill under contractual agreements with the City. The amount of the payment to the landfill operator is budgeted at \$305,000 for 2012/2013. Other significant items in the budget are leachate hauling and analysis, engineering services, any capital outlay items, and payment of the State surcharge fees.

The State landfill surcharge was reduced from \$3.75 to \$3.65 per ton in 2002/2003 since the area landfills met the State-mandated waste reduction requirements. Of the \$3.65 per ton rate, \$2.10 per ton is required to be paid to the State and the remaining \$1.55 per ton can be retained by the City in special reserves required to be used for specific purposes. Payments to the State are estimated at \$73,500 for 2012/2013 based on an estimated 35,000 tons of waste. The surcharge funds retained by the City are estimated at \$54,250 for 2012/2013. These funds are accounted for in the Landfill Surcharge Reserve Funds.

The Iowa Department of Natural Resources (IDNR) has specific requirements for the use of the local surcharge funds with the specific eligible uses of each portion of the surcharge funds to be reported quarterly to the IDNR. Part I of the retained surcharge funds are required to be used for local planning and environmental protection activities. Part II funds are required to be used for waste reduction, recycling, and small business pollution prevention purposes. In 2012/2013 it is estimated that there will be \$17,500 in Part I funds which will be transferred to the Landfill fund for qualifying expenditures and an estimated \$36,750 of Part II funds will be transferred to the Transfer Station fund for qualifying expenditures.

The IDNR regulations also provide that funds must be set aside annually for Landfill closure and post closure costs. The estimated amount to be transferred to the Closure Reserve in 2012/2013 is \$80,000 and the amount to be transferred to the Post-Closure Reserve is estimated at \$30,000.

The 2012/2013 budget also includes a total of \$114,312 in debt service payments for bonds issued in 2003 and 2006. The June 1, 2003 bond issue financed land acquisition costs of \$305,200 incurred in January 2002. In 2005 Stockton Realty was awarded an additional \$533,915 for the landfill property acquired by the City through condemnation in 2002. Legal fees of Stockton Realty were also required to be reimbursed. The additional award and related legal fees totaled approximately \$612,000. This amount was included in the June 1, 2006 city bond issue.

GOAL STATEMENT:

To provide a facility for the disposal of solid waste collected in Muscatine County in an efficient and effective manner and in accordance with environmentally sound practices established by the Environmental Protection Agency (EPA) and Iowa Department of Natural Resources (IDNR) and in accordance with the agreement with the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Tons of Waste Disposed	41,320	29,916	31,493	35,000	35,000
Leachate Collected in Gallons	1,437,952	3,978,807*	2,932,175**	2,000,000	1,800,000

* Leachate collection in 2009/2010 was higher than previous years due to the expansion for the Phase III and IV cells, connection of the ground water line to the system, and that it was a wet year.

** The reduction in 2010/2011 was due to the side slopes of the Phase III and IV cells getting their first four foot lift of waste in 2011/2012. Reductions should continue in the next several years since the liner is covered and water will take longer to reach the collection system.

RECENT ACCOMPLISHMENTS:

New industrial waste contracts were entered into during the past year to assist with the deficit issue at the Landfill. The deficit at the Landfill was reduced by \$411,988 during the 2010/2011 fiscal year.

The first lift of waste over the plastic liner and sand drainage layer in the Phase III and IV cells was completed in November 2011. It is a requirement that the first four-foot lift be placed over the liner of a landfill before the end of December in the first year of operation. Due to lack of tonnage in the past two years, the Landfill has had to test the two foot compacted soil under the liner for any freeze/thaw damage. The results have been positive and there has been no need for any remediation. The landfill operator worked diligently to meet the December deadline.

In the 2007 rule changes for municipal solid waste landfills, the standards for water quality levels at landfills are now the drinking water standards. Three wells required additional monitoring wells and the additional wells were installed. Over the next year, HLW Engineering and staff will review how these monitoring wells have assisted in meeting the standards. The Iowa DNR will be involved and other remediation processes will be discussed if needed. The Muscatine Landfill is not the only landfill in Iowa with this situation.

Due to Iowa DNR and EPA requirements, the Muscatine Landfill recently implemented procedures for compliance with air quality permits. The EPA requirement focuses on green house gas effects of the landfill. The Iowa DNR permit is a construction permit due to constant construction at the landfill. Both permits require recording information and submitting reports to both regulatory agencies.

Due to requirements of the Iowa DNR, staff removed numerous trees over a two-week period in the fall of 2011. The trees, according to the Iowa DNR regulations, can cause damage to the final cover of the closed landfill areas. The trees that were removed were considered a risk to damage the final cover cap on Ravines 2, 3, 4, 5, and 6.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To continue monitoring the long-term plan to reduce the deficit at the Muscatine Landfill.
- * To provide outreach and support to the city and county members of the Muscatine County Solid Waste Agency.
- * To create, with the assistance of the Bi-State Waste Commission, new member, city administrator, public works, and general public information packets.
- * To monitor and correct erosion and seeding issues.
- * To continue looking at options for handling leachate at the landfill.
- * To review the landfill operation for “Lean” initiatives. **(Management Agenda High Priority)**

LANDFILL FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Corporate Purpose Bonds
Landfill Property Acquisition
\$308,000 Portion of \$1,780,000 Issue Dated June 1, 2003**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 35,000	\$ 1,950	\$ 36,950
2012/13	30,000	900	30,900
Total	<u>\$ 65,000</u>	<u>\$ 2,850</u>	<u>\$ 67,850</u>

**General Obligation Corporate Purpose Bonds
Additional Landfill Property Acquisition Costs
\$629,096 Portion of \$2,990,000 Issue Dated June 1, 2006**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 68,380	\$ 14,508	\$ 82,888
2012/13	71,536	11,876	83,412
2013/14	73,640	9,104	82,744
2014/15	76,796	6,232	83,028
2015/16	79,952	3,198	83,150
Total	<u>\$ 370,304</u>	<u>\$ 44,918</u>	<u>\$ 415,222</u>

Principal and interest payments for these general obligation bond issues are made from the Debt Service Fund. Bond proceeds from these issues financed the acquisition of property for the landfill. Accordingly, transfers from the Landfill Fund to the Debt Service Fund will be made annually to fund principal and interest payments on these portions of the above issues as they become due.

Landfill Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (2,211,935)	\$ (2,512,600)	\$ (2,175,472)	\$ (2,100,612)	\$ (1,605,000)
Revenues					
Charges for Services	\$ 1,155,302	\$ 1,162,106	\$ 1,290,000 (4)	\$ 1,290,000 (4)	\$ 1,290,000 (4)
Agency Assessment (2)	117,177	117,177	117,200	117,200	117,200
Industry Contribution	0	15,000	0	15,000	15,000
Transfers In:					
Landfill Surcharge Reserve	<u>14,958</u>	<u>15,746</u>	<u>17,500</u>	<u>17,500 (5)</u>	<u>17,500 (6)</u>
Total Revenues	<u>\$ 1,287,437</u>	<u>\$ 1,310,029</u>	<u>\$ 1,424,700</u>	<u>\$ 1,439,700</u>	<u>\$ 1,439,700</u>
Funds Available	\$ (924,498)	\$ (1,202,571)	\$ (750,772)	\$ (660,912)	\$ (165,300)
Expenditures (1)	<u>1,588,102</u>	<u>898,042</u>	<u>890,588</u>	<u>944,088</u>	<u>941,662</u>
Ending Balance (Deficit), June 30	<u>\$ (2,512,600) (3)</u>	<u>\$ (2,100,612)</u>	<u>\$ (1,641,360)</u>	<u>\$ (1,605,000)</u>	<u>\$ (1,106,962)</u>
Increase (Decrease) in Fund Balance	\$ (300,665)	\$ 411,988	\$ 534,112	\$ 495,612	\$ 498,038

- Expenditures include changes in compensated absences and other post-employment benefits.
- An Agency assessment was implemented beginning in 2008/2009 as part of the original plan to eliminate the accumulated deficit in this fund.
- The deficit at the end of 2009/2010 was due to capital costs for Phase III and Phase IV cell development and the closing of Ravines 5 and 6. These projects were only partially completed in 2008/2009 and the remaining project costs were incurred in 2009/2010.
- The 2011/2012 Budget was based on 21,000 at \$40/ton plus 9,000 tons at the original industrial rate of \$30/ton, plus an estimated \$180,000 at varying rates for a full year of the new industrial waste commitments. These same waste volume estimates have been used for the Revised Estimate and 2012/2013.
- The 2011/2012 transfers from the Landfill Surcharge Reserve are based on 35,000 tons at \$.50/ton.
- The 2012/2013 transfers from the Landfill Surcharge Reserve are based on 35,000 tons at \$.50/ton.

Explanation of Changes in Fund Balances:

The accumulated deficits in this fund were due to the reduced waste volumes being received at the landfill as well as landfill capital costs. Some of the reduced waste volumes in prior years can be attributed to competition from Illinois landfills due to their lower tipping fees. Landfill capacity issues reduced landfill revenues in 2006/2007 and 2007/2008 as waste was required to be hauled to the Scott County Landfill during construction of the next cell. The Agency assessment was implemented beginning in 2008/2009 as part of the plan to eliminate the accumulated deficit in this fund. The cells constructed in 2009/2010 are expected to have 7.5 years of capacity (through FY 2016/17). Construction on the next cell will need to begin approximately one year before capacity is reached in the current cells. The accumulated deficit is projected to decrease annually until the time that construction begins on the next cell.

Landfill Surcharge Reserve Part I
Local Planning and Environmental Protection Activities
Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	<u>14,958</u>	<u>15,746</u>	<u>17,500</u>	<u>17,500 (1)</u>	<u>17,500 (2)</u>
Funds Available	\$ 14,958	\$ 15,746	\$ 17,500	\$ 17,500	\$ 17,500
Expenditures					
Transfers to Landfill Fund	<u>14,958</u>	<u>15,746</u>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Transfers are based on 35,000 tons for the 2011/2012 Revised Estimate at \$.50/ton.
2. Transfers are based on 35,000 tons for the 2012/2013 Budget at \$.50/ton.

Landfill Surcharge Reserve Part II

Waste Reduction, Recycling, and Small Business Pollution Prevention

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	<u>31,411</u>	<u>33,068</u>	<u>36,750</u>	<u>36,750</u> (1)	<u>36,750</u> (2)
Funds Available	\$ 31,411	\$ 33,068	\$ 36,750	\$ 36,750	\$ 36,750
Expenditures					
Transfers to Transfer Station Fund	<u>31,411</u>	<u>33,068</u>	<u>36,750</u>	<u>36,750</u>	<u>36,750</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Transfers are based on 35,000 tons at \$1.05/ton for the 2011/2012 Revised Estimate.
2. Transfers are based on 35,000 tons at \$1.05/ton for the 2012/2013 Budget.

Landfill Closure Reserve (1)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 227,819	\$ 335,666	\$ 443,566	\$ 399,799	\$ 479,799
Revenues					
Transfers In					
Landfill Fund	<u>107,847</u>	<u>64,133</u>	<u>107,900</u>	<u>80,000 (2)</u>	<u>80,000 (2)</u>
Funds Available	\$ 335,666	\$ 399,799	\$ 551,466	\$ 479,799	\$ 559,799
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 335,666</u>	<u>\$ 399,799</u>	<u>\$ 551,466</u>	<u>\$ 479,799</u>	<u>\$ 559,799</u>

Increase (Decrease) in Fund Balance	\$ 107,847	\$ 64,133	\$ 107,900	\$ 80,000	\$ 80,000

1. This reserve is required to be established to pay for the closure costs for the currently permitted landfill area.
2. Transfers to this reserve are determined annually based on the required annual engineering report submitted to the Iowa Department of Natural Resources. This amount has not yet been determined for the 2011/2012 year; however, the transfer is expected to be less than the original budget. The amounts estimated for both 2011/2012 and 2012/2013 allow for these transfers to be higher than the actual transfer for 2010/2011.

Landfill Post-Closure Reserve (1)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 699,585	\$ 732,432	\$ 765,232	\$ 757,344	\$ 787,344
Revenues					
Transfers In					
Landfill Fund	<u>32,847</u>	<u>24,912</u>	<u>32,800</u>	<u>30,000 (2)</u>	<u>30,000 (2)</u>
Funds Available	\$ 732,432	\$ 757,344	\$ 798,032	\$ 787,344	\$ 817,344
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 732,432</u>	<u>\$ 757,344</u>	<u>\$ 798,032</u>	<u>\$ 787,344</u>	<u>\$ 817,344</u>

Increase (Decrease) in Fund Balance	\$ 32,847	\$ 24,912	\$ 32,800	\$ 30,000	\$ 30,000

1. Landfill owners are required to monitor and maintain landfill sites for 30 years after landfills are closed. Funds are required to be set aside annually in order to accumulate funds for this purpose.
2. Transfers to this reserve are determined annually based on the required annual engineering report submitted to the Iowa Department of Natural Resources. This amount has not yet been determined for the 2011/2012 year; however, the transfer is expected to be less than the original budget. The amounts estimated for both 2011/2012 and 2012/2013 allow for these transfers to be higher than the actual transfer for 2010/2011.

Function:
Business Type

Department:
Public Works

Activity:
Landfill Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 30,273	\$ 29,303	\$ 24,900	\$ 25,000	\$ 25,600	2.81%
Commodities	21,082	13,063	23,700	23,200	26,200	10.55%
Contractual Services	523,931	485,808	480,400	550,000	563,100	17.21%
Capital Outlay	665,660	66,409	-	15,000	-	
Transfers	347,331	303,381	361,588	330,888	326,762	-9.63%
Total Expenditures	\$ 1,588,277	\$ 897,964	\$ 890,588	\$ 944,088	\$ 941,662	5.73%
Funding Sources						
Charges for Services	\$ 1,155,302	\$ 1,162,106	\$ 1,290,000	\$1,290,000	\$ 1,290,000	0.00%
Agency Assessment	117,177	117,177	117,200	117,200	117,200	0.00%
Other	-	15,000	-	15,000	15,000	
Transfers In:						
Surcharge Reserve	14,958	15,746	17,500	17,500	17,500	0.00%
Total Funding Sources	\$ 1,287,437	\$ 1,310,029	\$ 1,424,700	\$1,439,700	\$ 1,439,700	1.05%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Solid Waste Manager	0.33	0.30	0.25	0.25	0.25	\$ 18,700
Employee Benefits						6,900
Total Personal Services						\$ 25,600

SOLID WASTE MANAGEMENT FUNDS

TRANSFER STATION OPERATIONS

GENERAL INFORMATION:

The Transfer Station opened in August of 1995. Project costs totaled approximately \$10,128,000. Available balances funded \$1,181,000 of construction costs. Bond proceeds of \$8,778,400, a sales tax refund of \$154,600, and interest earnings funded the balance of the project costs. Two bond issues financed construction of the facility. Series A was issued November 1, 1994 in the amount of \$7,000,000 and Series B December 1, 1995 in the amount of \$2,625,000. An advance refunding of the Series A issue was completed as of June 1, 1998. The Series A refunded debt and the Series B debt were advance refunded in June of 2008. Annual debt service requirements on these issues were funded from transfer station and refuse collection revenues until fiscal year 2004/2005. In 2004/2005 \$470,000 of a total of \$751,394 in transfer station debt service costs was funded from debt service taxes. Beginning in 2005/2006 and continuing through 2012/2013 100% of the debt service costs for the transfer station will be funded from debt service taxes. For 2012/2013 the transfer station debt service requirements are \$726,219.

The transfer station construction project included a separate building for storage and maintenance of the City's refuse collection vehicles. The allocated cost of this building was \$1,312,000 of the total project construction costs. The Refuse Collection activity funded \$200,000 of this cost in 1994/95 and is funding a pro-rated (12.15%) share of the annual debt service requirements on the refunded bond issue.

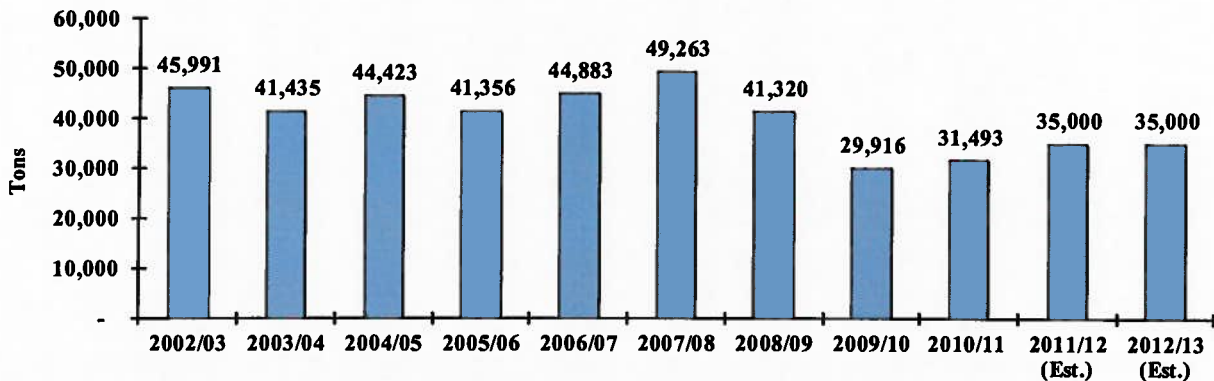
The Solid Waste Manager oversees the operation of the Transfer Station. Funding for this position is currently being allocated one-fourth each to the Transfer Station and Landfill funds, and one-half to the Refuse Collection fund. The Solid Waste Manager's primary responsibilities involve overseeing the transfer station operation as well as the overall coordination of the refuse collection, transfer station and landfill functions. The Solid Waste Manager reports to the Public Works Director.

CURRENT TRENDS AND ISSUES:

The Transfer Station opened in August 1995. While original estimates suggested a per ton tipping fee in excess of \$40.00 per ton, the Transfer Station was opened with an introductory rate of \$35.00 per ton and this rate increased to \$36.00 per ton effective October 1, 1996, and to \$37.00 per ton effective July 1, 1997. The rate increased to \$38.00 for 2001/2002 and to \$41.00 per ton for 2002/2003. As the transfer station rate includes funding for the landfill, increased landfill operating costs affect the rate required to be charged at the transfer station. Due to significant landfill cell development costs in recent years the tipping fee was increased to \$60 per ton effective July 1, 2009.

Waste volumes at the Transfer Station have decreased significantly since the 2002/2003 fiscal year as shown below. The local economy as well as the July 1, 2009 rate increase impacted the transfer station waste volume. Revenues and expenditures for the 2011/2012 revised estimate and 2012/2013 budget have been projected based on 35,000 tons of waste each year.

Transfer Station Usage (Tons)



For the 2009/2010 budget, the transfer station tipping fee was increased from \$41.00 to \$60.00 per ton, primarily due to landfill cell development costs which resulted in a deficit of over \$2 million in the Landfill fund. The landfill portion of the fee was increased from \$25.00 to \$40.00 per ton. In past years rates were held at a lower level due to concerns that increasing this rate may result in the loss of waste volume to Illinois landfills which have lower tipping fees. The rate increase was needed to generate funding to reduce the accumulated deficits in both the Landfill and Transfer Station funds.

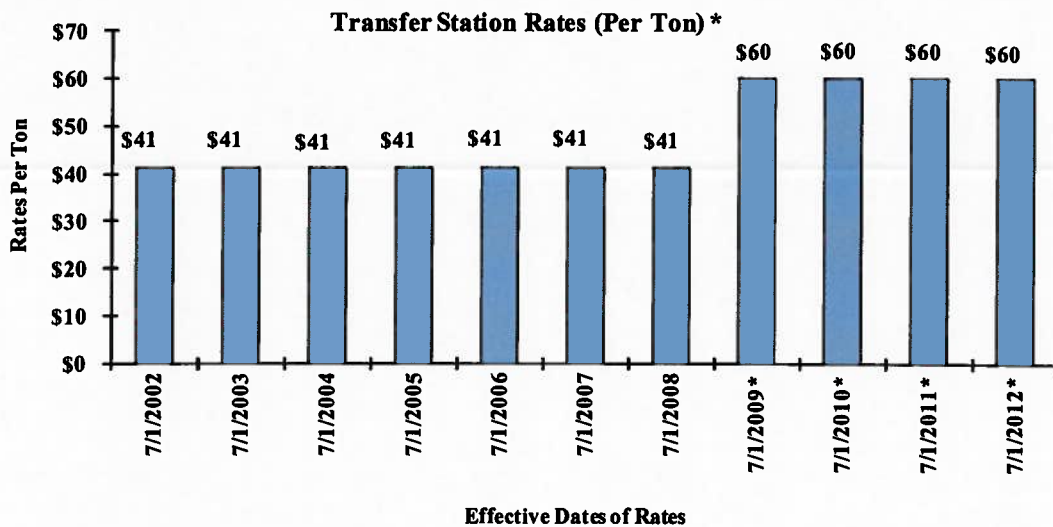
With significant deficits in both the Landfill and Transfer Station funds, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the Transfer Station and Landfill. Area businesses and the Chamber requested a committee be formed of business leaders, city staff, an Agency member, and others, to discuss the impacts that flow control would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the Landfill. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts have been entered into which will bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over the next three years.

While revenue from the new industrial contracts will pass through the Transfer Station budget as tipping fees, this additional revenue has been directed toward the accumulated deficit in the Landfill fund and is not expected to provide funding toward the deficit in the Transfer Station fund. In 2010/2011 the City took several actions to reduce the deficit in the Transfer Station fund. These included (1) reducing the allocation of the Solid Waste Manager to the Transfer Station from 33.3% to 25% for a savings of \$8,300, (2) reducing the allocation of the Clerk from 66.7% to 50% for a savings of \$9,100, (3) reducing Saturday hours to 8:00 a.m. to noon during the winter months for a savings of \$4,000 in overtime and \$1,000 in temporary services, (5) reducing overtime by an additional \$11,000 with weekday scheduling changes, (6) no longer charging e-waste, appliance, and tire disposal fees to this budget for items picked up during Cleanup Week at no charge which will transfer \$23,500 of expenses from the Transfer Station to the Refuse Collection budget, (7) not including funds for any capital items, and (8) various other line item reductions totaling \$20,000. In 2010/2011 the City also made a \$200,000 transfer from the Refuse Collection fund to the Transfer Station fund to help eliminate the deficit balance. This resulted in a smaller deficit of \$12,874 at the end of 2010/2011. An additional \$50,000 transfer from the Refuse Collection fund is included in the 2011/2012 revised estimate which will result in a projected \$39,276 positive fund balance at the end of 2011/2012. Based on budget assumptions, the Transfer Station fund balance is projected to increase to \$72,106 by the end of the 2012/2013 year.

The 2011/2012 revised estimate expenditures are \$19,500 higher than the original 2011/2012 budget primarily due to increased repair and maintenance and capital outlay costs. These costs included electrical repairs for the parking lot lights, scale repair costs, roof repairs, and replacement of the air conditioner cooler.

The budget for 2012/2013 is \$11,180 (.6%) less than the 2011/2012 budget primarily due to a \$13,480 reduction in transfers from this fund. Transfers include the fifth and final payment on the internal loan used to finance the track loader that was purchased in 2008/2009. The final payment is lower than the previous payments due to the lower interest rates in recent years.

Following is a chart showing the Transfer Station rates since 2002.



- * In addition to the rates shown above, in 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Five additional industrial contracts were approved in 2010 which have varying rates. City staff continues to closely monitor waste volumes and revenues and expenditures at this facility.

GOAL STATEMENT:

To operate the Transfer Station/Recycling Facility in an environmentally sound and fiscally responsible manner in order to provide for solid waste handling and disposal for the City of Muscatine and the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Tons of Waste Processed	41,320	29,916	31,493	35,000	35,000
Public Tours/Programs	50	50	70	50	50
Tons Recycled (Contractor)	5,388	4,994	4,609	4,500	4,500
Gallons of Waste Oil Collected (Est.)	6,500	5,340	5,110	5,000	5,000

RECENT ACCOMPLISHMENTS:

Over the past year the Transfer Station and the other Solid Waste divisions have utilized the local cable television public access channel to provide public information to residents of the community. The Greener Side television program is a 30-minute program that provides information and updates on services and includes featured guests from the electronic e-newsletter "The Greener Side". Four to five publications and television programs are created each year.

During the past year, as part of the effort to reduce costs in this division, overtime costs were reduced by making changes in operating hours and staff schedules. The cost savings is estimated at \$12,000 in the 2011/2012 year.

In 2011 the Refuse Collection division began a contracted curbside recycling service for City residential customers. This replaced the recycling trailers that were located throughout the community. A new public recycling drop-off area was created outside of the main gate near the Compost Site entrance at the Transfer Station. The site is open 24 hours a day, seven days a week. While City residents can use this area anytime, the majority of use is from businesses or individuals not residing in the City. Transfer Station staff created this drop-off recycling area with no direct cost by using recycled street millings.

The implementation of the curbside recycling program has resulted in a reduction of recycling material coming into the City Carton operated area of the Transfer Station. City Carton has been a long time partner with the Transfer Station and the City receives a commission from their recycling volumes. To help support City Carton during this transition, Transfer Station staff has helped promote business recycling in "The Greener Side" newsletter and public access program, the City's website, and at public speaking programs. Tours are also given of the facility to community groups, schools, and businesses who are interested in both City Carton and the City's recycling services.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To continue to participate in public outreach, beautification programs, sustainability, and other environmental programs in the community.
- * To investigate and discuss Green Building opportunities with staff of the Community Development department.
- * To continue staff safety programs.
- * To review the Transfer Station operation for "Lean" initiatives. **(Management Agenda High Priority)**

TRANSFER STATION FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Refunding Bonds
Transfer Station Portion of
Refunding of Advance Refunding of November 1, 1994
Solid Waste Transfer Station and Recycling Center (Series A)
Issue Dated June 1, 1998 and December 1, 1995 Issue
\$3,896,598 of \$6,560,000 Refunding Issue Dated June 1, 2008 (Series B)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 659,250	\$ 66,420	\$ 725,670
2012/13	681,225	44,994	726,219
2013/14	703,200	22,854	726,054
Total	<u>\$ 2,043,675</u>	<u>\$ 134,268</u>	<u>\$ 2,177,943</u>

Principal and interest payments for this general obligation bond issue are made from the Debt Service Fund. Bond proceeds from the original issues financed construction of the Transfer Station. Accordingly, transfers from the Transfer Station Fund to the Debt Service Fund were intended to be made annually to fund principal and interest payments on these portions of the bond issues as they become due.

Due to the reduction in waste volume and revenues to the Transfer Station Fund, 100% of the debt requirements in both 2011/2012 and 2012/2013 will be paid from debt service taxes rather than the Transfer Station Fund.

Transfer Station Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (172,063)	\$ (216,040)	\$ (16,240)	\$ (12,874)	\$ 39,276
Revenues					
Charges for Services	\$ 1,726,975	\$ 1,729,067	\$ 1,890,000	\$ 1,890,000 (2)	\$ 1,890,000 (3)
Household Hazardous Waste	1,155	138	350	350	350
Recycling Commissions	60,123	49,946	30,000	30,000	30,000
Rental of Land	1,500	1,500	1,500	1,500	1,500
Sales Tax	6,461	6,735	7,000	7,000	7,000
Miscellaneous Sales	0	13	350	350	350
Electronic Waste Disposal Fees	8,423	7,970	15,000	9,000	9,000
Appliance Disposal Fees	11,618	11,076	15,000	12,000	12,000
Sale of Equipment	5,049	0	0	0	0
Other	800	3	0	0	0
Transfers In:					
Surcharge Reserve	31,412	33,068	36,750	36,750	36,750
Refuse Collection Fund	0	200,000	0	50,000 (4)	0
Total Revenues	<u>\$ 1,853,516</u>	<u>\$ 2,039,515</u>	<u>\$ 1,995,950</u>	<u>\$ 2,036,950</u>	<u>\$ 1,986,950</u>
Funds Available	<u>\$ 1,681,453</u>	<u>\$ 1,823,475</u>	<u>\$ 1,979,710</u>	<u>\$ 2,024,076</u>	<u>\$ 2,026,226</u>
Expenditures (1)	<u>1,897,493</u>	<u>1,836,350</u>	<u>1,965,300</u>	<u>1,984,800</u>	<u>1,954,120</u>
Ending Balance (Deficit), June 30	<u>\$ (216,040)</u>	<u>\$ (12,874)</u>	<u>\$ 14,410</u>	<u>\$ 39,276</u>	<u>\$ 72,106</u>
Increase (Decrease) in Fund Balance	\$ (43,977)	\$ 203,166	\$ 30,650	\$ 52,150	\$ 32,830

- Expenditures include changes in compensated absences and other post-employment benefits.
- Revised estimate Transfer Station charges for services based on 21,000 tons at \$60/ton plus 9,000 tons at the industrial rate of \$50/ton plus \$180,000 from the negotiated Industrial Contracts which is passed through to the Landfill.
- FY 2012/2013 Transfer Station charges for services based on 21,000 tons at \$60/ton plus 9,000 tons at the industrial rate of \$50/ton plus \$180,000 from the negotiated Industrial Contracts which is passed through to the Landfill.
- A \$50,000 transfer is budgeted from the Refuse Collection fund to this fund to avoid a deficit balance at the end of 2011/2012.

Explanation of Changes in Fund Balances:

The deficit balance in this fund is primarily due to reduced waste volume at this facility. A \$200,000 transfer from the Refuse Collection fund was made in 2010/2011 which assisted in reducing the prior year deficit. An additional \$50,000 transfer is budgeted for 2011/2012.

Transfer Station Closure Reserve (1)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 29,095	\$ 29,095	\$ 38,645	\$ 38,645	\$ 38,645
Revenues					
Transfers In					
Transfer Station Fund	<u>0</u>	<u>9,550</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 29,095	\$ 38,645	\$ 38,645	\$ 38,645	\$ 38,645
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 29,095</u>	<u>\$ 38,645</u>	<u>\$ 38,645</u>	<u>\$ 38,645</u>	<u>\$ 38,645</u>

Increase (Decrease) in Fund Balance	\$ -	\$ 9,550	\$ 0	\$ 0	\$ 0

1. This reserve is required according to State regulations.

Function:
Business Type

Department:
Public Works

Activity:
Transfer Station

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 251,049	\$ 239,696	\$ 222,500	\$ 221,200	\$ 226,700	1.89%
Commodities	36,671	36,210	40,700	41,800	38,900	-4.42%
Contractual Services	1,502,904	1,501,517	1,655,300	1,671,500	1,655,200	-0.01%
Capital Outlay	59,123	2,163	-	3,500	-	
Transfers	46,600	56,250	46,800	46,800	33,320	-28.80%
Total Expenditures	\$ 1,896,347	\$ 1,835,836	\$ 1,965,300	\$ 1,984,800	\$ 1,954,120	-0.57%
Funding Sources						
Charges for Services	\$ 1,726,975	\$ 1,729,067	\$ 1,890,000	\$ 1,890,000	\$ 1,890,000	0.00%
Recycling Commissions	60,123	49,946	30,000	30,000	30,000	0.00%
Sales Tax	6,461	6,735	7,000	7,000	7,000	0.00%
Tire, E-Waste, Appliance Charges	21,196	19,184	30,000	21,000	21,000	-30.00%
Sale of Equipment	5,049	-	-	-	-	
Other	2,300	1,515	2,200	2,200	2,200	0.00%
Transfer from Refuse Collection Fund	-	200,000	-	50,000	-	
Transfer from Surcharge Reserve	31,412	33,068	36,750	36,750	36,750	0.00%
Total Funding Sources	\$ 1,853,516	\$ 2,039,515	\$ 1,995,950	\$ 2,036,950	\$ 1,986,950	-0.45%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Solid Waste Manager	0.33	0.30	0.25	0.30	0.25	
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	
Equipment Operator I	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.67	0.67	0.67	0.67	0.67	
Clerk	0.67	0.61	0.50	0.61	0.50	
Total Full Time	3.67	3.58	3.42	3.58	3.42	\$ 146,500
Employee Benefits						80,200
Total Personal Services						\$ 226,700

Funding Transfers	
Track Loader Payment #5 of 5	\$ 30,820

WATER POLLUTION CONTROL FUND

GENERAL INFORMATION:

The Water Pollution Control Fund consists of two reserve funds, one bond sinking fund and five (5) operating activities. In order to provide a comprehensive picture of the financial status as an enterprise function, it is necessary to review the reserve funds and each of the activities within the Water Pollution Control Fund.

RESERVE FUNDS

Water Pollution Control Plant (WPCP) Replacement Reserve. This reserve was known as the E.P.A. Replacement Reserve through the 2006/2007 year. This reserve was originally required under the terms and conditions of the receipt of federal funds for the construction of the Water Pollution Control Plant in 1976. The reserve is used to fund the replacement of equipment at the plant. According to the terms of the original agreement between the EPA and the City, a transfer of \$90,000 annually was required to be made from the Water Pollution Control Operating fund. The funding transfers to this reserve for 2006/2007 through 2010/2011 were each set at \$270,000. In the 2011/2012 revised estimate and 2012/2013 budget the transfer amount has been reduced to \$200,000. This reduction was due to funding the new West Hill Sewer Separation Long-Term Financing Plan Reserve discussed below.

In 2009/2010, 2010/2011, and 2011/2012 a total of approximately \$2 million from this reserve is being used as part of the overall financing of the Water Pollution Control Comprehensive Plant Improvement project including the digester conversion portion of the project. The primary funding source for the Comprehensive Plant Improvement project is a State Revolving Fund Loan in the amount of \$16,500,000 with the \$2,000,000 from this reserve used to reduce the overall debt financing for this project. The contract for this project was awarded in the fall of 2008 and the project was substantially completed in the fall of 2011. In 2011/2012 the reserve will also fund \$300,000 for the upgrade of the Slough/Sunset Park pump station, \$123,000 for the Papoose Pump Station Crane Renovation, \$120,000 for moving and setup of the storage building from the former National Guard Armory site, and \$20,000 for engineering services for the WPCP Lab expansion project. The 2011/2012 revised estimate also includes \$96,500 for telemetry upgrades in several pump stations.

In 2012/2013 funds from this reserve will be used for improvements to the final clarifier launders (\$65,000) and Inductive Coupled Plasma (ICP) or Atomic Absorbance (AA) equipment (\$66,500) for the Water Pollution Control laboratory. In 2012/2013 an estimated \$330,000 from this reserve has also been budgeted to complete the Lab Renovation project.

West Hill Sewer Separation Long-Term Financing Plan Reserve. City staff working with PFM, the City's financial consultant, recently completed a long-term plan for financing the West Hill Sewer Separation project. This \$50+ million project is mandated by an E.P.A. Consent Order to be completed by 2024. Plans are to complete this project in phases and as part of this plan to request an extension to the Consent Order deadline to 2028. The 80% allocation of Local Option Sales Taxes approved by voters to be used for storm and sanitary sewer improvements will provide funding for a portion of the project costs. Beginning in 2017/2018 local option tax will need to be supplemented with other resources to complete the scheduled work on this project. This reserve fund was set up in 2011/2012 to accumulate funds to assist in financing this project. The revised estimate for 2011/2012 and budget for 2012/2013 each include \$200,000 in transfers from the Water Pollution Control fund. Like amounts for those same years will be transferred from the Collection and Drainage fund. Annual allocations from both of these funds are proposed to continue to be set aside each year throughout the

project. Based on the assumptions used in the long-term financial plan, the Local Option Sales Tax funds and funds from the new reserve are expected to be sufficient to cash flow project costs until 2018/2019 when the City would need to secure a State Revolving Fund Loan to complete the scheduled work on this project.

SEWER BOND SINKING FUND

The City used the State Revolving Fund (SRF) Loan program to finance \$16.5 million of the cost for the Comprehensive Plant Facilities Improvement project. Interest is at an effective rate of 3.25%. Under the SRF Loan program, the City is required to transfer funds on a monthly basis into the Sewer Bond Sinking fund. Transfers to this fund in 2011/2012 and 2012/2013 are \$1,061,333 and \$1,063,339, respectively. Interest payments are estimated at \$519,188 in 2011/2012 and \$501,573 in 2012/2013. The principal payment on this loan is \$542,000 in 2011/2012 and \$560,000 in 2012/2013.

CONSTRUCTION FUNDS

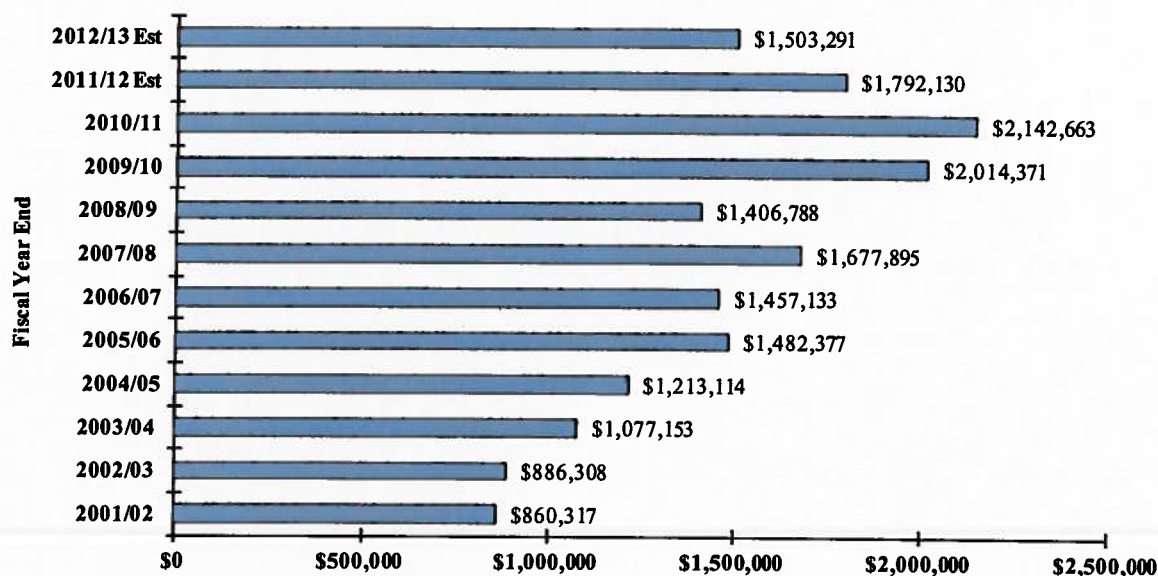
The existing Water Pollution Control Plant was completed in the fall of 1976. A renovation project was initiated in 1984 and completed in 1989 which included major rehabilitation of the plant equipment and major changes in both the wet process and the sludge disposal program. The total cost of the project was \$8.9 million. A Plant Modifications Project was completed in 1999. This project included construction of a new grit facility for grit removal, cleaning and storage.

A comprehensive Plant review was completed in 2006. Recommendations from this review included reconstruction of existing processes with upgrades directed toward process optimization through equipment upgrades, operational flexibility, and maximizing energy utilization. The total cost of these improvements was approximately \$18.5 million with \$2 million funded from the WPCP Replacement Reserve and \$16.5 million from the State Revolving Fund Loan program. Construction on this project began in December, 2008 and the project was substantially completed in the fall of 2011.

WATER POLLUTION CONTROL OPERATING FUND

As the Muscatine Water Pollution Control Plant is substantially dependent on the waste from its major industrial customers, their economic growth substantially impacts the fund balance of this fund. The following chart shows the Water Pollution Control fund balance history.

Water Pollution Control Fund Balance History

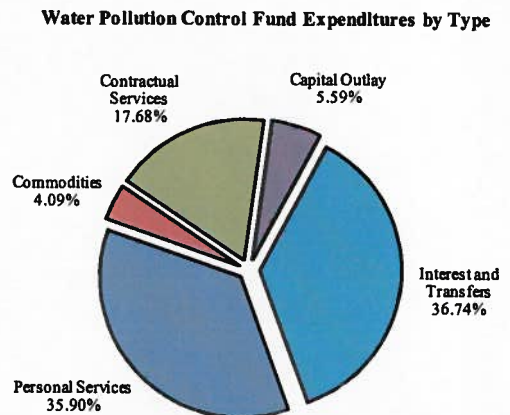
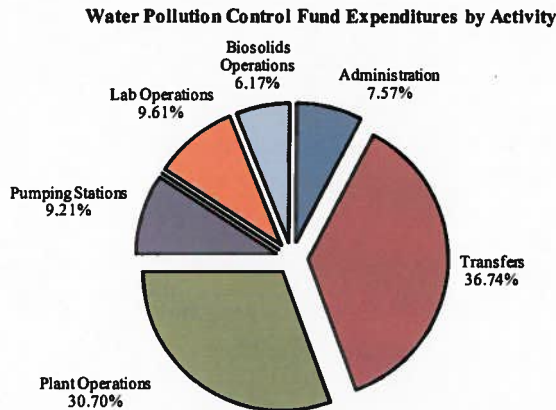


The fund balances listed above fluctuated partially as a result of variable volumes received from industrial customers. In addition, the City increased rates during this time period to cover inflationary cost increases. The increase in 2009/2010 was due to there being no debt payments. The prior year bond issue was retired in 2008/2009 and there was only interest due on the new State Revolving Fund (SRF) Loan in 2009/2010. In 2010/2011 there was a principal payment on the SRF loan but the interest paid was based on the loan funds drawn down through that date. The full annual debt payments on the SRF loan (approximately \$1,061,000) began in 2011/2012.

In 2002 the City contracted for consultant services to assist in developing a new sewer rate structure. One component of the new rate structure was a multi-year contract with the City's major industrial sewer customer which provides a guaranteed minimum of industrial sewer revenue. Another component was to provide for a separate "Collection and Drainage" charge as part of all residential and commercial customer sewer bills. With the implementation of the new rate structure, the Collection and Drainage activity, formerly accounted for within the Water Pollution Control Fund, is now accounted for as a separate fund.

The rate structure adopted in 2003 also included rate adjustments to be effective July 1, 2004 and July 1, 2005. Sewer rates were also adjusted for the 2006/2007 year. This was a single year rate change since the results of the plant review were not yet known. Rates were set for a two-year period for 2007/2008 and 2008/2009 based on the preliminary cost estimate for plant improvements. As part of the financing of the Water Pollution Control Comprehensive Plant Facilities Improvement Project, City Council in the spring of 2009 approved rate increases of approximately 5% per year for a four-year period with these rate increases effective July 1, 2009, 2010, 2011 and 2012. Funding for another rate study for 2013/2014 and future years has been included in the 2012/2013 budget.

The Water Pollution Control Fund consists of five different activities, including administration, plant operations, pumping stations, laboratory operations, and biosolids operations. Full-time equivalent employees for these five activities total 22.5 for 2012/2013. The specific employee allocations are detailed in each of the five (5) activity budgets. The following charts show the distribution of budgeted expenditures by activity and by type for 2012/2013:



The past fiscal years have been challenging times for the City in operating its water pollution control system. Major changes have taken place in the operation of the facility, the character of the waste being treated and the volume of waste received. In addition, with the reconstruction and equipment upgrades recently completed, the city is striving to further increase operating efficiency and flexibility as well as maximizing energy utilization at the plant. With careful planning and financial management, the City has provided and will continue to provide an excellent facility which will treat wastewater and meet Federal and State regulations at a reasonable cost.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate expenditures are over the budgeted amount by \$100,338 primarily due to increased transfers. The revised estimate includes a \$200,000 transfer to the new West Hill Sewer Separation Long-Term Financing Plan Reserve. This increase was partially offset by a \$70,000 decrease in the transfer to the WPCP Replacement Reserve.

The 2012/2013 budgeted expenditures of \$4,397,339 are \$211,044 (5.0%) higher than the 2011/2012 budget. This increase includes the \$200,000 annual transfer to the West Hill Sewer Separation Project Long-Term Financing Reserve, which has again been partially offset by a \$70,000 decrease in the transfer to the WPCP Replacement Reserve. Other significant increases include \$16,000 for chlorine, \$17,700 for landfill fees, and \$14,600 for diesel fuel. Expenditures are detailed in each respective activity budget in the Water Pollution Control fund.

As noted previously, sewer rates are budgeted to increase by 5% for 2012/2013. This is the last of four annual 5% increases in rates needed as part of the Comprehensive Facilities Improvement project financing. During the 2012/2013 fiscal year the City will have another rate study completed which will set rates for 2013/2014 and future years.

GOAL STATEMENT:

To operate the Muscatine Water Pollution Control Operations in a manner to assure that all residential, commercial and industrial wastewater is treated in an environmentally sound, efficient, and cost effective manner to meet the requirements established by Federal and State regulatory agencies.

PERFORMANCE MEASURES:

Fiscal Year Measures		Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Million Cubic Feet of Wastewater Treated		255.81	301.01	314.17	275.00	275.00
Carbonaceous Biological Oxygen Demand Treated (1,000 lbs/yr.)		1,887.43	1,334.36	2,258.09	1,900.00	1,900.00
Total Suspended Solids Treated (1,000 lbs/yr.)		3,735.36	3,194.39	4,361.22	3,500.00	3,500.00
Number of Customer Bills	Industrial	96	96	96	96	96
	Non-Industrial	<u>109,648</u>	<u>109,116</u>	<u>109,279</u>	<u>109,800</u>	<u>109,800</u>
	Total	109,744	109,212	109,375	109,896	109,896

Calendar Year Measures	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Gallons of Sludge/Number of Acres	4,300,000/ 460	3,929,908/ 432	4,485,451/ 469	3,125,655/ 334	5,000,000/ 530
Lift Station Preventive Maintenance Tasks	8,035	8,832	10,096	10,000	10,000
Lift Station Corrective Work Orders	53	31	57	55	55
Plant Preventive Maintenance Tasks	16,766	16,326	15,869	13,320	10,000
Plant Corrective Work Orders	209	647	283	126	100

RECENT ACCOMPLISHMENTS:

The Pretreatment Program continues to be administered by the Assistant Director. All permitted industries have been inspected and monitored throughout the year and several existing industries will be looked at for permitting in 2012. The Industrial Permit Application was re-written to better evaluate industrial activity and allow for digital completion and submission. The applications had not been updated since 1993. New permits for all industries will be written in 2012. This program continues to be vital to the reduction of pollutants entering the public treatment system and the waters of this community.

The Operations division has transitioned from a 24 hours a day 7 days a week operation to 12 hours a day during the week and 8 hours during weekends and holidays. The computerized SCADA system monitors all vital functions and calls the rotating operator-in-charge who then determines if they need to return to the plant. This new program has eliminated the evening and night shifts which improved efficiency and safety. Overtime has been reduced to only emergency calls and holidays instead of every time there were vacations or sick days. The Operations division logged 725 and 907 overtime hours in 2009/2010 and 2010/2011 respectively. From August to December 2011 they logged only 107 overtime hours, a number which should continue to go down as issues in the new processes are worked out.

The Maintenance division continues to be a model for other plants across the state. Continuous modification of the preventative maintenance program to include all the newly installed processes ensures that equipment will last for decades to come. The computerized program allows personnel to identify what work was done on every item in the plant and to easily track its life expectancy. This reduces cost in equipment replacement as well as emergency call out hours. There have been challenges with on-going problems with the new equipment but staff has been able to answer vendor questions due to excellent oversight.

The Biosolids division applied 3 million gallons of digested material to 332 acres of farm land. This highly sought-after material is a natural additive for agricultural soils that reduces the amount of chemical fertilizers required. The umbilical system has shown to be a great success and big cost savings compared to the old system of trucking the material to surrounding farms. Additional acres will be looked at in 2012 as well as extending the contract for the existing land. The Muscatine Biosolids division was awarded the IAWEA (Iowa Water Environment Association) Biosolids Program Award and will receive recognition at the annual conference. This division also took on the added responsibility of dredging the riverfront this year and was able to get all areas cleaned while keeping on schedule for the biosolids land application.

The Lift Stations division has continued to keep up with preventative maintenance on the 21 lift stations around the City that pump all the water to the Treatment Plant. New equipment at the Papoose Lift Station (the largest lift station) will help clean the sand that inundates the station during heavy rains. This will help keep the system clear and avoid CSO's (Combined Sewer Overflows). This division will be working closely with the sewer separation team during the West Hill Sewer Separation project construction.

The Laboratory division continues to serve the City and surrounding communities with certified water and soil analysis. The lab is certified to sample for the Biosolids program as well as for the WPCP (Water Pollution Control Plant) NPDES (National Pollutant Discharge Elimination System) permit requirements. Local industries are also sampled for compliance with local limits and pollutants of concern. The lab is preparing to expand which will include new equipment to increase testing capabilities and bring in more lab customers. The lab will be vital to setting new permit limits for industries for the 2012 permitting process.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To complete the plant renovation, get all equipment running to vendor specifications, and ensure that all processes are functioning within expected parameters.
- * To integrate "Lean" principles into all processes and divisions to increase efficiency and reduce waste. **(Management Agenda High Priority)**
- * To build a new standardized Operations and Maintenance manual for the plant to include all the new processes from the plant upgrade.
- * To expand the laboratory to function with the updated equipment necessary for new required testing and to provide a safer environment for employees.
- * To continue to improve the dredging operation and keep the harbor and boat landings operational throughout the year.
- * To re-permit the dredging operations to allow for hydraulic and mechanical solids removal.

- * To evaluate burying of the discharge pipe and utilizing a CDF (Confined Disposal Facility) at the former Hawkeye Lumber site.
- * To evaluate changing the dredging operation by burying the pipe from the harbor to the disposal site and moving from bag dewatering to a CDF.
- * To explore renewable energy options for the biogas created in the new digesters.
- * To begin planning the new dump site project to accept City and commercial vac-and-jet trucks, FOG (Fats, Oils, and Grease) haulers, and other high strength industrial waste haulers to augment income and biogas production.
- * To assist the Public Works department and Stanley Consultants with the planning for the West Hill Sewer Separation project.
- * To re-permit all local industries with new local limit calculations.
- * To continue to assist the Public Works department with storm water issues.
- * To assist the Public Works Department with implementing an upgraded FOG (Fats, Oils, and Grease) program.

WATER POLLUTION CONTROL FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

State Revolving Fund Loan Comprehensive Plant Improvement Project \$16,500,000 Issue Dated November 4, 2008

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Requirements</u>
2011/12	\$ 542,000	\$ 519,188 *	\$ 1,061,188
2012/13	560,000	501,573	1,061,573
2013/14	578,000	483,373	1,061,373
2014/15	597,000	464,588	1,061,588
2015/16	616,000	445,185	1,061,185
2016/17	636,000	425,165	1,061,165
2017/18	657,000	404,495	1,061,495
2018/19	678,000	383,143	1,061,143
2019/20	700,000	361,108	1,061,108
2020/21	723,000	338,358	1,061,358
2021/22	747,000	314,860	1,061,860
2022/23	771,000	290,583	1,061,583
2023/24	796,000	265,525	1,061,525
2024/25	822,000	239,655	1,061,655
2025/26	849,000	212,940	1,061,940
2026/27	876,000	185,348	1,061,348
2027/28	905,000	156,878	1,061,878
2028/29	934,000	127,465	1,061,465
2029/30	964,000	97,110	1,061,110
2030/31	996,000	65,780	1,061,780
2031/32	<u>1,028,000</u>	<u>33,410</u>	<u>1,061,410</u>
Total	<u>\$ 15,975,000</u>	<u>\$ 6,315,730</u>	<u>\$ 22,290,730</u>

* Estimated interest for 2011/2012; the actual amount may vary slightly based on the timing of the final loan drawdown.

Water Pollution Control Fund
Water Pollution Control Plant Replacement Reserve
Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 3,802,417	\$ 3,836,712	\$ 2,110,212	\$ 3,834,810	\$ 1,971,310
Revenues					
Interest	\$ 17,499	\$ 8,349	\$ 2,500	\$ 8,000	\$ 8,000
Transfers In					
Water Pollution Control					
Operations Fund	270,000	270,000	270,000	200,000 (5)	200,000 (5)
Total Revenues	<u>\$ 287,499</u>	<u>\$ 278,349</u>	<u>\$ 272,500</u>	<u>\$ 208,000</u>	<u>\$ 208,000</u>
Funds Available	<u>\$ 4,089,916</u>	<u>\$ 4,115,061</u>	<u>\$ 2,382,712</u>	<u>\$ 4,042,810</u>	<u>\$ 2,179,310</u>
Expenditures					
Transfers Out:					
Water Pollution Control Fund	\$ 0	\$ 0	\$ 156,500 (2)	\$ 96,500 (3)	\$ 131,500 (4)
Slough/Sunset Park Pump Station					
Study/Upgrade	18,000	0	0	300,000	0
Water Pollution Control Facilities					
Improvements/ Digester Conversion	235,204 (1)	253,309 (1)	0	1,412,000 (1)	0
Lab Expansion and Renovation	0	0	300,000	20,000	330,000
Storage Building	0	0	225,000	120,000	0
Papoose Crane Renovation	0	26,942	0	123,000	0
Total Expenditures	<u>253,204</u>	<u>280,251</u>	<u>\$ 681,500</u>	<u>\$ 2,071,500</u>	<u>\$ 461,500</u>
Ending Balance, June 30	<u>\$ 3,836,712</u>	<u>\$ 3,834,810</u>	<u>\$ 1,701,212</u>	<u>\$ 1,971,310</u>	<u>\$ 1,717,810</u>

Increase (Decrease) in Fund Balance	\$ 34,295	\$ (1,902)	\$ (409,000)	\$ (1,863,500)	\$ (253,500)

1. An estimated \$1 million was committed from this fund for the digester conversion portion of Water Pollution Control Facilities Improvement Project. An additional \$1 million of project costs were funded from this Reserve to reduce the amount of the State Revolving Fund Loan which financed the overall project. Some of these costs were incurred in 2009/2010 with the remaining amount in 2010/2011 and 2011/2012.
2. Funds from this Reserve were budgeted to fund \$90,000 of SCADA upgrades to three pump stations and \$66,500 for Inductive Coupled Plasma (ICP) or Atomic Absorbance (AA) equipment for the WPCP laboratory.
3. The Atomic Absorbance (AA) equipment for the WPCP laboratory was moved to the fiscal year 2012/2013 budget due to the upcoming lab renovation project. Actual costs for the SCADA improvements were \$96,500.
4. In 2012/2013 funds from this Reserve are budgeted to fund \$66,500 for AA equipment for the Lab and \$65,000 has been budgeted for improvements to the final clarifiers.
5. Both the Revised Estimate and 2012/2013 budget for WPCP Administration include \$200,000 in transfers to the new Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A. The annual transfers to the Replacement Reserve are budgeted to decrease from \$270,000 to \$200,000 for both of these years to lessen the impact of the transfers to the new reserve on the WPCP fund.

West Hill Sewer Separation Project Long-Term Financing Plan Reserve

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 400,000
Revenues:					
Interest	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000
Transfers In:					
Water Pollution Control Fund	0	0	0	200,000 (1)	200,000 (1)
Collection & Drainage Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,000 (1)</u>	<u>200,000 (1)</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400,000</u>	<u>\$ 401,000</u>
Funds Available	\$ 0	\$ 0	\$ 0	\$ 400,000	\$ 801,000
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 801,000</u></u>

Increase (Decrease) in Fund Balance	\$ 0	\$ -	\$ 0	\$ 400,000	\$ 401,000

1. The Revised Estimate and 2012/2013 budget for both the WPCP and Collection and Drainage funds include \$200,000 in transfers to this new Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A. Funds from this Reserve will be used when Local Option Sales Tax funds are insufficient to fund project costs for this multi-year project.

Sewer Revenue Bond Sinking Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 160,998	\$ 384,226	\$ 107,242	\$ 96,685	\$ 97,030
Revenues:					
Interest	\$ 1,478	\$ 1,148	\$ 100	\$ 200	\$ 100
Transfers In:					
Water Pollution Control Fund	<u>495,474</u>	<u>715,795</u>	<u>1,021,395</u>	<u>1,061,333</u>	<u>1,063,339</u>
Total Revenues	<u>\$ 496,952</u>	<u>\$ 716,943</u>	<u>\$ 1,021,495</u>	<u>\$ 1,061,533</u>	<u>\$ 1,063,439</u>
Funds Available	<u>\$ 657,950</u>	<u>\$ 1,101,169</u>	<u>\$ 1,128,737</u>	<u>\$ 1,158,218</u>	<u>\$ 1,160,469</u>
Expenditures:					
Bonds	\$ 0	\$ 525,000	\$ 542,000	\$ 542,000	\$ 560,000
Interest and Fees	<u>273,724</u>	<u>479,484</u>	<u>519,188</u>	<u>519,188 (1)</u>	<u>501,573</u>
Total Expenditures	<u>\$ 273,724</u>	<u>\$ 1,004,484</u>	<u>\$ 1,061,188</u>	<u>\$ 1,061,188</u>	<u>\$ 1,061,573</u>
Ending Balance, June 30	<u><u>\$ 384,226</u></u>	<u><u>\$ 96,685</u></u>	<u><u>\$ 67,549</u></u>	<u><u>\$ 97,030</u></u>	<u><u>\$ 98,896</u></u>

Increase (Decrease) in Fund Balance	\$ 223,228	\$ (287,541)	\$ (39,693)	\$ 345	\$ 1,866

1. Estimated State Revolving Fund Loan interest for 2011/2012. The actual amounts will vary slightly from this amount depending on the timing of the final loan draw down request.

Water Pollution Control Operations Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 1,406,788	\$ 2,014,371	\$ 2,179,276	\$ 2,142,663	\$ 1,792,130
Revenues	3,931,222	3,622,480	4,127,100	3,936,100	4,108,500
Encumbrance Variance	<u>400</u>	<u>118</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 5,338,410	\$ 5,636,969	\$ 6,306,376	\$ 6,078,763	\$ 5,900,630
Expenditures (1)	<u>3,324,039</u>	<u>3,494,306</u>	<u>4,186,295</u>	<u>4,286,633 (2)</u>	<u>4,397,339 (2)</u>
Ending Balance, June 30	<u>\$ 2,014,371</u>	<u>\$ 2,142,663</u>	<u>\$ 2,120,081</u>	<u>\$ 1,792,130</u>	<u>\$ 1,503,291</u>

Increase (Decrease) in					
Fund Balance	\$ 607,583	\$ 128,292	\$ (59,195)	\$ (350,533) (2)	\$ (288,839) (2)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Both the Revised Estimate and 2012/2013 budget for WPCP Administration include \$200,000 of transfers to the new Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A. The annual transfers to the Replacement Reserve are budgeted to decrease from \$270,000 to \$200,000 for both of these years. While these transfers are budgeted to reduce the fund balance in the WPCP Operations fund, actual WPCP fund expenditures traditionally are less than budgeted and the actual fund balance decreases are expected to be less than reflected above.

Water Pollution Control Operations Fund

Summary of Revenues

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Sewer Charges-Residential and Commercial	\$ 2,641,292	\$ 2,768,475	\$ 2,998,000 (1)	\$ 2,980,500 (1)	\$ 3,105,700
Industrial Charges	712,514	666,794	797,500	691,500	712,200
Wastewater Discharge Permits	1,233	2,650	1,600	1,600	1,600
Rental of Land	6,500	6,500	6,500	6,500	0
Interest	7,066	3,993	2,000	4,000	4,000
Sale of Equipment/Other Sales	1,385	0	10,000	5,000	5,000
Analytical Income	86,749	102,517	80,000	80,000	75,000
Ag Program Analytical Income	4,752	0	4,500	0	0
Sales Tax	55,736	61,129	69,000	69,000	72,000
Ag Land Application	5,234	0	0	0	0
FEMA Reimbursement	404,360	121	0	0	0
Insurance Reimbursement	4,335	0	0	0	0
Rebates	0	5,420	0	0	0
Miscellaneous	66	4,880	1,500	1,500	1,500
Transfers In:					
Water Pollution Control Reserve	0	0	156,500	96,500 (2)	131,500 (3)
Total Revenues	<u>\$ 3,931,222</u>	<u>\$ 3,622,480</u>	<u>\$ 4,127,100</u>	<u>\$ 3,936,100</u>	<u>\$ 4,108,500</u>

1. The original 2011/2012 budget included an estimated \$38,000 in sewer charges for the Clearview Mobile Home Park originally scheduled to be added to the City's sewer system by January 1, 2012. This was an estimated amount for the six month period from January - June, 2012. This project is still under review with the completion date not yet determined.
2. The Telemetry upgrade was originally budgeted at \$90,000 and the revised estimate is \$96,500. The AA Replacement for the Lab budgeted at \$66,500 has been moved to 2012/2013.
3. The 2012/2013 WPCP Reserve transfer includes \$65,000 for sealing the final clarifier launders and \$66,500 for the AA for the Lab.

Water Pollution Control Operations Fund

Summary of Expenditures

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Administration	\$ 1,172,543	\$ 1,431,138	\$ 1,757,695	\$ 1,933,233 (1)	\$ 1,948,639 (1)
Plant Operations	1,123,068	1,196,856	1,316,500	1,308,100	1,350,100
Pumping Stations	340,172	318,403	443,100	467,300	404,900
Laboratory Operations	301,320	326,412	389,800	320,900	422,600
Biosolids Operations	<u>351,845</u>	<u>227,685</u>	<u>279,200</u>	<u>257,100</u>	<u>271,100</u>
Total Expenditures	<u>\$ 3,288,948</u>	<u>\$ 3,500,493</u>	<u>\$ 4,186,295</u>	<u>\$ 4,286,633</u>	<u>\$ 4,397,339</u>

- Both the Revised Estimate and 2012/2013 budget for WPCP Administration include \$200,000 of transfers to the new Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A. The annual transfers to the Replacement Reserve are budgeted to decrease from \$270,000 to \$200,000 for both of these years.

Function:
Business Type

Department:
Water Pollution Control

Activity:
Administration

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 148,900	\$ 156,053	\$ 164,600	\$ 164,000	\$ 167,900	2.00%
Commodities	2,250	2,582	2,700	2,700	2,700	0.00%
Contractual Services	116,619	121,303	138,200	144,200	156,600	13.31%
Capital Outlay	-	8,510	13,000	13,200	5,800	-55.38%
Transfers	904,774	1,142,690	1,439,195	1,609,133	1,615,639	12.26%
Total Expenditures	\$ 1,172,543	\$ 1,431,138	\$ 1,757,695	\$ 1,933,233	\$ 1,948,639	10.86%
Funding Sources						
Sewer Charges	\$ 1,399,056	\$ 1,549,010	\$ 1,699,400	\$ 1,578,700	\$ 1,655,800	-2.57%
Interest	7,066	3,993	2,000	4,000	4,000	100.00%
Insurance Reimbursement	4,335	-	-	-	-	
FEMA Reimbursement	404,360	121	-	-	-	
Total Funding Sources	\$ 1,814,817	\$ 1,553,124	\$ 1,701,400	\$ 1,582,700	\$ 1,659,800	-2.45%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Director of Water						
Pollution Control	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Total	2.00	2.00	2.00	2.00	2.00	\$ 125,200
Employee Benefits						42,700
Total Personal Services						\$ 167,900

Capital Outlay			
Item	Quantity	Replacement	Amount
Network Backbone Router	1	Yes	\$ 5,800

Function:
Business Type

Department:
Water Pollution Control

Activity:
Plant Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 643,014	\$ 741,766	\$ 755,800	\$ 742,100	\$ 758,300	0.33%
Commodities	32,292	36,981	47,700	63,500	64,600	35.43%
Contractual Services	384,339	380,289	439,200	426,300	432,000	-1.64%
Capital Outlay	63,423	37,820	73,800	76,200	95,200	29.00%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 1,123,068	\$ 1,196,856	\$ 1,316,500	\$ 1,308,100	\$ 1,350,100	2.55%
Funding Sources						
Sewer Charges	\$ 1,066,033	\$ 1,122,777	\$ 1,244,400	\$ 1,236,000	\$ 1,210,000	-2.76%
Sales Tax	55,736	61,129	69,000	69,000	72,000	4.35%
Other Revenues	1,299	12,950	3,100	3,100	3,100	0.00%
Replacement Reserve	-	-	-	-	65,000	
Total Funding Sources	\$ 1,123,068	\$ 1,196,856	\$ 1,316,500	\$ 1,308,100	\$ 1,350,100	2.55%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions:						
Plant Maintenance Manager	1.00	1.00	1.00	1.00	1.00	
Assistant WPCP Director/ Environmental Coordinator	-	0.75	0.75	0.75	0.75	
Treatment Plant Operator III	0.67	1.00	1.00	1.00	1.00	
Treatment Plant Operator II	4.16	4.00	4.00	4.00	4.00	
Treatment Plant Operator I	0.67	-	-	-	-	
Treatment Plant Mechanic II	1.33	1.00	1.00	1.00	1.00	
Treatment Plant Mechanic I	1.67	2.00	2.00	2.00	2.00	
Maintenance Worker I	1.00	1.00	1.00	1.00	1.00	
Total	10.50	10.75	10.75	10.75	10.75	\$ 506,400
Employee Benefits						251,900
Total Personnel Services						\$ 758,300

Capital Outlay			
Item	Quantity	Replacement	Amount
Garage Doors with Openers	2	Yes	\$ 8,000
Operations Computer	1	Yes	2,200
Biosolids Tank Valves	1	Yes	20,000
Seal Final Clarifier Launderers	3		65,000
			\$ 95,200

Function:
Business Type

Department:
Water Pollution Control

Activity:
Pumping Stations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 133,343	\$ 180,278	\$ 209,400	\$ 189,900	\$ 201,400	-3.82%
Commodities	18,888	14,368	22,200	38,300	22,600	1.80%
Contractual Services	107,783	123,757	121,500	142,600	140,900	15.97%
Capital Outlay	80,158	-	90,000	96,500	40,000	-55.56%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 340,172	\$ 318,403	\$ 443,100	\$ 467,300	\$ 404,900	-8.62%
Funding Sources						
Sewer Charges	\$ 340,172	\$ 318,403	\$ 353,100	\$ 370,800	\$ 404,900	14.67%
WPCP Replacement Reserve	-	-	90,000	96,500	-	
Total Funding Sources	\$ 340,172	\$ 318,403	\$ 443,100	\$ 467,300	\$ 404,900	-8.62%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Lift Station/Plant Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Lift Station Operator	1.00	2.00	2.00	2.00	2.00	
Total	2.00	3.00	3.00	3.00	3.00	\$ 138,700
Employee Benefits						62,700
Total Personal Services						\$ 201,400

Capital Outlay			
Item	Quantity	Replacement	Amount
Service Truck	1	No	\$ 40,000

Function:
Business Type

Department:
Water Pollution Control

Activity:
Laboratory Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 225,290	\$ 246,047	\$ 240,200	\$ 244,900	\$ 251,200	4.58%
Commodities	45,025	50,294	51,200	51,100	50,400	-1.56%
Contractual Services	16,446	18,018	20,600	20,900	21,800	5.83%
Capital Outlay	14,559	12,053	77,800	4,000	99,200	27.51%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 301,320	\$ 326,412	\$ 389,800	\$ 320,900	\$ 422,600	8.41%
Funding Sources						
Sewer Charges	\$ 209,819	\$ 223,895	\$ 238,800	\$ 240,900	\$ 281,100	17.71%
Analytical Charges	91,501	102,517	84,500	80,000	75,000	-11.24%
WPCP Replacement Reserve	-	-	66,500	-	66,500	0.00%
Total Funding Sources	\$ 301,320	\$ 326,412	\$ 389,800	\$ 320,900	\$ 422,600	8.41%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Chemist	1.00	1.00	1.00	1.00	1.00	
Laboratory Technician I	2.00	2.00	2.00	2.00	2.00	
Total Full Time	3.00	3.00	3.00	3.00	3.00	
Part Time:						
Laboratory Technician I	0.75	0.75	0.75	0.75	0.75	
Total	3.75	3.75	3.75	3.75	3.75	\$ 182,100
Employee Benefits						69,100
Total Personal Services						\$ 251,200

Capital Outlay			
Item	Quantity	Replacement	Amount
Inductive Coupled Plasma (ICP) or Atomic Absorbance (AA) Equipment	1	Yes	\$ 66,500
Truck	1	Yes	21,000
Muffle Furnace	1	Yes	10,000
pH Meter	1	Yes	1,700
			\$ 99,200

Function:
Business Type

Department:
Water Pollution Control

Activity:
Biosolids Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 258,992	\$ 190,026	\$ 219,400	\$ 194,900	\$ 199,300	-9.16%
Commodities	26,122	9,272	20,100	21,000	39,700	97.51%
Contractual Services	30,153	15,446	31,700	33,200	26,300	-17.03%
Capital Outlay	36,578	12,940	8,000	8,000	5,800	-27.50%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 351,845</u>	<u>\$ 227,684</u>	<u>\$ 279,200</u>	<u>\$ 257,100</u>	<u>\$ 271,100</u>	-2.90%
Funding Sources						
Sewer Charges	\$ 338,726	\$ 221,184	\$ 262,700	\$ 245,600	\$ 266,100	1.29%
Rental of Land	6,500	6,500	6,500	6,500	-	-100.00%
Ag Land Application	5,234	-	-	-	-	
Sale of Equipment	1,385	-	10,000	5,000	5,000	-50.00%
Total Funding Sources	<u>\$ 351,845</u>	<u>\$ 227,684</u>	<u>\$ 279,200</u>	<u>\$ 257,100</u>	<u>\$ 271,100</u>	-2.90%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Solids Handling Leadworker	1.00	1.00	1.00	1.00	1.00	
Treatment Plant Mechanic I	3.00	2.00	2.00	2.00	2.00	
Total	4.00	3.00	3.00	3.00	3.00	\$ 127,900
Overtime						11,900
Employee Benefits						59,500
Total Personal Services						<u>\$ 199,300</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Stairway Construction - Biosolids Storage Lagoon		No	<u>\$ 5,800</u>

COLLECTION AND DRAINAGE

GENERAL INFORMATION:

The Collection and Drainage operation is a division of the Public Works department with links to the Water Pollution Control Plant (WPCP). Since the 2003/2004 fiscal year this operation has been budgeted as a separate Enterprise Fund. This was done for a number of reasons. Federal regulations pertaining primarily to collection of storm and sanitary water will be requiring additional collection procedures. The additional costs associated with these regulations need to be specifically identified and tracked. Towards that end beginning in 2003 the Collection and Drainage portion of the total sewer bill has been shown as a separate line item on customer bills. So while the Collection and Drainage function will remain associated with the WPCP, the revenues and expenditures of this enterprise are budgeted independently. For reporting purposes only, Collection and Drainage is included with all other WPCP activities in the City's annual financial report. Effective July 1, 2006, the storm water operation became an activity of the Collection and Drainage fund. Information on the storm water activity immediately follows this budget.

CURRENT TRENDS AND ISSUES:

City staff working with PFM, the City's financial consultant, recently completed a long-term plan for financing the West Hill Sewer Separation project. This \$50+ million project is mandated by an E.P.A. Consent Order to be completed by 2024. Plans are to complete this project in multiple phases and as part of this plan to request an extension to the Consent Order deadline to 2028. The 80% allocation of Local Option Sales Taxes approved by voters to be used for storm and sanitary sewer improvements will provide funding for a portion of the project costs. Beginning in 2017/2018 local option tax will need to be supplemented with other resources to complete the scheduled work on this project. The revised estimate for 2011/2012 and budget for 2012/2013 each include \$200,000 in transfers from the Collection and Drainage fund to be set aside in a special reserve to accumulate funds to assist in financing this project. Like amounts for those same years will be transferred from the Water Pollution Control fund. Annual allocations from both of these funds are proposed to continue to be set aside each year throughout the project. Based on the assumptions used in the long-term financial plan, the Local Option Sales Tax funds and funds from the new reserve are expected to be sufficient to cash flow project costs until 2018/2019 when the City would need to secure a State Revolving Fund Loan to complete the scheduled work on this project.

The 2011/2012 revised estimate is over the original budget by \$78,500. This increase is primarily due to the addition of a \$15,000 payment to the Muscatine-Louisa Drainage District and a \$62,800 increase in transfers from this fund. The Drainage District payment was agreed to by the City as part of a legal settlement agreement. Changes in transfers from this fund include the addition of the \$200,000 transfer to the new reserve fund for the West Hill Sewer Separation project, a decrease of \$100,000 since the Southend Force Main Air Release Valve project has been postponed to 2012/2013, and other planned funding transfers coming in less than originally budgeted.

The 2012/2013 budget is \$108,700 (10.3%) higher than the 2011/2012 budget. This overall increase is due to a \$125,400 increase in transfers. Reductions in other areas of the budget offset a portion of the transfers increase. Transfers for 2012/2013 include the \$200,000 transfer to the new reserve for the West Hill project, \$100,000 to fund the Southend Force Main Air Release Valve project, \$180,000 to the Sewer Extension and Improvement Reserve, and a total of \$13,100 in administrative transfers for general, information technology, and public works administration. Both the 2011/2012 revised estimate and 2012/2013 budget include \$8,500

to rent an additional street sweeper each spring to reduce the amount of sand entering the storm sewer system (sand used for snow and ice control).

The 2012/2013 budget includes an increase in the Collection and Drainage fee from the current \$10.60 to \$11.00 per customer per month effective July 1, 2012. This increase was included in the resolution adopted by City Council in 2009 setting both sewer and collection and drainage fees for a four-year period from July 1, 2009 through June 30, 2013. These increases are needed to continue to maintain and improve the City's sewer system. The 2012/2013 budget includes funding for another rate study to determine future rate adjustments for 2013/2014 and future years.

GOAL STATEMENT:

To maintain a conveyance system that captures and transports sanitary and storm water in an environmentally sound, efficient and cost effective manner to meet Federal and State regulatory requirements.

PERFORMANCE MEASURES:

Calendar Year Measures	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Sewers Cleaned and Flushed (Miles)	8.39	5.74	17.4	17.1	19
TV Inspections (Feet)	4,106	6,231	3,023	2,384	5,000
Inspections at Combined Sewer Overflows (CSO)	25	37	36	18	24
Inspections of Blockage Prone Manholes (Various Locations)	20	23	14	19	20
Inspection of Blockage Prone Ditch/Ravine Drains (Various Locations)	24	20	19	11	20
Cleaning Storm Water Inlets (Man Hours)	N/A	821	1,048	1,032	1,000
Corrective Repairs – Sewers	36	29	22	16	20
Corrective Repairs – Structures	46	56	46	48	50
Corrective Repairs – Force Mains	5	1	2	0	0
Utility Locates	1,995	2,067	2,027	2,030	2,000
After Hours	16	11	11	30	15
Sewer Call Responses – Total	84	96	70	62	75
After Hours	18	20	14	9	10
City Blockages	5	4	7	4	0
Backups Due to City Lines	N/A	2	6	4	0
Routine Equipment Operation/Maintenance (Man Hours)	N/A	227	293	406	300
Work for Other Departments (Man Hours)	N/A	154	296	706	300
Work on Capital Improvement Projects (Man Hours)	N/A	633	273	451	500

RECENT ACCOMPLISHMENTS:

Staff did a considerable amount of investigative work in the West Hill area including dye testing, televising, potholing, surveying, and research to provide needed infrastructure information to Stanley Consultants to help ensure a thorough and cost effective design for the West Hill Sewer Separation project. The first phase of this project is scheduled for bid letting in the spring of 2012.

The operation reached its annual goal for sewer cleaning by completing Zone 2 of the routine maintenance program. Staff began work integrating closed circuit televising of the sanitary and combination sewers into the routine maintenance program.

The operation worked with the engineering division cutting trees and brush, smoking and filling rodent holes, and making general repairs to the Mad Creek and Mississippi River levees following the Corps of Engineers annual levee inspection.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To set up the file structure and video data storage for sewer televising and to complete integration of sewer televising into the Routine Maintenance Program.
- * To create and document standard operating procedures and guidelines for the Routine Maintenance Program and field data collection.
- * To begin the sewer separation project in the West Hill area; when this multi-year project is completed this will result in the elimination of the City's final combined sewer overflow (CSO) location. To also work closely with Stanley Consultants, the City's construction project managers, and contractors to ensure the new construction and modifications to the sewer infrastructure are done properly and in a way that won't impede future maintenance activities. **(City Council Policy Agenda High Priority)**
- * To review the Collection and Drainage operation for "Lean" initiatives. **(Management Agenda High Priority)**

Collection and Drainage Fund
Sewer Extension and Improvement Reserve (1)
Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 616,992	\$ 768,920	\$ 759,920	\$ 964,399	\$ 1,073,799
Revenues					
Interest	\$ 35,858	\$ 1,835	\$ 1,000	\$ 2,400	\$ 2,400
Sewer Connection Fees	3,203	19,126	10,000	10,000	10,000
Transfers In					
Collection & Drainage Fund	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Total Revenues	<u>\$ 219,061</u>	<u>\$ 200,961</u>	<u>\$ 191,000</u>	<u>\$ 192,400</u>	<u>\$ 192,400</u>
Funds Available	<u>\$ 836,053</u>	<u>\$ 969,881</u>	<u>\$ 950,920</u>	<u>\$ 1,156,799</u>	<u>\$ 1,266,199</u>
Expenditures					
Transfers Out:					
Heshey Avenue Sewer Intakes/ Piping Project	\$ 67,133	\$ 0	\$ 0	\$ 0	\$ 0
Voluntary Annexation Sewer Extension Project	0	4,395	0	0 (2)	0 (2)
Heatherlyn Sewer Project	<u>0</u>	<u>1,086</u>	<u>0</u>	<u>83,000</u>	<u>0</u>
Total Expenditures	<u>\$ 67,133</u>	<u>\$ 5,482</u>	<u>\$ 0</u>	<u>\$ 83,000</u>	<u>\$ 0</u>
Ending Balance, June 30	<u>\$ 768,920</u>	<u>\$ 964,399</u>	<u>\$ 950,920</u>	<u>\$ 1,073,799</u>	<u>\$ 1,266,199</u>
Increase (Decrease) in Fund Balance	\$ 151,928	\$ 195,479	\$ 191,000	\$ 109,400	\$ 192,400

1. This fund was formerly the Depreciation, Extension and Improvement Reserve and was accounted for in the Water Pollution Control Fund. As of June 30, 2006 the former E.P.A Replacement Reserve was allocated between the Water Pollution Control Replacement Reserve and the Sewer Extension and Improvement Fund. This fund is now a reserve fund for the Collection and Drainage Fund to be used for sewer extension or improvement projects.
2. At the time the budget was approved, the project cost and financing not yet been determined for the Voluntary Annexation Sewer Extension in the northeast section of the City. At the time the budget is being published a decision was made to proceed with this project. Project costs have not yet been finalized, but engineering costs will be incurred in 2011/2012 with construction in 2012/2013. A portion of the funding for this project will be from the Clearview Mobile Home Park owner with the balance from this reserve.

**Collection and Drainage
(Including Stormwater Operations)
Fund Statement**

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 460,447	\$ 588,473	\$ 657,473	\$ 817,074	\$ 775,874
Revenues					
Collection and Drainage Fees	\$ 1,040,196 (1)	\$ 1,090,614 (1)	\$ 1,140,000	\$ 1,140,000 (1)	\$ 1,185,000 (1)
Grease Discharge Permits	18,985	20,447	16,000	16,000	16,000
Interest	2,227	1,564	500	1,500	1,500
Sale of Scrap Materials	10,019	0	5,000	5,000	5,000
FEMA - State Share	0	111	0	0	0
Miscellaneous	16	6	500	500	500
Total Revenues	<u>\$ 1,071,443</u>	<u>\$ 1,112,742</u>	<u>\$ 1,162,000</u>	<u>\$ 1,163,000</u>	<u>\$ 1,208,000</u>
Funds Available	<u>\$ 1,531,890</u>	<u>\$ 1,701,215</u>	<u>\$ 1,819,473</u>	<u>\$ 1,980,074</u>	<u>\$ 1,983,874</u>
Expenditures:					
Collection and Drainage	\$ 913,070	\$ 834,915	\$ 1,054,800	\$ 1,133,300 (2)	\$ 1,163,500 (2)
Stormwater Operations	30,347	49,226	70,600	70,900	57,700
Total Expenditures	<u>\$ 943,417</u>	<u>\$ 884,141</u>	<u>\$ 1,125,400</u>	<u>\$ 1,204,200</u>	<u>\$ 1,221,200</u>
Ending Balance, June 30	<u>\$ 588,473</u>	<u>\$ 817,074</u>	<u>\$ 694,073</u>	<u>\$ 775,874</u>	<u>\$ 762,674</u>
Increase (Decrease) in Fund Balance	\$ 128,026	\$ 228,601	\$ 36,600	\$ (41,200)	\$ (13,200)

1. Monthly collection and drainage charges on sewer bills were \$9.70 for 2009/2010, \$10.15 for 2010/2011, and \$10.60 for 2011/2012. The rate for 2012/2013 will increase to \$11.00 per month.
2. Both the Revised Estimate and 2012/2013 expenditures include \$200,000 in transfers to the new reserve established to accumulate funds for the West Hill Sewer Separation project. Like amounts have also been budgeted to be transferred from the WPCP budget to this reserve.

Function:
Business Type

Department:
Public Works

Activity:
Collection and Drainage

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 417,467	\$ 426,149	\$ 434,500	\$ 431,400	\$ 441,500	1.61%
Commodities	34,740	36,024	53,600	53,500	48,100	-10.26%
Contractual Services	118,231	82,717	143,000	158,800	128,800	-9.93%
Capital Outlay	150,732	84,330	56,000	59,100	52,000	-7.14%
Transfers	191,900	205,695	367,700	430,500	493,100	34.10%
Total Expenditures	\$ 913,070	\$ 834,915	\$ 1,054,800	\$ 1,133,300	\$ 1,163,500	10.31%
Funding Sources						
Collection & Drainage Fees	\$ 913,070	\$ 834,915	\$ 1,054,800	\$ 1,133,300	\$ 1,163,500	10.31%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Positions/Position Allocations:						
Sewer Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	
Equipment Operator II	3.00	3.00	3.00	3.00	3.00	
Equipment Operator I	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.20	0.20	0.20	0.20	0.20	
Administrative Secretary	0.33	0.33	0.33	0.33	0.33	
Total Full Time	6.53	6.53	6.53	6.53	6.53	
Temporary Part Time Position:						
Technician	0.17	-	-	-	-	
Total	6.70	6.53	6.53	6.53	6.53	\$ 299,500
Employee Benefits						142,000
Total Personal Services						\$ 441,500

Capital Outlay			
Item	Quantity	Replacement	Amount
Laptop Computer	1	Yes	\$ 2,000
Sewer Maintenance Projects			50,000
			\$ 52,000

STORM WATER OPERATIONS

GENERAL INFORMATION:

The Storm Water activity was first established January 1, 2005 and is accounted for as a separate activity of the Collection and Drainage fund. Collection and Drainage is a division of the City's Public Works department. Federal regulations are placing additional demands on cities to monitor, regulate and treat storm water.

A fulltime Environmental Coordinator position was included in this budget through the end of calendar year 2008. At that time this position was eliminated and the position responsibilities assumed by other City staff. Responsibility for the FOG (Fat, Oils, and Grease) program was assigned to the Health and Housing Coordinator in the Community Development department. Responsibility for the Pretreatment Program was assigned to Water Pollution Control staff. This budget has included an allocation of 1/3 of the Health and Housing Coordinator position and 1/4 of the Assistance Director – Water Pollution Control. With the retirement of the Health and Housing Coordinator in May of 2012, 1/3 of the Inspector II position will be allocated to this activity.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate is \$300 over the budgeted amount. The revised estimate includes an increase of \$1,800 in personal services costs due to the retirement pay of the Health and Housing Coordinator. Savings in other areas of the budget partially offset this increase.

The 2012/2013 budget is \$12,900 (18.3%) less than the budget for 2011/2012. This decrease is in the personal services area due to the allocation of an entry-level Inspector II position to this budget after the retirement of the Health and Housing Coordinator. The new Inspector II position is at a lower pay grade and step than the Health and Housing Coordinator. The budget for 2012/2013 continues the allocation of 25% of the cost of the Assistant Director of Water Pollution Control position to this budget with the remaining 75% allocated to the Water Pollution Control fund.

GOAL STATEMENT:

To develop and implement a comprehensive fiscal and pollution prevention program to assist the city in its efforts to comply with EPA Phase II storm water requirements.

PERFORMANCE MEASURES

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Grease Discharge Permits Issued	35	90	95	97	97
Food Service Establishments Inspected	35	16	70	97	97
Industrial Wastewater Discharge Permits Issued	13	13	15	12	12
Industrial Sewer Users Inspected	13	13	12	12	12
Commercial Septic Tank Cleaner Permits Issued	14	13	15	14	14

RECENT ACCOMPLISHMENTS:

The Health Inspector inspects two to three food establishments per week for compliance with the FOG program and also visits construction sites to monitor storm water containment plans. The catch basins are regularly checked by the Collection and Drainage staff.

The requirements of the City's storm water operation will change in the future when the City is reclassified as an MS4 community. The Health Inspector's retirement in the spring of 2012 will give the city an opportunity to prepare for the new designations (MS4) and reorganize to create a proactive storm water program.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To more aggressively enforce construction site pollution.
- * To prepare for and educate the public on MS4 designation requirements.

Function:
Business Type

Department:
Public Works

Activity:
Storm Water Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 27,435	\$ 46,251	\$ 58,400	\$ 60,200	\$ 44,800	-23.29%
Commodities	975	756	1,000	1,000	1,000	0.00%
Contractual Services	237	419	9,300	7,800	9,900	6.45%
Capital Outlay	-	-	-	-	-	
Transfers	<u>1,700</u>	<u>1,800</u>	<u>1,900</u>	<u>1,900</u>	<u>2,000</u>	5.26%
Total Expenditures	<u>\$ 30,347</u>	<u>\$ 49,226</u>	<u>\$ 70,600</u>	<u>\$ 70,900</u>	<u>\$ 57,700</u>	-18.27%
Funding Sources						
Grease Discharge Permits	\$ 18,985	\$ 20,447	\$ 16,000	\$ 16,000	\$ 16,000	0.00%
Collection & Drainage Fund	<u>11,362</u>	<u>28,779</u>	<u>54,600</u>	<u>54,900</u>	<u>41,700</u>	-23.63%
Total Funding Sources	<u>\$ 30,347</u>	<u>\$ 49,226</u>	<u>\$ 70,600</u>	<u>\$ 70,900</u>	<u>\$ 57,700</u>	-18.27%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time Position:						
Inspector II	-	-	-	0.08	0.33	
Health and Housing Coordinator	0.33	0.33	0.33	0.25	-	
Assistant Director - Water Pollution Control	<u>0.02</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	0.35	0.58	0.58	0.58	0.58	\$ 30,900
Employee Benefits						<u>13,900</u>
Total Personal Services						<u>\$ 44,800</u>

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

EMPLOYEE BENEFITS FUND

GENERAL INFORMATION:

The Employee Benefits Special Revenue Fund was established by State law to allow for the levying of taxes for certain employee benefits. For the City of Muscatine, the Employee Benefits levy includes funding for costs of police and fire pension contributions, police and fire medical insurance costs for on-the-job injuries, worker's compensation, unemployment, health insurance, life insurance, dental insurance, FICA, IPERS, employer deferred compensation contributions, long-term disability insurance and post employment health plan costs.

When the General Fund levy of a city reaches the legal limit of \$8.10 per \$1,000 of assessed valuation, the employer's share of Social Security, Medicare, and IPERS may be levied from the Employee Benefits Special Revenue Fund levy. The City of Muscatine has been at the \$8.10 General Fund levy limit for many years. The budget for 2011/2012 included a levy of \$527,507 for FICA, Medicare, and IPERS costs which was 100% of the General Fund costs eligible to be funded from this levy. The 2012/2013 budget includes a levy of \$460,209 for 82% of the eligible FICA, Medicare, and IPERS costs which required a tax levy rate of \$.58893 per \$1,000 of valuation. The remaining \$100,426 of FICA, Medicare, and IPERS costs will be funded from the General Fund. This allowed the overall City property tax rate for 2012/2013 to be reduced by approximately \$.10/\$1,000 of valuation. FICA and Medicare contribution rates will remain at 6.2% and 1.45%, respectively, for 2012/2013. IPERS rates will increase from 8.07% in 2011/2012 to 8.67% in 2012/2013.

The pension contribution rate for police and fire personnel has varied since the statewide Municipal Fire and Police Retirement System of Iowa (MFPRSI) replaced the former local system on January 1, 1992. The contribution rate was 17% through the 1992/93 year, 19.66% for 1993/94, 18.71% for 1994/95, 17.66% for 1995/96 and 17.00% for 1996/97 through 2002/2003. For 2003/2004 it increased to 20.48%, 24.92% for 2004/2005, and 28.21% for 2005/2006. For 2006/2007 the pension contribution rate decreased to 27.75%, to 25.48% for 2007/2008, to 18.75% for 2008/2009, and to 17.0% for 2009/2010. The pension contribution rate increased to 19.90% for 2010/2011 and further increased to 24.76% for 2011/2012. The pension contribution rate will again increase to 26.12% in 2012/2013.

The City is also obligated by the State Code to pay job-related medical costs for former police and fire employees who terminated employment due to work-related injuries or illnesses. A total of \$69,206 of medical costs related to several individuals' injuries or illnesses were incurred in 2006/2007, \$100,679 in 2007/2008, \$16,084 in 2008/2009, \$22,882 in 2009/2010, and \$17,840 in 2010/2011. Retiree medical costs are estimated at \$26,600 for both the 2011/2012 revised estimate and 2012/2013 budget. In April 2011, the City began using a bill review service for these medical costs. From April through November 2011, the City realized a savings of \$12,500 from using this service.

The Employee Benefits Special Revenue Fund tax levy also funds premiums for health insurance, dental insurance, life insurance, worker's compensation and unemployment costs for employee benefits associated with the General Fund. Also included is funding for police and fire medical insurance costs for on-the-job injuries of current employees. The police and fire pension systems provide disability payments for police officers and firefighters injured on the job. However, the pension systems do not include a provision for funding medical costs resulting from these injuries. For 2011/2012, the police and fire medical insurance cost is \$12,285 and it is budgeted to increase to \$12,900 for 2012/2013.

Health insurance costs for the City of Muscatine have increased significantly over the last ten years. The cost of health insurance for employees in the General Fund is estimated at \$1,351,565 for 2012/2013. The cost would be higher if the City had not chosen to participate in a cost-plus funding plan with the insurance carrier. The City basically pays costs incurred plus a monthly administrative fee. When an individual claim reaches a certain amount, stop loss insurance pays for the costs over the maximum limit. Each month the City sets aside in the Health Insurance Internal Service Fund certain premium amounts to fund actual medical costs, administrative fees, and the stop-loss fee.

Since the inception of the cost-plus funding plan for health insurance, the premium costs established have varied. Effective January 1, 2004, the rates were set at \$238.97 and \$635.66, respectively, for single and family coverage. The rates included a \$94.69 per month administrative fee. This administrative fee includes the administrative costs of processing claims under the insurance plan as well as fees for the individual and aggregate stop loss insurance. For 2004, deductibles were increased from \$200 to \$300 for single and from \$400 to \$600 for family health coverage. The annual out-of-pocket maximums were also increased from \$500 to \$600 and from \$1,000 to \$1,300 for single and family coverage. Effective January 1, 2005, the rates increased by 8.8% for both single and family coverage to \$259.97 and \$691.52, respectively. In 2005 the City's health insurance claims increased dramatically. Health insurance premiums increased by 33.8% effective January 1, 2006 to \$347.84 and \$925.26, respectively for single and family coverage. Effective January 1, 2007, the rates increased to \$388.12 and \$1,032.39, respectively, for single and family coverage, increases in both rates of 11.6%. Effective January 1, 2008 rates further increased to \$427.60 and \$1,137.42, respectively, increases of 10.2%. Health insurance claims have stabilized since 2008 and the single and family rates for 2008 were maintained for 2009, 2010, 2011, and 2012. The monthly administrative fee for 2012 is \$106.14 per employee. The administrative fee includes the \$8.31 Wellmark network access fee as well as the individual and aggregate stop loss insurance fees. The budget for 2012/2013 maintains the premium rates at \$427.60 and \$1,137.42, respectively, for single and family coverage. For 2013, deductibles are budgeted to increase from \$300 to \$400 for single and from \$600 to \$800 for family health coverage. The annual out-of-pocket maximums will also increase from \$600 to \$800 and from \$1,300 to \$1,600 for single and family coverage. The budgeted tax funding amount for 2012/2013 for General Fund employees is \$1,351,565.

Employee benefit costs for life insurance will decrease from \$15,133 in 2011/2012 to \$14,133 in 2012/2013. Effective October 2011, the City changed life insurance companies. The life insurance rates decreased from 22 cents per month per \$1,000 of coverage to 18 cents per month per \$1,000 of coverage. Basic provisions in the amount of life insurance coverage for each employee remain the same for 2012/2013.

Dental insurance rates for City employees for 2011 increased 3% from \$23.76 per month to \$24.47 for single coverage for City employees. The rate did not increase in 2012, however the budget allows for the monthly rate to increase by 3% to \$25.20 effective January 1, 2013. Employees fund 100% of the additional cost if they opt for family coverage. The City's dental plan is a self-insured plan through Wellmark. For 2012/2013, the cost of dental insurance for General Fund employees is budgeted at \$37,050 compared to the \$36,752 budgeted for 2011/2012.

In regard to worker's compensation, the City of Muscatine continues to experience fluctuations in rates. For the respective fiscal years from 2003/2004 through 2010/2011, the worker's compensation experience modification factors were .82, .84, .93, .88, .87, .84, .89 and .87. These represent the factors applied to the base rates for each job classification based on the claims history of the employer. For 2011/2012 the experience modification factor is .82 and it is estimated to decrease to .77 for 2012/2013. The tax funding amount for General Fund employee workers compensation for 2012/2013 is estimated at \$38,290 compared to the \$34,754 originally budgeted for 2011/2012.

The City's unemployment rate effective January 1, 2010 was .7% of applicable wages of \$24,500. The rate increased to 1.5% of \$24,700 of wages January 1, 2011. The rate decreased slightly to 1.4% of \$25,300 of wages January 1, 2012. The 2012/2013 budget provides funding for this rate to be 1.5 % of applicable wages of \$25,300 as of January 1, 2013. The tax funding amount for 2012/2013 is estimated at \$57,950 compared to the \$56,554 budgeted for 2011/2012.

The budget includes funding for long-term disability insurance for full-time non-union employees. The estimated cost for General Fund employees is \$8,654 for 2012/2013 compared to \$9,645 budgeted for 2011/2012. As with life insurance, the City changed to a new carrier for long-term disability insurance in October of 2011. The new rate is .27% of base wages for non-union employees compared to .31% with the previous carrier.

The budget also includes funding for a retirement health savings plan for full-time and permanent part-time non-union, fire bargaining unit, and blue/white bargaining unit employees. This plan provides funding of contributions to individual accounts of these employees and also provides that the payout of 40% of accumulated sick leave at retirement be paid into these accounts. For the blue/white bargaining unit group, vacation balances at retirement are also paid into this plan. The tax funding amount for 2012/2013 is budgeted at \$15,706.

CURRENT TRENDS AND ISSUES:

The City has had beginning balances in the Employee Benefits Fund in recent years due to actual employee benefit costs being less than budgeted due to vacancies or benefit rates being lower than projected. With the estimated 2012/2013 beginning fund balance of \$119,149 and funding \$100,426 less than the full amount of employee benefits from this levy, the Employee Benefit tax levy for 2012/2013 is \$3,025,794 compared to the \$3,085,846 budgeted for 2011/2012 (a decrease of 1.95%). This requires a tax levy rate of \$3.87207 compared to \$4.06191 for the 2011/2012 budget year, a decrease of 4.67%. In 2012/2013 the City is levying taxes for \$100,426 less than the full amount needed to fund all of the General Fund employee benefits. In effect the General Fund will fund that portion of the benefits. This was done in order to reduce the total City tax rate by approximately \$.10/\$1,000 of valuation for 2012/2013.

Employee Benefits Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 207,408	\$ 127,450	\$ 88,811	\$ 148,205	\$ 119,149
Revenues					
Property Tax	\$ 2,579,034	\$ 2,799,186	3,071,659	\$ 3,071,659	3,011,256
Utility Tax Replacement Excise Tax	<u>14,503</u>	<u>12,577</u>	<u>14,187</u>	<u>14,187</u>	<u>14,538</u>
Total Revenues	<u>\$ 2,593,537</u>	<u>\$ 2,811,763</u>	<u>\$ 3,085,846</u>	<u>\$ 3,085,846</u>	<u>\$ 3,025,794</u> (1)
Funds Available	<u>\$ 2,800,945</u>	<u>\$ 2,939,213</u>	<u>\$ 3,174,657</u>	<u>\$ 3,234,051</u>	<u>\$ 3,144,943</u>
Expenditures					
Transfers Out					
Police Retirement	\$ 333,906	\$ 389,877	\$ 531,561	\$ 535,462	\$ 589,485
Fire Retirement	320,128	388,304	493,863	491,695	532,401
Police & Fire Retiree Medical	22,882	17,840	26,600	26,600	26,600
Health Insurance	1,357,903	1,313,428	1,393,524	1,334,766	1,351,565
Dental Insurance	34,573	34,043	36,752	36,378	37,050
Life Insurance	13,899	14,387	15,133	14,908	14,133
Police and Fire Medical Insurance	12,285	12,285	12,285	12,285	12,900
Long-term Disability Insurance	8,598	8,964	9,645	8,789	8,654
Post-Employment Health Plan	50,547	58,589	36,479	37,267	15,706
Workers Compensation	39,149	36,181	34,754	34,891	38,290
Unemployment	24,053	51,080	56,554	59,887	57,950
Deferred Compensation	9,849	4,773	0	0	0
FICA/IPERS	445,723	461,258	527,507	521,974	560,635
Employee Benefit Levy Reduction (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,426)</u> (1)
Total Expenditures	<u>\$ 2,673,495</u>	<u>\$ 2,791,008</u>	<u>\$ 3,174,657</u>	<u>\$ 3,114,902</u>	<u>\$ 3,144,943</u>
Ending Balance, June 30	<u>\$ 127,450</u>	<u>\$ 148,205</u>	<u>\$ 0</u>	<u>\$ 119,149</u>	<u>\$ 0</u>
Increase (Decrease) in Fund Balance	\$ (79,958)	\$ 20,755	\$ (88,811)	\$ (29,056)	\$ (119,149)

- The Employee Benefits levy was lowered in 2012/2013 in order to reduce the overall City tax levy rate by \$.10/\$1,000 of valuation. This will result in \$100,426 of the General Fund balance being used to fund employee benefits during 2012/2013.

Explanation of Changes in Fund Balance:

The Employee Benefits Tax Levy funds costs of benefits for General Fund employees. The balances at the end of 2009/2010 and 2010/2011 were due to savings in employee benefit costs due to vacancies, changes in insurance coverage for employees, and health insurance rates being less than budgeted. The balance in this fund at the end of 2011/2012 is budgeted to be \$119,149 compared to the zero balance originally budgeted for similar reasons. The balance at the end of 2011/2012 is budgeted to be used for employee benefit costs in 2012/2013.

SPECIAL REVENUE FUNDS

EMERGENCY TAX LEVY

GENERAL INFORMATION:

State statutes allow cities in the State of Iowa to levy an "emergency tax" of up to \$.27 per \$1,000 of valuation if the General Fund tax levy of a city is at its limit. This tax is required to be levied in a Special Revenue Fund and transferred to the General Fund. Until the 2001/2002 budget year, the City of Muscatine had not levied an emergency tax in more than twenty years.

The City implemented the emergency tax levy for 2001/2002 to help offset the loss of revenue from the State reimbursement for lost taxes on Machinery and Equipment (M&E) valuations. The State of Iowa eliminated taxes on machinery and equipment primarily used in manufacturing, effective with equipment and machinery acquired after January 1, 1994. The law provided that this M&E tax elimination plan would be phased in over a ten-year period. During the first five years of the plan, cities were reimbursed by the State for the reduced taxes due to the reduction in M&E values. Beginning in the sixth year (2001/2002 budget), however, the State reimbursement was also to begin to be phased out according to provisions in the state law. Cities were required to offset increases in commercial and industrial valuations since January 1, 1994 against the loss in M&E valuations before computing a state reimbursement. Since the City of Muscatine's increase in commercial and industrial valuations since January 1, 1994 exceeded the loss of M&E tax values, the City was no longer eligible to receive a State reimbursement for lost M&E taxes beginning in 2001/2002. The State reimbursement for M&E taxes was \$415,419 for 2000/2001 and it was reduced to zero for 2001/2002.

After the City's 2003/2004 budget was completed, the state eliminated funding to cities of the Population Allocation, General Allocation and Moneys and Credits. This was a direct reduction of \$360,000 in General Fund revenues for 2003/2004 and future years. Due to these funding reductions, the City continued to use the Emergency Tax to fund city services until the 2011/2012 fiscal year.

The emergency levy generated a total of \$196,964 of property tax and utility tax replacement excise tax revenue for 2009/2010. These amounts are usually transferred to the General Fund. In 2009/2010 \$80,000 of funds were budgeted to remain in the Emergency Tax Levy fund. With economic uncertainties in the national, state and local economy, these funds were set aside for future General Fund needs or for future emergency events. These funds along with the interest earned on these funds will remain in the Emergency Tax Levy fund through the 2012/2013 fiscal year.

For 2010/2011 the City Council chose to implement a Utility Franchise Fee for Alliant Energy, the franchised provider of natural gas in the community. Changes were made in the State Code of Iowa which allow cities to impose franchise fees of up to 5% on providers of electricity and natural gas in cities. As Muscatine Power & Water is a municipal utility which furnishes electric service in the city, it is not under a franchise agreement and therefore is not eligible for a franchise fee. Implementation of this fee allowed the City to reduce the Emergency Levy rate for 2010/2011 from \$.27/\$1,000 to \$.08/\$1,000 which generated \$59,447. At the maximum of \$.27/\$1,000, this levy would have generated \$198,971 in 2010/2011.

The Emergency Tax levy was eliminated in the budget for 2011/2012 and again has not been budgeted for 2012/2013. The budgets for 2011/2012 and 2012/2013 included a number of expenditure reductions, revenue enhancements, and funding transfers which assisted the City Council in meeting their goal to not increase the City's total tax rate. The \$80,000 from 2009/2010 that was set aside for future General Fund needs is budgeted to remain in the Emergency Tax Levy fund balance in 2012/2013.

Emergency Tax Levy Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 80,000	\$ 80,000	\$ 80,165	\$ 80,265
Revenues					
Property Tax	\$ 195,863	\$ 59,017	\$ 0 (2)	\$ 0	\$ 0 (2)
Utility Tax Replacement Excise Tax	1,101	265	0 (2)	0	0 (2)
Interest	<u>0</u>	<u>165</u>	<u>0</u>	<u>100</u>	<u>100</u>
Total Revenues	<u>\$ 196,964</u>	<u>\$ 59,447</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	\$ 196,964	\$ 139,447	\$ 80,000	\$ 80,265	\$ 80,365
Expenditures					
Transfers Out					
General Fund	<u>116,964</u>	<u>59,282</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 80,000</u>	<u>\$ 80,165 (1)</u>	<u>\$ 80,000</u>	<u>\$ 80,265</u>	<u>\$ 80,365</u>
Increase (Decrease) in Fund Balance	\$ 80,000	\$ 165	\$ 0	\$ 100	\$ 100

1. For the 2009/2010 budget, City Council chose to transfer all except \$80,000 of this levy to the General Fund. This was due to economic uncertainties in the national, state and local economies. These funds have been set aside for future General Fund needs or for future emergency events. These funds are budgeted to remain in this fund in the 2012/2013 budget.
2. An Emergency Levy was not included in the budgets for 2011/2012. or 2012/2013.

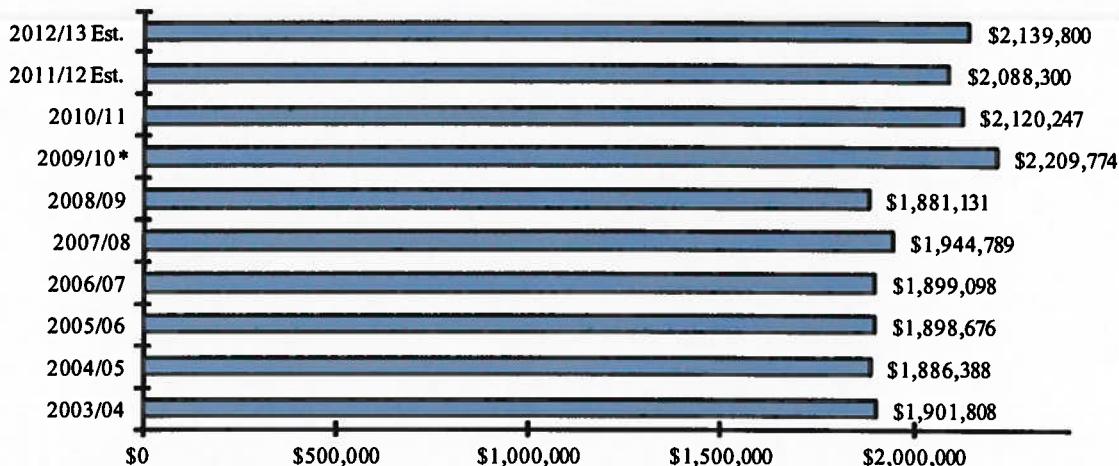
SPECIAL REVENUE FUNDS

ROAD USE TAX FUND

GENERAL INFORMATION:

This fund accounts for all revenues received from the State of Iowa from gasoline taxes, license fees and weight taxes. These funds are returned to the City as road use taxes and are distributed to cities on a per capita formula basis. The following chart shows road use taxes received over the past eight (8) years and estimated amounts for the current year and 2012/2013. As noted in the table, the 2009/2010 amount reflects an accounting change which involved accruing two months of road use tax funds at the end of the fiscal year as recommended by the City's auditors. As such, the 2009/2010 amount reflects thirteen (13) months of road use tax receipts. Subsequent years reflect twelve months of receipts.

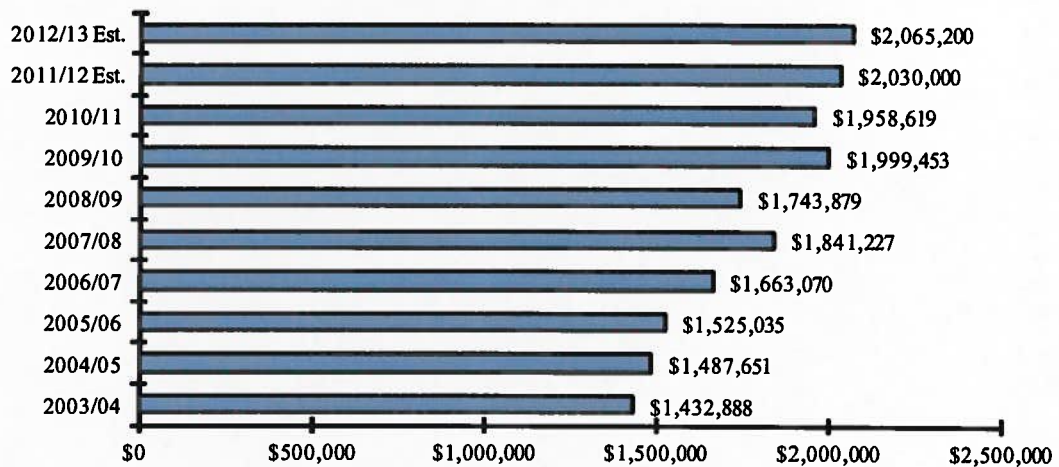
Road Use Tax Revenue History



* The 2009/2010 amount reflects an accounting change which involved accruing two months of road use tax receipts at the end of the fiscal year as recommended by the City's auditors. As such, the 2009/2010 amount reflects 13 months of Road Use Tax receipts. Subsequent years again reflect twelve months of receipts.

A major use of road use taxes is an appropriation to the General Fund to support the Public Works Administration, Engineering, Roadway Maintenance, Traffic Control, Snow and Ice Control, Street Cleaning and Right-of-Way Mowing activities. The appropriations to the General Fund over the past eight (8) years and amounts estimated for 2011/2012 and 2012/2013 are shown in the following chart:

Road Use Tax Funding of General Fund Activities



CURRENT TRENDS AND ISSUES:

Road use tax revenues are estimated at \$2,088,300 in 2011/2012. This is based on the current Iowa Department of Transportation (IDOT) estimate of \$91.25 per capita. This is less than the \$93.98 per capita IDOT estimate used for the original 2011/2012 budget. Beginning January 1, 2009 road use taxes were increased compared to previous years due to the impact of the TIME-21 Act by the State of Iowa which increased the allocation to cities beginning on that date. Due to recent poor economic conditions, however, road use taxes have decreased and the TIME-21 funding has helped to maintain the level of road use tax funding. Also, the per capita estimate is based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

The road use tax distribution for 2012/2013 was estimated by the IDOT at \$94.00 per capita. Cities, however, have been cautioned that actual revenues may not reach the IDOT projected level. The 2012/2013 budget includes a more conservative estimate of \$93.50 per capita which would generate \$2,139,800. City staff will monitor road use tax receipts and if there are significant funding reductions, expenditures may need to be adjusted accordingly.

The 2011/2012 revised estimate and the 2012/2013 budget include \$2,030,000 and \$2,065,200, respectively, to fund General Fund street-related costs. These transfers will fund the total costs (net of related revenues) for the street activities of the General Fund previously listed.

In recent years there has not been sufficient road use tax revenue to fund street-related capital projects from this fund and the City has been funding those costs from the 20% portion of Local Option Taxes approved to be used for the pavement management program. This includes railroad crossing, curb and gutter, full depth patching, and street resurfacing work. For 2011/2012 and 2012/2013, however, Road Use Tax funds have been budgeted to complete the Harrison Street Extension project. An estimated \$14,500 in engineering fees and easement work for the project will be incurred in the 2011/2012 year with the project construction estimated at \$432,000 to be completed in 2012/2013.

The estimated fund balance on June 30, 2013 is projected at \$441,926 based on estimated road use taxes of \$91.25 per capita for 2011/2012 and \$93.50 per capita for 2012/2013. With the accounting change in accruing two months of road use tax receipts at fiscal year end, a minimum of \$360,000 in fund balance is needed in order to keep the actual cash balance in a positive position at year end. As noted above, if road use tax receipts are less than the budget estimates or operating expenditures significantly higher than projected, street-related expenditures may need to be reduced in a like amount. Based on the budget estimates, however, it appears that the fund balance will be approximately \$81,900 higher than the minimum balance needed in this fund.

Road Use Tax Fund

Fund Statement

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Beginning Balance, July 1	\$ 383,577	\$ 593,898	\$ 521,478	\$ 755,526	\$ 799,326
Revenues					
Road Use Tax	\$ 2,209,774 (1)	\$ 2,120,247	\$ 2,133,000	\$ 2,088,300 (2)	\$ 2,139,800 (2)
IJOBS Funding	<u>99,134 (3)</u>	<u>120,620 (3)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 2,308,908</u>	<u>\$ 2,240,867</u>	<u>2,133,000</u>	<u>\$ 2,088,300</u>	<u>2,139,800</u>
Funds Available	<u>\$ 2,692,485</u>	<u>\$ 2,834,765</u>	<u>\$ 2,654,478</u>	<u>\$ 2,843,826</u>	<u>\$ 2,939,126</u>
Expenditures					
Transfers Out:					
General Fund	\$ 1,999,453	\$ 1,958,619	\$ 2,056,800	\$ 2,030,000	\$ 2,065,200
Bidwell Improvements (IJOBS)	<u>99,134 (3)</u>	<u>120,620 (3)</u>	<u>0</u>	<u>0</u>	
Harrison Street	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,500</u>	<u>432,000</u>
Total Expenditures	<u>\$ 2,098,587</u>	<u>\$ 2,079,239</u>	<u>\$ 2,056,800</u>	<u>\$ 2,044,500</u>	<u>\$ 2,497,200</u>
Ending Balance, June 30	<u>\$ 593,898 (1)</u>	<u>\$ 755,526 (1)</u>	<u>\$ 597,678 (1)</u>	<u>\$ 799,326 (1)</u>	<u>\$ 441,926 (1)</u>
Increase (Decrease) in Fund Balance	\$ 210,321	\$ 161,628	\$ 76,200	\$ 43,800	\$ (357,400)
Per Capita Road Use Taxes (Actual and Estimated)	\$ 97.36	\$ 93.42	\$ 93.98	\$ 91.25	\$ 93.50

1. Road use tax revenues in 2009/2010 reflected 13 months of Road Use Tax receipts. Beginning in 2009/2010 the City will accrue two months of road use taxes at fiscal year end. This was at the recommendation of the City's auditors. With this change, the ending fund balance each fiscal year needs to be a minimum of \$360,000 in order to have a positive cash balance in this fund at fiscal year end.
2. Revenues for both the Revised Estimate and 2012/2013 are based on the IDOT estimate for road use taxes. Actual revenues can vary from these estimates due to changes in fuel consumption or if there would be any changes in the distribution formula by the State. If there are significant funding reductions, expenditures will need to be reduced in a like amount.
3. State IJOBS funds were paid to the City over a two year period. The City chose to fund the Bidwell Resurfacing and Full Depth Patching project from these funds.

SPECIAL REVENUE FUNDS
EQUIPMENT REPLACEMENT FUND

GENERAL INFORMATION:

This fund was established in an effort to provide a more systematic method of replacing equipment and leveling the costs of replacing such equipment. This activity provides funding for vehicle and equipment replacements in the General Fund with the exception of those for the Public Works department which are funded from Road Use Taxes. Equipment to be replaced in the Enterprise Funds is funded from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including automobiles, pickup trucks, dump trucks, heavy equipment and other miscellaneous equipment has been completed in an effort to assess the overall condition of the City's inventory. Replacement and cost schedules have been developed by staff for each piece of equipment. This information is maintained on the City's computer system. Equipment maintenance cost records are also on this system. This information is used in conjunction with the replacement schedules to determine the most cost effective and economical time to replace City equipment.

In an effort to properly fund this program, an appropriation has generally been made annually from the General Fund to the Equipment Replacement Fund. The transfers have varied from year by year due to equipment replacement needs and General Fund funding limitations. The 2005/2006 allocation was \$105,000 and the 2006/2007 allocation was \$100,000. Due to revenue shortfalls in the General Fund in 2007/2008, no allocation to the Equipment Replacement Fund was budgeted for 2007/2008 and replacements of vehicles and equipment for 2007/2008 were funded from the city's June, 2008 general obligation bond issue. A funding allocation was reinstated in 2008/2009 in the amount of \$75,000. The funding allocation for 2009/2010 was increased to \$152,300 and further increased to \$200,000 for 2010/2011. The funding allocation for 2011/2012 is \$168,900 and it will increase to \$245,000 for 2012/2013.

In 2012/2013, an additional \$250,000 funding transfer is budgeted with this amount specifically "assigned" to be used for the purchase of a new fire engine in 2013/2014. The estimated cost of the fire engine is \$490,000 and an additional \$240,000 allocation will be needed from the 2013/2014 budget (if this funding is available) to fund this purchase. In prior years sufficient funding would not have been available in the General Fund and this purchase would likely have been funded with bond proceeds.

CURRENT TRENDS AND ISSUES:

For 2011/2012 the funding allocation from the General Fund to the Equipment Replacement Fund was \$168,900. Purchases for 2011/2012 total \$198,600 and include a new supervisor vehicle and a used detective vehicle for the Police department (\$30,100 and \$12,000 respectively), a mini excavator for the Cemetery (\$38,800), a skid steer to be shared by the Cemetery and Park Maintenance (\$45,100), a tractor for Kent Stein Park (\$25,800), and a field painter (\$9,500) and utility vehicle (\$13,400) for the Soccer Complex. The 2011/2012 purchases also include a new police squad car to replace one damaged in an accident (\$23,900 including equipment installation), the cost of which was partially offset by an \$18,300 insurance reimbursement.

Vehicles and equipment items budgeted to be purchased in 2012/2013 total \$277,500 and include five new squad cars for the Police Department (\$165,000), a used unmarked police vehicle (\$15,000), a used four-

wheel drive vehicle for Community Development (\$17,500), a mower for the Cemetery (\$12,000), and a mower (\$51,000) and used pickup truck (\$17,000) for Park Maintenance.

As mentioned above, the 2012/2013 budget also includes a \$250,000 transfer from the General Fund to be “assigned” specifically to be used towards the purchase of a new fire engine. An additional \$240,000 is needed in 2013/2014 to complete the funding for the new fire engine (\$490,000). The balance in this reserve net of the assigned amount is estimated at \$76,461 as of June 30, 2013.

Equipment Replacement Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 21,556	\$ 90,512	\$ 95,312	\$ 105,561	\$ 101,561
Revenues					
Interest	\$ 99	\$ 273	\$ 100	\$ 200	\$ 200
Lease of Vehicle (Police Grant)	7,200	7,200	7,200	7,200	7,200
Sale of Vehicle	402	5,624	0	0	0
Reimbursement of Damages	0	0	0	18,300 (2)	0
Transfers In					
General Fund Allocation	152,300	200,000	168,900	168,900	245,000
General Fund Allocation for Fire Engi (Approximately 50% of cost)	0	0	0	0	250,000 (1)
Total Revenues	<u>\$ 160,000</u>	<u>\$ 213,097</u>	<u>\$ 176,200</u>	<u>\$ 194,600</u>	<u>\$ 502,400</u>
Funds Available	\$ 181,556	\$ 303,609	\$ 271,512	\$ 300,161	\$ 603,961
Expenditures					
Equipment Purchases	<u>91,044</u>	<u>198,049</u>	<u>183,400</u>	<u>198,600 (2)</u>	<u>277,500</u>
Ending Balance, June 30	<u>\$ 90,512</u>	<u>\$ 105,561</u>	<u>\$ 88,112</u>	<u>\$ 101,561</u>	\$ 326,461
Balance Assigned for Future Fire Engine Purchase					<u>250,000 (1)</u>
Unassigned Balance, June 30					<u>\$ 76,461</u>
Increase (Decrease) in Fund Balance	\$ 68,956	\$ 15,048	\$ (7,200)	\$ (4,000)	\$ 224,900

1. FY 2012/2013 budgeted transfers in from the General Fund include \$250,000 specifically assigned towards the purchase of a fire engine to be purchased in 2013/2014. An additional \$250,000 allocation will be needed in 2013/2014 to complete the funding needed for this purchase.
2. The Revised Estimate revenues include an \$18,300 insurance reimbursement for damages to a police squad car. Revised Estimate expenditures include \$23,800 for the replacement vehicle (including equipment installation costs).

Functions:

Public Safety
Community and Economic Development
Culture and Recreation

Departments:

Police
Community Development
Parks and Recreation

Activity:**Equipment Replacement**

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Police:			
Squad Cars	5	Yes	\$ 165,000
Used Vehicle (Unmarked)	1	Yes	15,000
Community Development:			
4-Wheel Drive Vehicle (Used)	1	Yes	17,500
Cemetery:			
Mower	1	Yes	12,000
Park Maintenance:			
Mower	1	Yes	51,000
Pickup Truck (Used)	1	Yes	17,000
			<u>\$ 277,500</u>

SPECIAL REVENUE FUNDS
COMPUTER REPLACEMENT FUND

GENERAL INFORMATION:

The 2000/2001 budget for the first time included funding for a Computer Replacement Fund to be used for the purchase of computer hardware for General Fund departments. All computer hardware purchases are coordinated by the city's Information Technology Manager. The allocations to this fund were \$40,000 in 2000/2001 through 2003/2004. Due to funding limitations, the allocation for 2004/2005 was reduced to \$35,800 and further reduced to \$30,000 for 2005/2006. The allocation for 2006/2007 was \$35,000.

Due to limitations in General Fund revenues in 2007/2008, no funds were budgeted to be transferred to this reserve. In 2007/2008 computer-related purchases totaling \$59,100 were included in the City's capital projects fund budget with funding from the City's June, 2008 general obligation bond issue.

The 2008/2009 budget reinstated the allocation to the Computer Replacement Fund in the amount of \$40,000 and that same allocation was made in 2009/2010. The 2010/2011 budget included a reduced allocation of \$30,000 and the 2011/2012 budget allocation was \$32,500. The 2012/2013 budget includes an allocation of \$40,000.

Beginning in the 2010/2011 budget, a separate Computer Replacement sub-fund was established to set aside moneys from the Library budget for future computer replacement needs. In prior years grants and donations provided a significant portion of the Library's funding for computers. These funds, however, have become more limited. Any unspent funds in the Library budget at the end of each fiscal year, are budgeted to be set aside in this fund to accumulate funding for future computer replacement needs. These funds could be supplemented with funds from the Library Trust fund at the direction of the Library Board of Trustees. In 2010/2011, a transfer of \$20,066 was made to the Library Computer Replacement sub-fund. Of that amount, \$14,800 will be expended in 2011/2012 for computer-related purchases.

Computer Replacement Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 4,223	\$ 15,619	\$ 0	\$ 7,908	\$ 0
Revenues					
Interest	\$ 57	\$ 40	\$ 0	\$ 0	\$ 0
Insurance Reimbursement	0	3,306	0	0	0
Transfers In					
General Fund	<u>40,000</u>	<u>30,000</u>	<u>32,500</u>	<u>32,500</u>	<u>40,000</u>
Total Revenues	<u>\$ 40,057</u>	<u>\$ 33,346</u>	<u>\$ 32,500</u>	<u>\$ 32,500</u>	<u>\$ 40,000</u>
Funds Available	\$ 44,280	\$ 48,965	\$ 32,500	\$ 40,408	\$ 40,000
Expenditures					
Equipment Purchases	<u>28,661</u>	<u>41,057</u>	<u>32,500</u>	<u>40,408</u>	<u>40,000</u>
Ending Balance, June 30	<u>\$ 15,619</u>	<u>\$ 7,908</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Increase (Decrease) in					
Fund Balance	\$ 11,396	\$ (7,711)	\$ 0	\$ (7,908)	\$ 0

Computer Replacement Fund - Library

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 10,300	\$ 20,066	\$ 5,266
Revenues					
Interest	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In					
General Fund Library Budget	<u>0</u>	<u>20,066</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 20,066</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	\$ 0	\$ 20,066	\$ 10,300	\$ 20,066	\$ 5,266
Expenditures					
Equipment Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,800</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 20,066</u></u>	<u><u>\$ 10,300</u></u>	<u><u>\$ 5,266</u></u>	<u><u>\$ 5,266</u></u>
Increase (Decrease) in Fund Balance	\$ 0	\$ 20,066	\$ 0	\$ (14,800)	\$ 0

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - DOWNTOWN

GENERAL INFORMATION:

This fund was first established in order to separately account for the incremental taxes collected and debt service payments on an April 1980 bond issue for \$780,000. This issue represented the permanent financing of a downtown project known as Urban Renewal Project No. 2, which incorporated one-half of a City block. Debt service requirements on the Tax Increment Revenue Bonds were funded from incremental taxes received from the property benefited from the project. The incremental tax levy is the total current levy of the City, County, and School less the total debt service levy for those governmental units. The tax levy is applied to the additional value of the property above the initial frozen value as determined at the beginning of the project. In November of 1995 the balance in the Downtown Tax Increment Fund was sufficient to call all outstanding bonds relating to the 1980 tax increment bond issue.

In August of 1994 the City expanded the Downtown Urban Renewal Area originally created for Project No. 2, to incorporate a much larger area including most of the downtown and the riverfront. As a result of state mandated reductions in commercial property values, the Downtown TIF was restructured in 1996. The current Downtown TIF includes most city owned properties in the immediate downtown area and only those private properties that produce a significant increment.

Improvement costs were incurred by the City beginning in 1995 for the acquisition of property, demolition costs, and the development of a public parking lot across from City Hall. The new parking lot opened in 1996. Interim financing notes were used to finance the improvement costs until the long term bonds were issued June 26, 1997 in the amount of \$1,795,000. This issue funded the Downtown Parking Lot Project previously mentioned as well as the Downtown Streetscaping Project, City Hall building improvements, and improvements to the heating, ventilation and air conditioning (HVAC) system at the City's Public Safety Building. The final payment on this issue was made in 2010/2011.

In September of 1998 the Council amended the Downtown TIF to include new increment-producing properties. This action was consistent with the direction and intent that the City Council established in August of 1994 when they first amended the Downtown TIF area.

In 2003/2004 the City acquired the Hawkeye Lumber property located in the riverfront area. Downtown tax increment funds were used to finance the purchase with \$10,878 of project costs funded from the available balance in this fund and \$420,000 funded from Tax Increment revenue bonds sold in April of 2004. The final payment on this issue will be made in 2011/2012.

CURRENT TRENDS AND ISSUES:

Since 2008/2009 the City has not claimed the full amount of incremental taxes due to the balance which had accumulated in the Downtown Tax Increment Fund. The amount claimed for the 2008/2009 year was approximately \$100,000 less than the total that would have been available. This allowed a portion of the incremental values to go back to regular taxable valuations for all the local taxing entities. In 2009/2010 the City claimed approximately \$172,600 less than the amount that would have been available. In 2010/2011 a property tax appeal reduced the increment available from this area and the increment claimed was approximately \$140,000 less than the amount available. For 2011/2012 the amount claimed was \$125,000 less than the amount available. For 2012/2013 the amount claimed is \$210,000 which is approximately \$129,000 less than the amount available.

The 2011/2012 revised estimate expenditures include a \$57,716 tax rebate to the HNI Corporation. This is the final year of the 15 year rebate agreement with HNI.

In 2009/2010 the City completed a number of capital projects in the Downtown Tax Increment area which were funded from the TIF portion of the June 2010 general obligation bond issue. The TIF portion of the bond issue totaled \$1,535,000. These bonds will be repaid with future incremental taxes from the downtown area. Improvements funded from this issue included improvements to the 3rd and Chestnut parking lot, resurfacing of other downtown parking lots, downtown handicapped ramps, Cedar Street resurfacing, improvements on the Riverfront related to the 2008 floods, and funds to replace the boiler at City Hall. The 2004 debt issue will be retired in 2011/2012. Debt service payments on the new issue were structured to lessen the impact from the new issue with 2011/2012 debt requirements of \$70,225. The 2012/2013 debt requirements on this issue are \$209,625.

Tax Increment Fund - Downtown

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 531,854	\$ 426,769	\$ 80,918	\$ 81,062	\$ 77,108
Revenues					
Incremental Taxes	\$ 198,809 (1)	\$ 201,988 (2)	\$ 210,000	\$ 212,400 (3)	\$ 210,000 (4)
Interest	<u>2,371</u>	<u>944</u>	<u>200</u>	<u>200</u>	<u>200</u>
Total Revenues	<u>\$ 201,180</u>	<u>\$ 202,932</u>	<u>\$ 210,200</u>	<u>\$ 212,600</u>	<u>\$ 210,200</u>
Funds Available	<u>\$ 733,034</u>	<u>\$ 629,701</u>	<u>\$ 291,118</u>	<u>\$ 293,662</u>	<u>\$ 287,308</u>
Expenditures:					
Bonds	\$ 215,000	\$ 375,000 (5)	\$ 85,000	\$ 85,000	\$ 0
Interest	34,700	23,787	3,613	3,613	0
Tax Rebate - HNI	56,565	57,127	57,100	57,716 (6)	0
TIF Administrative Fee	0	1,500	0	0	0
Transfers:					
Bonds	0	50,000	30,000	30,000	170,000
Interest	<u>0</u>	<u>41,225</u>	<u>40,225</u>	<u>40,225</u>	<u>39,625</u>
Total Expenditures	<u>\$ 306,265</u>	<u>\$ 548,639</u>	<u>\$ 215,938</u>	<u>\$ 216,554</u>	<u>\$ 209,625</u>
Ending Balance, June 30	<u>\$ 426,769</u>	<u>\$ 81,062</u>	<u>\$ 75,180</u>	<u>\$ 77,108</u>	<u>\$ 77,683</u>

Increase (Decrease) in Fund Balance	\$ (105,085)	\$ (345,707)	\$ (5,738)	\$ (3,954)	\$ 575

1. For the 2009/2010 year, the City certified approximately \$172,600 less than the total available increment.
2. For the 2010/2011 year, the City certified approximately \$140,000 less than the total available increment.
A property tax appeal reduced the increment in total by \$804,060.
3. For the 2011/2012 year, the City certified approximately \$125,000 less than the total available increment.
4. For the 2012/2013 year, the City certified approximately \$129,000 less than the total available increment.
5. The 2011/2012 bond payments included \$150,000 to call the bonds from the June 26, 1997 issue originally scheduled for maturity on June 1, 2012 on June 1, 2011. This resulted in an interest savings of \$8,625.
6. FY 2011/2012 will be the final year of the 15 year TIF rebate agreement with HNI.

TAX INCREMENT FUND - DOWNTOWN

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**Urban Renewal Tax Increment Revenue Bonds
Hawkeye Lumber Property Acquisition
\$420,000 Issue Dated April 23, 2004**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	<u>\$ 85,000</u>	<u>\$ 3,613</u>	<u>\$ 88,613</u>

TAX INCREMENT FUND - DOWNTOWN

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Bonds Funded from
Downtown Urban Renewal Tax Increment Revenues
3rd and Chestnut Parking Lot Reconstruction,
Downtown Parking Lots, Street and Alley Resurfacing,
Riverfront Flood Repairs, and City Hall Boiler Replacement
\$1,535,000 of \$7,425,000 Issue Dated June 1, 2010**

Fiscal Year	Principal	Interest	Total Requirements
2011/12	\$ 30,000	\$ 40,225	\$ 70,225
2012/13	170,000	39,625	209,625
2013/14	170,000	36,225	206,225
2014/15	175,000	32,825	207,825
2015/16	180,000	28,450	208,450
2016/17	180,000	23,050	203,050
2017/18	185,000	17,650	202,650
2018/19	195,000	12,100	207,100
2019/20	200,000	6,250	206,250
Total	<u>\$ 1,485,000</u>	<u>\$ 236,400</u>	<u>\$ 1,721,400</u>

Principal and interest payments for this general obligation bond issue are made from the Debt Service Fund. Incremental taxes from the Downtown TIF area will fund principal and interest requirements on this issue as they become due.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - SOUTH END

GENERAL INFORMATION:

In August of 1994 the City created an Urban Renewal/Tax Increment area in the south end of the City. For 1994 there was only \$300 of expenditures qualifying for tax increment revenue funding. In 1995/96 an additional \$85,000 of expenditures were incurred in the form of an economic development grant to Musco Sports Lighting Inc. In 1995/96 and 1996/97 south end incremental tax revenues of \$9,912 and \$42,642, respectively, were received which funded a portion of the \$85,300 project costs. The balance of the \$85,300 project costs (\$32,563) was funded from TIF revenues in the 1997/98 fiscal year. The remaining portion of the 1997/98 TIF revenues (\$31,811) were used to fund a portion of the costs of Phase I of the Southend Sewer Project. The 1998/99 revenues of \$81,975 were used to fund a portion of the \$92,931 cost of the Briar's Ditch Drainage Improvement Project. The balance of the project cost (\$10,956) was funded from 1999/2000 incremental taxes. The remainder of the 1999/2000 incremental taxes (\$79,521) were used to fund a portion of the cost of Phase I of the Southend Sewer Project. TIF revenues for 2000/2001 totaled \$123,297, for 2001/2002 \$141,756, and for 2002/2003 \$194,442. These funds were also used for Phase I of the Southend Sewer Project.

In 2003/2004 incremental taxes of \$200,151 were received. In 2003/2004 \$8,915 of Southend TIF funds were used for the wetlands relocation project and \$115,000 was used for the Southend Water Extension Project.

Two TIF rebate agreements were entered into by the City Council in 2003; one with Robison Logistics and one with Musco Sports Lighting. The Robison Logistics TIF will rebate 100% of taxes received for 10 years and the Musco Sports Lighting TIF will rebate 67% of taxes received for 15 years.

Tax increment revenue bonds in the amount of \$1,885,000 were sold in June of 2004 to fund the Airport Terminal Building project (\$900,000) and the Southend Water Extension project (\$985,000). Debt service payments on this issue began in 2004/2005 and will continue through 2020/2021.

A TIF rebate agreement with Musser Street Investments L.C. was entered into in 2004. This agreement provided for the rebate of 100% of the incremental taxes on this property for a 5-year period up to a maximum of \$275,000. The final payment on this rebate agreement was made in 2010/2011.

The City had also entered into Agreement #2 with Musco Sports Lighting for their planned new site on Musser Street. This agreement provided for the rebate of 50% of the incremental taxes on this property for a 10-year period up to a maximum of \$325,000. This agreement was to take effect in the 2010/2011 fiscal year; however, construction on the new facility has been postponed.

In 2009 the City entered into two TIF rebate agreements; one with Curry's Transportation Services Inc. and the other with Newcomb Properties LLC. These agreements will rebate 50% of the incremental taxes to these businesses over a ten-year period. The first payments on these agreements were in 2010/2011. A new TIF rebate agreement with A & E Convenience, LLC was approved in January, 2011. The first rebate under this agreement will be made in the 2012/2013 fiscal year. This is also a 50%, ten year agreement.

CURRENT TRENDS AND ISSUES:

Estimated incremental tax revenue of \$404,000 in 2011/2012 will be used to fund debt requirements on the June 2004 bond issue (\$171,085), the TIF rebate to Robison Logistics (\$25,920), the Musco TIF rebate (\$101,147), the Curry's Transportation Services, Inc. rebate (\$25,105), and the Newcomb Properties LLC rebate (\$8,365). For 2011/2012 the City chose to continue to not claim the full amount of incremental taxes available due to the balance which had accumulated in the Southend Tax Increment Fund. The amount claimed for the year is approximately \$405,600 less than the total that would have been available. This allowed a portion of the incremental values to go back to regular taxable valuations for the various local taxing entities.

In 2012/2013 incremental taxes will fund \$166,308 in debt requirements, the TIF rebate to Robison Logistics (estimated at \$25,920), the TIF rebate to Musco (estimated at \$102,500), the Curry's Transportation rebate (estimated at \$25,200), the Newcomb Properties rebate (estimated at \$8,400), and the A & E Convenience rebate (estimated at \$3,700). The 2012/2013 budget also includes a funding transfer of \$40,000 for the upgrade/repair of the Mississippi River bridge decorative lighting system.

In 2011/2012 incremental taxes from the Southend TIF fund are being used to fund internal advances for City economic development administrative costs of \$102,517 and for a City economic development grant to the Greater Muscatine Chamber of Commerce and Industry in the amount of \$35,000. In 2012/2013 incremental taxes will again be used for economic development administrative costs and the economic development grant to the Chamber in the amounts of \$105,254 and \$35,000, respectively.

For 2012/2013 the City is claiming approximately \$390,000 less than the total incremental taxes available from this TIF district. The estimated balance in this fund at the end of 2012/2013 is \$986,766.

Tax Increment Fund - Southend

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 1,089,911	\$ 1,098,925	\$ 1,142,880	\$ 1,136,387	\$ 1,072,048
Revenues					
Incremental Taxes	\$ 393,259 (1)	\$ 404,021 (2)	\$ 400,000	\$ 404,000 (3)	\$ 425,000 (4)
Interest	5,247	2,436	2,000	2,000	2,000
Reimbursement of Legal Costs	4,617	1,500	0	0	0
Total Revenues	<u>\$ 403,123</u>	<u>\$ 407,957</u>	<u>\$ 402,000</u>	<u>\$ 406,000</u>	<u>\$ 427,000</u>
Funds Available	<u>\$ 1,493,034</u>	<u>\$ 1,506,882</u>	<u>\$ 1,544,880</u>	<u>\$ 1,542,387</u>	<u>\$ 1,499,048</u>
Expenditures:					
Bonds	\$ 95,000	\$ 100,000	\$ 105,000	\$ 105,000	\$ 105,000
Interest	74,233	70,385	66,085	66,085	61,308
Tax Rebate-Robinson Logistics	25,735	25,990	25,700	25,920	25,920
Tax Rebate-Musco	105,503	106,552	100,100	101,147	102,500
Tax Rebate-Musser Street Investments	88,978	15,839	0	0	0
Curry's Transportation Services Inc.	0	25,059	24,900	25,105	25,200
Newcomb Properties LLC	0	8,566	8,300	8,365	8,400
A & E Convenience, LLC	0	0	0	0	3,700
Financial Advisor Services	0	2,000	0	0	0
Legal Services/Legal Notices	4,660	6,054	0	1,200	0
TIF Admin/Economic Development Costs	0	3,500	102,517	102,517	105,254
TIF Economic Development Grant	0	0	35,000	35,000	35,000
Transfers Out:					
Brier's Ditch Improvements	0	6,550	0	0	0
Bridge Lighting Project	0	0	0	0	40,000
Total Expenditures	<u>\$ 394,109</u>	<u>\$ 370,495</u>	<u>\$ 467,602</u>	<u>\$ 470,339</u>	<u>\$ 512,282</u>
Ending Balance, June 30	<u>\$ 1,098,925</u>	<u>\$ 1,136,387</u>	<u>\$ 1,077,278</u>	<u>\$ 1,072,048</u>	<u>\$ 986,766</u>
Increase (Decrease) in Fund Balance	\$ 9,014	\$ 37,462	\$ (65,602)	\$ (64,339)	\$ (85,282)

1. For the 2009/2010 year, the City certified approximately \$325,000 less than the total available in incremental taxes.
2. For the 2010/2011 year, the City certified approximately \$419,500 less than the total available in incremental taxes.
3. For the 2011/2012 year, the City certified approximately \$405,600 less than the total available in incremental taxes.
3. For the 2012/2013 year, the City certified approximately \$390,000 less than the total available in incremental taxes.

TAX INCREMENT FUND - SOUTHEND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**Urban Renewal Tax Increment Revenue Bonds
Airport Terminal Building and Southend Water Extension Project
\$1,885,000 Issue Dated June 24, 2004**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 105,000	\$ 66,085	\$ 171,085
2012/13	105,000	61,308	166,308
2013/14	110,000	56,320	166,320
2014/15	115,000	50,930	165,930
2015/16	120,000	45,065	165,065
2016/17	125,000	38,705	163,705
2017/18	130,000	31,955	161,955
2018/19	140,000	24,805	164,805
2019/20	145,000	16,965	161,965
2020/21	<u>150,000</u>	<u>8,700</u>	<u>158,700</u>
Total	<u>\$ 1,245,000</u>	<u>\$ 400,838</u>	<u>\$ 1,645,838</u>

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - CEDAR DEVELOPMENT

GENERAL INFORMATION:

In January, 2004, the City entered into an agreement with Cedar Development L.L.C. for their planned development in the northeast area of the City. The development agreement provides for a rebate of 50% of the incremental taxes from this area for a 10-year period up to a maximum total of \$4,719,000. Under the provisions of the agreement, the Developer could choose when this rebate would begin. Cedar Development filed the appropriate notification to the City in the fall of 2008 to "trigger" this rebate to begin in 2009/2010.

The incremental taxes from this property for 2009/2010 were \$292,401 and the rebate \$146,201. The incremental taxes the City claimed and received for the year were \$161,035. This is less than the total amount of incremental taxes available from this area. This allowed a portion of the incremental values to be considered as regular values for the various local taxing entities. Incremental taxes from this property for 2010/2011 were \$295,308 and the rebate \$147,654. The amount claimed was again less than the total incremental taxes available from this area.

Incremental taxes from this property for 2011/2012 are \$314,880 and the rebate \$157,440. The incremental taxes for 2012/13 are estimated at \$357,000 with the rebate estimated at \$178,500. The City claimed \$161,800 of the incremental taxes in 2011/2012 and \$182,000 in 2012/13 which continues to allow a portion of the incremental taxes to be considered as regular values for the various local taxing entities.

Tax Increment Fund - Cedar Development

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 5,226	\$ 9,062	\$ 9,117	\$ 13,477
Revenues					
Incremental Taxes	\$ 161,035	\$ 151,492	\$ 160,000	\$ 161,800	\$ 182,000
Interest	<u>47</u>	<u>53</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 161,082</u>	<u>\$ 151,545</u>	<u>\$ 160,000</u>	<u>\$ 161,800</u>	<u>\$ 182,000</u>
Funds Available	<u>\$ 161,082</u>	<u>\$ 156,771</u>	<u>\$ 169,062</u>	<u>\$ 170,917</u>	<u>\$ 195,477</u>
Expenditures:					
Tax Rebate - VMI Northport Commons	\$ 146,201	\$ 147,654	\$ 156,000	\$ 157,440	\$ 178,500
Transfer Out:					
Legal Services	<u>9,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 155,856</u>	<u>\$ 147,654</u>	<u>\$ 156,000</u>	<u>\$ 157,440</u>	<u>\$ 178,500</u>
Ending Balance, June 30	<u><u>\$ 5,226</u></u>	<u><u>\$ 9,117</u></u>	<u><u>\$ 13,062</u></u>	<u><u>\$ 13,477</u></u>	<u><u>\$ 16,977</u></u>

Increase (Decrease) in Fund Balance	\$ 5,226	\$ 3,891	\$ 4,000	\$ 4,360	\$ 3,500

1. TIF triggering notification received in November, 2008 to begin the 10 year rebate period in 2009/2010.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - MUSCATINE MALL

GENERAL INFORMATION:

In January, 2008, the City entered into an agreement with the new owners of the Muscatine Mall to assist in their plan to redevelop, renovate and improve this mall. The agreement provides for a rebate of 50% of the incremental taxes for a 20-year period up to a maximum total of \$5,325,000. In 2009 the Development Agreement for the Muscatine Mall was amended to specifically include the construction of student housing and town homes on the southeast corner of the Mall property. As of the date the budget was approved, no work has been done on this project.

Fiscal year 2009/2010 was the first year of this TIF rebate agreement and the rebate was \$5,317. For 2010/2011 the TIF rebate increased to \$14,106. For 2011/2012, however, there was a revaluation of the taxable value of this property which decreased the incremental value of this property. This resulted in a decrease in the rebate to \$12,490. The rebate for 2012/2013 is estimated at \$13,400. This rebate is expected to increase in future years as improvements to the property are completed.

Tax Increment Fund - Muscatine Mall

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 2,357	\$ 2,389	\$ 1,729	\$ 3,399
Revenues					
Incremental Taxes	\$ 10,081	\$ 14,139	\$ 14,000	\$ 14,160	\$ 15,000
Interest	10	6	0	0	0
Reimbursement of Expenses	<u>1,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 11,691</u>	<u>\$ 14,145</u>	<u>\$ 14,000</u>	<u>\$ 14,160</u>	<u>\$ 15,000</u>
Funds Available	<u>\$ 11,691</u>	<u>\$ 16,502</u>	<u>\$ 16,389</u>	<u>\$ 15,889</u>	<u>\$ 18,399</u>
Expenditures:					
Tax Rebate - Muscatine Mall	\$ 5,317 (1)	\$ 14,106	\$ 12,400	\$ 12,490	\$ 13,400
Legal Services	1,600	667	0	0	0
Transfer Out:					
Legal Services	<u>2,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 9,334</u>	<u>\$ 14,773</u>	<u>\$ 12,400</u>	<u>\$ 12,490</u>	<u>\$ 13,400</u>
Ending Balance, June 30	<u>\$ 2,357</u>	<u>\$ 1,729</u>	<u>\$ 3,989</u>	<u>\$ 3,399</u>	<u>\$ 4,999</u>
Increase (Decrease) in					
Fund Balance	\$ 2,357	\$ (628)	\$ 1,600	\$ 1,670	\$ 1,600

1. Fiscal year 2009/2010 was the first year of a 20-year, 50% TIF rebate agreement for the Muscatine Mall.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND – INDUSTRIAL URBAN RENEWAL AREA

GENERAL INFORMATION:

In June of 2010 the City entered into an agreement with H.J. Heinz Company LP to assist in their construction of new facilities at their Muscatine plant. The agreement provides for a rebate of 50% of the incremental taxes for a 15-year period up to a maximum total of \$425,000.

Fiscal year 2011/2012 is first year of the rebate under this agreement. The incremental value for 2011/2012 is \$636,760. Based on that value, incremental taxes are \$22,724 for the first year and the 50% rebate is \$11,362. For 2012/2013 the incremental taxes are estimated at \$29,000 and the rebate at \$14,500. For both 2011/2012 and 2012/2013 the City is claiming less than the total of incremental taxes available from this area which allows a portion of the incremental taxes to be considered regular taxable values for other taxing entities.

Tax Increment Fund - Heinz

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,298
Revenues					
Incremental Taxes	\$ 0	\$ 0	\$ 14,000	\$ 14,160	\$ 16,000
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,000</u>	<u>\$ 14,160</u>	<u>\$ 16,000</u>
Funds Available	\$ 0	\$ 0	\$ 14,000	\$ 14,160	\$ 18,298
Expenditures:					
Tax Rebate - Heinz	\$ 0	\$ 0	\$ 11,300	\$ 11,362 (1)	\$ 14,500
Transfer Out:					
Legal Services	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,800</u>	<u>\$ 11,862</u>	<u>\$ 14,500</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,200</u></u>	<u><u>\$ 2,298</u></u>	<u><u>\$ 3,798</u></u>

Increase (Decrease) in					
Fund Balance	\$ 0	\$ 0	\$ 2,200	\$ 2,298	\$ 1,500

1. Fiscal year 2011/2012 is the first year of a 15-year, 50% TIF rebate agreement for Heinz.

SPECIAL REVENUE FUNDS

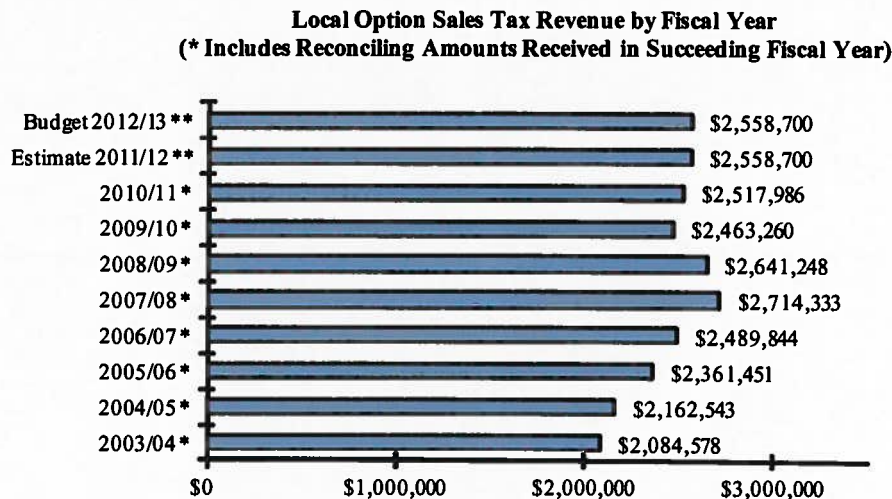
LOCAL OPTION SALES TAX FUND

GENERAL INFORMATION:

In May of 1994, voters in the City of Muscatine approved a 1% local option sales and service tax for a five year period beginning July 1, 1994. All of the proceeds from the tax were required by the referendum to be used for City storm and sanitary sewer projects. In August of 1998, voters approved the extension of the local option tax for an additional five years to continue the storm and sanitary sewer improvements. In January 2003, voters approved using up to 10% of the proceeds from the local option sales tax for the “Pearl of the Mississippi” improvement projects effective April 30, 2003. On January 27, 2004 voters approved extending this tax for an additional five years with 90% of the tax to be used for sewer improvements and up to 10% for “Pearl of the Mississippi” projects.

In August, 2008 voters again approved the extension of the local option tax for a period of ten years with up to 20% of the tax to be used for the City’s Pavement Management Program and the remainder to be used for storm and sanitary sewer projects. The focus of the sewer improvements over this ten year period will be on projects mandated in the E.P.A. Consent Order.

Each fiscal year the Iowa Department of Revenue and Finance makes estimated local option sales tax payments to the City. The following fiscal year, the City receives an additional payment, which reconciles actual local option sales tax amounts to the estimates previously remitted to the City. The following chart shows the local option sales taxes earned by the City each fiscal year. These amounts include the reconciliation amounts received the following year. The amounts shown for both 2011/2012 and 2012/2013 have been estimated conservatively based on current economic conditions.



** Both the 2011/2012 and 2012/13 amounts have been conservatively estimated due to economic conditions.

CURRENT TRENDS AND ISSUES:

For the revised estimate for 2011/2012 and the 2012/2013 budget, the estimated local option sales tax revenues are \$2,655,500 and \$2,558,700, respectively. The 2012/2013 amount is projected conservatively using the State's estimate for the current year without any prior year reconciliation amount. Transfers out of the Local Option Sales Tax Fund for qualifying City storm and sanitary sewer projects are estimated for the current and upcoming year as follows:

Local Option Sales Tax-Funded Sewer Projects
Revised Estimate 2011/2012 and Estimated 2012/2013

	<u>Projected</u> <u>2011/2012</u>	<u>Projected</u> <u>2012/2013</u>
Project:		
Hershey Avenue Sewer Separation Phase II	\$ 310,000	\$ -
West Hill Sewer Separation - Phase I	<u>1,115,000</u>	<u>3,817,000</u>
Totals	<u>\$ 1,425,000</u>	<u>\$ 3,817,000</u>

The West Hill Sewer Separation project is a \$50+ million project mandated by an E.P.A. Consent Order to be completed by 2024. Plans are to complete this project in multiple phases and as part of this plan to request an extension to the Consent Order deadline to 2028. City staff working with PFM, the City's financial consultant, recently completed a long-term plan for financing the West Hill Sewer Separation project. The 80% allocation of Local Option Sales Taxes approved by voters to be used for storm and sanitary sewer improvements will provide funding for a portion of the project costs. Beginning in 2017/2018 local option tax will need to be supplemented with other resources to complete the scheduled work on the project. As part of the long-term financing plan, a new "West Hill Sewer Separation Long-Term Financing Plan Reserve" fund was established to accumulate funds to supplement the local option tax funding for this project. The revised estimate for 2011/2012 and budget for 2012/2013 each include \$200,000 in transfers from the Water Pollution Control fund to the new reserve fund. Like amounts for those same years will be transferred from the Collection and Drainage fund. Annual allocations from both of these funds are proposed to continue to be set aside each year throughout the project. Based on the assumptions used in the long-term financial plan, the Local Option Sales Tax funds and funds from the new reserve are expected to cash flow project costs until 2018/2019 when the City would need to secure a State Revolving Fund Loan to complete the scheduled work on this project. While the ending fund balance on June 30, 2013 of \$8,870 is minimal, based on budget assumptions, funds from the new reserve should not be needed to supplement local option sales tax funding for the first phase of this project.

As authorized by the sales tax referendum, funding transfers of \$531,100 in the revised estimate and \$511,700 in 2012/2013 have been included to fund ongoing costs of the Pavement Management program. This represents the 20% allocation of the local option tax allowed for this program in the 2008 voter referendum. A separate sub-fund has been established to account for the portion allocated for the pavement management program. Transfers out of the Local Option Sales Tax Fund for qualifying pavement management projects are estimated for the current and upcoming fiscal year as follows:

Local Option Sales Tax-Funded Pavement Management Projects
Revised Estimate 2011/2012 and Estimated 2012/2013

	<u>Estimated</u> <u>2011/2012</u>	<u>Projected</u> <u>2012/2013</u>
Project:		
Pavement Management Program	\$ 500,000	\$ 500,000
Railroad Crossing Improvements	200,000	-
Highway 38/61 Connector Study	45,000	-
Totals	<u>\$ 745,000</u>	<u>\$ 500,000</u>

Specific projects in the Pavement Management Program allocation of \$500,000 for 2012/2013 will be determined based on balancing the financing of major street improvement projects (Cedar Street and Colorado Street) with ongoing pavement management projects. The estimated balance in the Pavement Management sub-fund on June 30, 2013 is \$110,419.

Local Option Sales Tax Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 4,747,796	\$ 3,364,971	\$ 1,302,071	\$ 1,076,470	\$ 1,777,370
Revenues					
Local Option Sales Tax	\$ 2,519,107	\$ 2,433,919	\$ 2,435,000	\$ 2,655,500 (1)	\$ 2,558,700 (2)
Interest	<u>18,899</u>	<u>5,270</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Total Revenues	<u>\$ 2,538,006</u>	<u>\$ 2,439,189</u>	<u>\$ 2,436,500</u>	<u>\$ 2,657,000</u>	<u>\$ 2,560,200</u>
Funds Available	<u>\$ 7,285,802</u>	<u>\$ 5,804,160</u>	<u>\$ 3,738,571</u>	<u>\$ 3,733,470</u>	<u>\$ 4,337,570</u>
Expenditures					
Transfers Out:					
Sewer Projects	\$ 3,430,734	\$ 4,240,906	\$ 1,515,000	\$ 1,425,000	\$ 3,817,000
Pavement Management Program	<u>490,097</u>	<u>486,784</u>	<u>487,000</u>	<u>531,100 (3)</u>	<u>511,700 (3)</u>
Total Expenditures	<u>\$ 3,920,831</u>	<u>\$ 4,727,690</u>	<u>\$ 2,002,000</u>	<u>\$ 1,956,100</u>	<u>\$ 4,328,700</u>
Ending Balance, June 30	<u>\$ 3,364,971</u>	<u>\$ 1,076,470</u>	<u>\$ 1,736,571</u>	<u>\$ 1,777,370</u>	<u>\$ 8,870</u>
Increase (Decrease) in Fund Balance	\$ (1,382,825)	\$ (2,288,501)	\$ 434,500	\$ 700,900	\$ (1,768,500)

1. The Revised Estimate Local Option Tax revenue amount is the State's estimate (\$2,558,658) plus a prior year reconciliation amount of \$96,840.
2. The FY 2012/2013 Local Option Tax revenue amount is estimated conservatively at the States's projected 2011/2012 level of \$2,558,658.
3. Effective July 1, 2009 up to 20% of Local Option Tax revenue is being used for the Pavement Management Program per the voter referendum. This 20% allocation is transferred to a subfund to separately account for this portion of the tax.

Local Option Sales Tax Fund

Pavement Management Allocation (20%)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 337,218	\$ 344,318	\$ 311,619	\$ 98,219
Revenues					
Transfers In:					
Local Option Sales Tax (1)	\$ 490,097	\$ 486,784	\$ 487,000	\$ 531,100 (2)	\$ 511,700 (3)
Interest	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Revenues	<u>\$ 490,097</u>	<u>\$ 486,784</u>	<u>\$ 487,500</u>	<u>\$ 531,600</u>	<u>\$ 512,200</u>
Funds Available	<u>\$ 490,097</u>	<u>\$ 824,002</u>	<u>\$ 831,818</u>	<u>\$ 843,219</u>	<u>\$ 610,419</u>
Expenditures					
Transfers for Pavement Management:					
Pavement Management (Curb and Gutter, Full Depth Patch, Crack Sealing, and Resurfacing)	\$ 131,804	\$ 346,590	\$ 500,000	\$ 500,000	\$ 500,000 (4)
Cedar Street Guard Rail	21,075	0	0	0	0
Highway 38/61 Connector Study	0	0	0	45,000	0
Railroad Crossing Improvements	<u>0</u>	<u>165,793</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total Expenditures	<u>\$ 152,879</u>	<u>\$ 512,383</u>	<u>\$ 700,000</u>	<u>\$ 745,000</u>	<u>\$ 500,000</u>
Ending Balance, June 30	<u>\$ 337,218</u>	<u>\$ 311,619</u>	<u>\$ 131,818</u>	<u>\$ 98,219</u>	<u>\$ 110,419</u>

Increase (Decrease) in Fund Balance	\$ 337,218	\$ (25,599)	\$ (212,500)	\$ (213,400)	\$ 12,200

1. Effective July 1, 2009 up to 20% of Local Option Tax revenue will be used for the Pavement Management Program per the voter referendum.
2. The Revised Estimate Local Option Tax revenue amount is 20% of the total of the State's estimate for the year (\$2,558,658) and the prior year reconciliation amount of \$96,840.
3. The FY 2013 Local Option Tax revenue amount is estimated conservatively at 20% of the States's projected 2011/2012 amount of \$2,558,658.
4. Specific projects in the 2012/2013 funding amount will be determined based on balancing the financing of major street projects (Cedar Street and Colorado Street) with ongoing pavement management projects.

SPECIAL REVENUE FUNDS

POLICE FORFEITURE FUND

GENERAL INFORMATION:

Under guidelines from the U.S. Department of Justice and provisions of the State Code of Iowa, the City of Muscatine Police Department may receive proceeds from seized and forfeited money and property. Various procedures are required to be followed before a determination is made as to whether the proceeds from the seized property are awarded to the various law enforcement agencies. Additionally, if more than one law enforcement agency is involved in the seizure of property, proceeds are distributed to each agency involved on a percentage basis.

Local law enforcement agencies are specifically required to use these funds to supplement and not supplant the existing funding for law enforcement activities. In effect, these funds are required to be used for purchases outside the department's operating budget and may not be used to fund purchases included in the police department's annual budget.

This fund was established as a budgeted fund for the first time in fiscal year 1995/96 at the recommendation of the City's auditors in order to comply with provisions in the State Code of Iowa.

CURRENT TRENDS AND ISSUES:

The 2012/2013 budget includes \$5,000 of forfeiture fund revenues and \$5,000 of expenditures. The actual expenditures, however, will be dependent on the amount of funds received from seized and forfeited property.

Police Forfeitures Fund

Fund Statement

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Beginning Balance, July 1	\$ 37,835	\$ 10,606	\$ 3,606	\$ 7,174	\$ 2,174
Revenues					
Forfeiture Funds	\$ 26,762	\$ 501	\$ 5,000	\$ 0	\$ 5,000 (1)
Interest	<u>72</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 26,834</u>	<u>\$ 518</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 5,000</u>
Funds Available	\$ 64,669	\$ 11,124	\$ 8,606	\$ 7,174	\$ 7,174
Expenditures	<u>54,063</u>	<u>3,950</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000 (1)</u>
Ending Balance, June 30	<u><u>\$ 10,606</u></u>	<u><u>\$ 7,174</u></u>	<u><u>\$ 3,606</u></u>	<u><u>\$ 2,174</u></u>	<u><u>\$ 2,174</u></u>

Increase (Decrease) in					
Fund Balance	\$ (27,229)	\$ (3,432)	\$ 0	\$ (5,000)	\$ 0

1. Amounts for 2012/2013 reflect an estimated amount for forfeitures and expenditures. Actual amounts expended will be based on forfeiture funds received.

SPECIAL REVENUE FUNDS

POLICE GRANT FUTURE FUNDING COMMITMENT RESERVE

GENERAL INFORMATION:

The City was awarded a U.S. Department of Justice COPS grant which will fund 100% of the cost of two new police officers for three years. The addition of these two positions will allow the City to reactivate the Street Crimes Unit and also fund a second School Resource Officer to be used in the City's middle schools for nine months of each year. A condition of the grant is that the City must retain these two positions at City cost for a minimum of one year after the three year grant period. This reserve was established with the 2012/2013 budget to set aside sufficient funds in each of the three grant years so that funds will be available to fund the required fourth year costs of these positions. The City is setting aside \$40,000 in this reserve annually to fund the fourth year cost of the position for the Street Crimes Unit and 25% of the School Resource Officer position. The Muscatine Schools have agreed to fund 75% of the costs for one of the officers for the required fourth year.

CURRENT TRENDS AND ISSUES:

The 2012/2013 budget includes a \$40,000 transfer from the General Fund towards funding the fourth year of the City's share of the cost of the two COPS grant funded officers. Like amounts will be transferred in each of the next two fiscal years to complete the funding needed for the City's portion of the fourth year cost. The Muscatine School system has agreed to fund 75% of the cost of one of the positions in the fourth year.

Police Grant Future Funding Commitment Reserve

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfer In:					
General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,000</u>
Funds Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 40,000</u></u>

Increase (Decrease) in					
Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000

SPECIAL REVENUE FUNDS

MUNICIPAL HOUSING AGENCY

GENERAL INFORMATION:

The Muscatine Municipal Housing Agency is the HUD sanctioned Housing Authority for the County of Muscatine. The Agency is administered by the City's Housing department with City Council acting as the Agency Board of Commissioners with the advice of the Public Housing Resident Advisory Board. The Housing department is responsible for managing City and not-for-profit public housing, rental assisted privately owned housing, the home ownership program, and assisting with the Housing Rehabilitation and Housing Code Enforcement Programs. The Municipal Housing funds support staff and operational expenses which are incurred to implement the housing programs.

All code and rehabilitation activities of the Community Development department complement the Housing department goals and objectives. These goals and objectives are to assure that the citizens of the City have a safe, decent, sanitary and energy efficient place to live in a stable, vital and secure neighborhood of their choice, at a price they can afford, and within reasonable access to employment, recreation, cultural opportunities, and goods and services.

PUBLIC HOUSING

The City's Public Housing units consist of the eleven (11) story, 100 unit Clark House for near-elderly and elderly citizens and the fifty (50) unit very low income Sunset Park family project. The City also provides management services for the Hershey Board, a not-for-profit organization, for Hershey Manor, a fifty (50) unit elderly/handicapped citizen project. This facility is managed by the City through a contractual agreement with the Hershey Board.

CLARK HOUSE - An eleven (11) story apartment complex consisting of ninety-eight (98) one-bedroom and two (2) two-bedroom units for the near-elderly and elderly was opened in May of 1977. Debt service on the construction of the building was funded by the federal government with annual operating expenditures funded from project revenues. Senior Resources has a meal site in the building. The Clark House also serves as a community-wide elderly activity center. Funding for improvements at this facility has been provided from Department of Housing and Urban Development (HUD) grants under the Capital Funds Program. Over the past several years, funding from this program has provided for renovation and replacement of various structural and mechanical items in this facility.

The 2011/2012 revised estimate expenditures for the Clark House are over the budgeted amount by \$63,580. In September of 2011 the last remaining scattered site public housing unit was sold and the revised estimate expenditures include the transfer of the \$65,280 in sales proceeds to the Home Ownership Program. The home buyer was a successful graduate of the Home Ownership Program.

The Clark House budgeted expenditures for fiscal year 2012/2013 total \$522,790. This is a \$72,390 (12.2%) decrease from the 2011/2012 budget. This reduction was needed due to HUD factoring in each Public Housing agency's operating reserve as of June 30, 2010 when determining the Operating Subsidy for calendar year 2012. Based on the Muscatine's Public Housing operating reserve on that date, the Operating Subsidy was reduced from \$160,010 in calendar year 2011 to zero for calendar year 2012. Housing staff was unsuccessful in the appeal of this funding reduction. Decreases in the budget are primarily due to (1) a

personal services reduction of \$27,960 primarily due to replacement of a fulltime custodian with a three-quarter time position, and (2) a \$41,000 reduction in the allocation for capital outlay. The \$30,000 capital outlay allocation in the budget only reflects apartment rehabilitation and appliance replacements generally done when the apartment units turn over.

The 2011/2012 revised estimate revenues for the Clark House are \$160,730 less than the original budget due to the change in HUD funding discussed above. Since no HUD Operating Subsidy will be received in calendar year 2012, those funds will be \$57,480 less than originally budgeted for the fiscal year. In prior years the City (with HUD approval) had been drawing down the HUD Capital Funds as operating funds and then including those funds in the overall operating and capital budgets for both the Clark House and Sunset Park. Since having those funds in the Operating Reserve negatively impacted the Public Housing program when the Operating Subsidy was calculated, these funds will not be drawn down for operations in 2011/2012. With that change, the revised estimate reflects no HUD Capital Funding, compared to the \$98,350 in the original budget. Housing agencies are given two years to obligate each year's capital funding allocation.

The 2012/2013 budgeted revenues for the Clark House total \$495,900 which is \$75,350 less than the original 2011/2012 budget. This again is primarily due receiving no Operating Subsidy in calendar year 2012 (the first half of fiscal year 2012/2013). The budget includes an estimated \$55,300 in HUD Operating Subsidy for the first half of calendar year 2013. This is \$57,600 less than the original 2011/2012 budget. It is uncertain whether operating reserves will continue to impact the award of future year Operating Subsidies, but this budget strives to position the Housing agency to receive the full amount available in future years. The HUD Capital Funds awarded in 2011 are reflected as revenues in the 2012/2013 budget. One-half of the total award (\$85,500 of the total of \$171,000) is reflected in the Clark House budget with the other half in Sunset Park. The Capital Funds accounted for in the Clark House budget, however, are still \$12,850 less than the original budget for 2011/2012 due to HUD funding reductions. Other Clark House revenues for 2012/2013 include \$316,000 in rents, \$28,000 in cable fees, and \$9,800 in other income, primarily laundry fees.

The Clark House and Sunset Park are considered one project by HUD for accounting purposes. In the 2011/2012 revised estimate the combined Clark House and Sunset Park revenues are \$597,740 and the combined expenditures are \$1,032,300. This will result in a \$434,560 decrease in the operating reserve to \$222,229 at the end of 2011/2012. This again, is due to receiving no Operating Subsidy in calendar year 2012 and not drawing down any Capital Funds in 2011/2012.

The 2012/2013 budgeted expenditures for the Clark House and Sunset Park total \$814,390 and revenues are budgeted at \$701,240. This will decrease the operating reserve by \$113,150 to \$109,079 at the end of 2012/2013. The combined public housing revenue estimate includes a total of \$171,000 of HUD Capital Funds, \$83,000 in HUD Operating Subsidy, and \$408,000 in rents.

SUNSET PARK - The Sunset Park Housing units are located on Houser Street north of the Muscatine Slough. The Sunset Park facility is a 50-unit apartment complex consisting of two, three, and four bedroom units for very low income families. The facility is funded similar to the Clark House. The federal government funded the debt service for the construction. Rental income is used to provide funds for the operation and maintenance of the facility.

The 2011/2012 revised estimate expenditures for Sunset Park are \$14,900 less than the original budget. The revised estimate reduction was to address the Operating Subsidy funding elimination for 2012 discussed in the Clark House section above. Reductions included (1) a \$6,210 reduction in personal services primarily due to the reduction in hours for the part-time Section 3 Program worker and also reduced overtime, (2) reduction

in capital outlay of \$1,200, (3) a \$4,060 reduction in commodities, and (4) a \$3,430 reduction in contractual services.

The 2012/2013 Sunset Park budgeted expenditures are \$96,840 (24.9%) less than the 2011/2012 budget. The most significant reduction was in capital outlay (\$85,000). The 2012/2013 budget also continues the reductions in hours for the part-time Section 3 Program worker and overtime, as well as the decreases in commodities and contractual services implemented in the 2011/2012 revised estimate.

Revised estimate revenues for Sunset Park are \$122,760 less than the original budget due to (1) receiving no HUD Operating Subsidy in calendar year 2012 (\$28,690), and (2) not drawing down any HUD Capital Funds in 2011/2012 (\$98,350 budgeted). As noted in the Clark House section above, this is being done in an effort to position the Public Housing program to receive the full amount of HUD Operating Subsidy available in calendar year 2013.

Revenues for Sunset Park for 2012/2013 are estimated at \$205,340 which includes \$92,000 in rents, \$27,700 in HUD Operating Subsidy (estimated first half of calendar year 2013 allocation), and \$85,500 in HUD Capital Funds (Sunset Park portion of 2011 Capital Funds allocation).

HERSHEY MANOR - The site for this project was formerly occupied by the Hershey Nursing Home near the intersection of Parham and Mulberry streets. The site was rezoned by the City in 1982 to accommodate this elderly/handicapped citizen project. The Hershey Board, a non-profit organization, discontinued the nursing home operation and the structure was demolished in 1983. This project, unlike the Clark House and Sunset Park projects, requires that the payment of principal and interest for the construction of the facility be paid by the housing program.

Since 1983, the City has provided management services for this facility at the request of the Hershey Board. All costs associated with the operation of the project are charged directly to the Hershey Manor Housing Fund, including a payment to the City of 5% of the operating revenues of the project as a management fee according to the City's current agreement with the Hershey Board. From this management fee, the City funds 10% of the Housing Administrator's wages and benefit costs with the remainder of the management fee credited to the General Fund to fund accounting and general administrative costs. In addition to the allocation of the Housing Administrator, staff consists of a half-time Custodian, a part-time Housing Specialist, 25% of a Maintenance Repairperson, and 10% of the Housing Maintenance Supervisor/Inspector.

The revised estimate expenditures are \$2,900 higher than the original budget primarily due to increased repair and maintenance supplies and services.

The estimated expenditures for fiscal year 2012/2013 of \$407,110 are \$67,030 (19.7%) higher than the original 2011/2012 budget primarily due to an increase in capital outlay (\$64,000). Capital outlay costs include carpet replacement in four apartments (\$3,200), appliance replacements (\$1,000), a mechanical assessment for HVAC replacement (\$3,000), and siding repairs (\$70,000). Capital costs for Hershey Manor are funded from the Replacement Reserve. Expenditures in 2012/2013 include \$116,830 for interest and mortgage insurance on the re-financed loan.

Revenues for 2012/2013 include \$160,000 in rental payments from the tenants and an estimated \$258,200 through HUD Section 8 housing assistance payments. The apartments rent for a fair market value established by HUD. Tenants pay 30% of their income for rent with the difference between the tenant rent and the fair market rent subsidized by Section 8 funds. Effective June 1, 2008 the fair market rent was set at \$667. It

increased to \$682 June 1, 2009 and to \$708 June 1, 2010. The fair market rent was maintained at \$708 on June 1, 2011 but will increase to \$716 June 1, 2012.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The City's Section 8 Housing Choice Voucher Program enables the City to assist up to three hundred seventy-six (376) very low-income individuals and families, who reside in Muscatine County, to live in standard privately owned housing of their choice, suitable to their needs and within their ability to pay. The program assists families, elderly, and eligible handicapped whose incomes do not exceed 50% of the area's median income at the time of admission (very low income families). The program participants seek their own housing within the County and are free to move to more desirable units at the end of the lease period.

Under the Section 8 program, tenants and landlords enter into a lease agreement establishing the terms and conditions of the lease and the landlords enter into a contract with the City for the rental assistance. The property owners retain control over their property and approve the tenants. Rents including utilities are established for various bedroom sized units by HUD. HUD provides funding for the program including the housing assistance payment (difference between the amount the eligible families and individuals pay toward rent, 30% to 40% of income, and the rent) and administration of the program.

Federal contributions for fiscal year 2012/2013 are estimated at \$1,804,950 for the Section 8 Voucher Program which includes \$1,618,600 for housing assistance payments (HAPS) and \$186,350 for administration of the program. These are preliminary budget estimates. HUD determines both HAP and Administration funding for each housing agency on a calendar year basis. For calendar year 2012 HUD is making changes to how the Section 8 Voucher program funds are distributed to housing agencies. Housing agencies are required to separately account for the HAPS funds and HUD funds for administration of the program. As part of the HUD funding for 2012, housing agencies will need to use previous year unspent HAP funds to fund a portion of the current year's HAP payments. This will result in a lower HAPS reserve by the end of 2011/2012 and 2012/2013. According to information from HUD, this is not intended to reduce the number of families and individuals receiving rent subsidies under the Section 8 Voucher program, but only to lower the reserves held by housing agencies. HUD funds for administration of the program, however, have been significantly reduced. While at the beginning of the 2011/2012 year the accumulated prior year Administrative Reserve was \$88,715, this will be reduced to \$67,965 by the end of 2011/2012 and further reduced to \$38,355 by the end of 2012/2013. Housing staff will continue to closely monitor HUD funding and revenues and expenditures for this program. It is uncertain whether the HUD administrative fee reduction will continue in calendar year 2013. If that would be the case, reductions in administrative costs, including staffing, would need to be considered. Based on the current average rent subsidy and the calendar year 2012 funding, the City has not been provided sufficient HUD funds to provide housing assistance to the maximum number of individuals or families possible (376). The goal of the Housing staff is to maximize usage of the allowed HUD funds and to strive to obtain increased funding for housing assistance payments each year.

SECTION 8 FAMILY SELF-SUFFICIENCY PROGRAM

In 2010/2011, the Housing department was notified that funding had been awarded to begin a Family Self-Sufficiency (FSS) program for the Section 8 Housing Choice Voucher Program. FSS is a HUD program that encourages communities to develop local strategies to help voucher families obtain employment that will lead to economic independence and self-sufficiency. Public Housing Authorities (PHA's) work with welfare agencies, schools, businesses, and other local partners to develop a comprehensive program that gives FSS family members the skills and experience to enable them to obtain employment that pays a living wage. Under this program, low-income families enter into an agreement with the PHA. The families are provided

opportunities for education, job training, counseling, and other forms of social skills necessary to achieve self-sufficiency and in exchange agree to successfully complete the program and abide by the program rules.

In addition to the family receiving education, training, and other skills, the PHA establishes an escrow account and credits the families for the change in family paid rent as a result of any increase in earned income during the family's participation in the FSS program. Upon successful completion of the program, the family then receives the funds that have been deposited into their escrow account.

HUD provides funding for 100% of the wages and benefits of a fulltime FSS Coordinator position. Any cost for training or other incidental expenses is funded from the Section 8 Housing Voucher Program administrative funding. The cost of the fulltime FSS Coordinator is \$49,160 for 2011/2012 and this cost will increase to \$53,270 in 2012/2013. These costs are funded 100% by HUD. Incidental expenses are estimated at \$1,940 in 2011/2012 and \$1,960 for 2012/2013. These costs are funded from the HUD funds for administration of the regular Housing Choice Voucher program.

HOUSING INSPECTIONS

As part of the City's Housing Assistance Program, the City is also required to inspect each of the units receiving a rent subsidy to assure that it meets minimum housing standards. Housing inspections are the responsibility of the Housing Maintenance Supervisor/Inspector. Section 8 housing inspections will account for 25% of the Housing Maintenance Supervisor/Inspector's position for the 2012/2013 year. Housing inspection violations are required to be corrected within a specified time period.

HOME OWNERSHIP PROGRAM

The Housing department reestablished the Home Ownership Program in January of 2008. This program assists first time home buyers in purchasing their own homes. This includes persons eligible and interested in purchasing a home through the Section 8 Voucher Program Home Ownership program. HUD approved the transfer of \$65,300 from the sale of the scattered site house in 2011 to provide funding for this program. The Housing Specialist position that manages this program was increased from part-time to fulltime in 2010/2011 with 50% of the cost of that position charged to the Home Ownership Program.

The 2011/2012 revised estimate includes an estimated \$37,500 in expenditures for this program and the estimated expenditures for 2012/2013 are \$42,600. Funding from the Local Housing Trust Fund is estimated at \$20,000 in both 2011/2012 and 2012/2013. There is currently a sufficient fund balance available for this program due to the sales proceeds from the scattered site housing units. The Housing department will continue to pursue other outside funding for this program with the goal of making the Home Ownership program self-sustaining in future years.

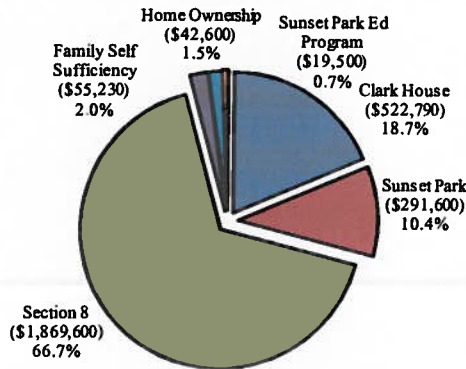
SUNSET PARK EDUCATION PROGRAM

The Sunset Park Education Center opened in 2010/2011. The Sunset Park Afterschool Program is operated every day school is in session. The program is sustained by grants and donations from the community. The 2011/2012 revised estimate includes \$17,400 in personal services for a part time program coordinator and \$1,800 for supplies. The 2012/2013 budget includes \$17,700 for the program coordinator and \$1,800 for supplies for a total budget of \$19,500. Local grants and donations are expected to fund 100% of the cost of this program.

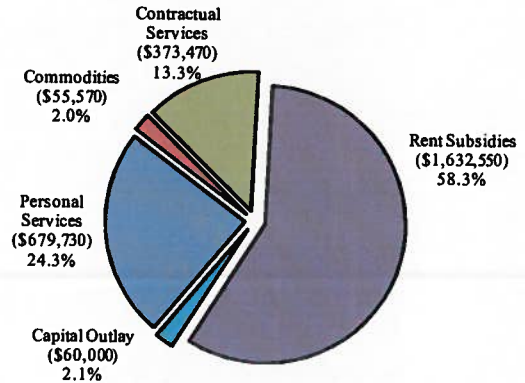
CURRENT TRENDS AND ISSUES:

Budgeted operating expenditures for the City's Clark House, Sunset Park, Section 8 Voucher, Home Ownership Program, and Sunset Education Program total \$2,801,320 for 2012/2013 with budgeted revenues of \$2,604,520. The revenues and expenditures for the City Housing Programs are shown by program and by type in the following charts:

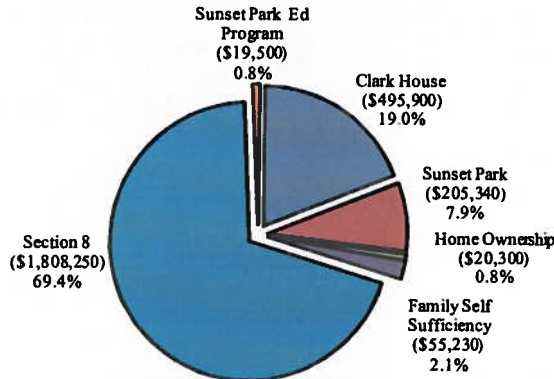
**FY 2012/2013 Budgeted Expenditures by Program -
All City Housing Programs
\$2,801,320**



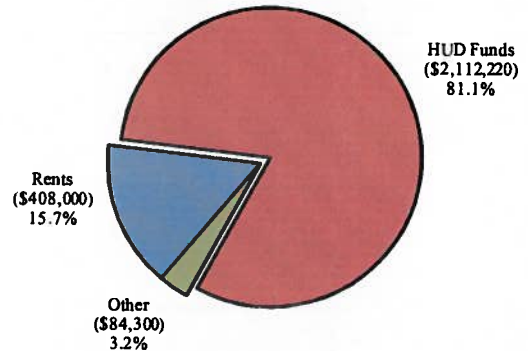
**FY 2012/2013 Budgeted Expenditures by Type -
All City Housing Programs
\$2,801,320**



**FY 2012/2013 Budgeted Revenues by Program -
All City Housing Programs
\$2,604,520**



**FY 2012/2013 Budgeted Revenues by Type -
All City Housing Programs
\$2,604,520**



The various housing budgets for 2012/2013 continue to include funds for accounting services provided by the City for the respective housing programs. These fees are based on actual staff time involved in housing accounting activities. The fees for 2012/2013 total \$52,600 and are allocated as follows:

Clark House	\$21,800
Sunset Park	10,900
Section 8 Voucher Program	<u>19,900</u>
	<u>\$52,600</u>

Hershey Manor currently pays the City a management fee and consequently has not been included in the above allocation.

GOAL STATEMENT:

To formulate, implement and administer programs in a nondiscriminatory manner that strive to provide to low and moderate income households who reside and/or expect to reside in the Muscatine area the opportunity to reside in a healthy, safe dwelling and neighborhood of their choice, free of major harmful environmental influences, convenient to social, cultural, educational, commercial, recreational, and economic opportunities, within a reasonable expense to income ratio.

PERFORMANCE MEASURES:

Budgeted Programs	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Section 8 Voucher Program:					
Unit Months Under Lease	4,125	4,269	4,308	4,326	4,440
Average Units Under Lease	344	356	359	360	370
Earned Administrative Fee	\$174,203	\$211,849	\$208,260	\$189,600	\$186,350
Housing Assistance Payments Funding	\$1,391,749	\$1,626,468	\$1,589,540	\$1,578,700	\$1,618,600
Public Housing:					
<u>Clark House</u>					
Units Available	100	100	100	100	100
Days Units Vacant	Not tracked	996	704	800	800
% Days Vacant to Available	Not tracked	2.73%	1.98%	2.25%	2.25%
<u>Sunset Park</u>					
Units Available	52	51	51	50	50
Days Units Vacant	Not tracked	389	283	340	336
% Days Vacant to Available	Not tracked	2.1%	1.5%	2%	2%
<u>Combined Units Available</u>	152	151	151	150	150
Total Days Units Available	55,115	55,115	55,115	54,750	54,750
Total Days Units Vacant	1,219	1,385	987	1,140	1,136
Total Percent Days Vacant to Days Available	2.3%	2.5%	1.79%	2.08%	2.07%
Hershey Manor:					
Units Available	50	50	50	50	50
Days Units Available	18,250	18,250	18,250	18,250	18,250
Days Units Vacant	329	706	224	402	402
% Days Vacant to Available	1.8%	3.9%	1.23%	2.2%	2.2%
Homeownership:					
Clients Completing 8 hour Class	0	12	54	55	60
HUD (9902) Individual Counseling	0	22	97	100	105
Clients <80% Median Income	0	12	139	140	145
Clients Purchasing Housing Section 8 Homeownership Vouchers	0	0	29	30	30
	2	2	3	3	4

Budgeted Programs	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Family Self Sufficiency:					
Total Participants	N/A	N/A	25	35	40
Total with Escrow Balances	N/A	N/A	2	12	17
Total Enrolled in Education	N/A	N/A	0	15	17
Total Becoming Employed	N/A	N/A	7	10	13
Sunset Park Afterschool:					
Days of Operation	N/A	N/A	53	170	170
Students Registered	N/A	N/A	17	24	30
Ave. Participating Students	N/A	N/A	9	12	15
Instructional Hours	N/A	N/A	977	3,060	3,825
Total Books Read by Students	N/A	N/A	450	985	1,000

RECENT ACCOMPLISHMENTS:

Family Self-Sufficiency (FSS) Program

As of December 1, 2011 the Muscatine Municipal Housing Agency's (MMHA) FSS Program is serving 31 households. Of these households, 23 are families with children under the age of 18, for a total of 57 children served. Of the 31 participating families, seven include a member with disabilities. In calendar year 2011, the FSS program helped to arrange internships for two program participants as a means for them to complete their college coursework and develop some workplace skills. Eleven of the 31 participants were enrolled in college coursework during 2011. One participant completed her Bachelor's degree and entered the workforce full-time. Members of eight participating households enrolled in GED classes in calendar year 2011 and at least one participant enrolled in English as a Second Language classes. Twelve families have a higher earned income than they did upon enrolling in the FSS program.

In addition to the achievements of individual participating families, the program has achieved great success in terms of partnerships with other agencies. The program coordinator worked with Muscatine Community College (MCC) staff to develop a plan meeting the needs of GED students in the downtown area and developed a relationship with Community Action's Childcare Resource and Referral Program (enabling one participant to pursue increased income by offering registered childcare services in her home). The program has also referred participants to the Chamber's SCORE program and the Eastern Iowa Small Business Development Center for assistance with small business concerns. In addition, the FSS Program has had Iowa Workforce Development's (IWD) Access Point software installed on three computers in the Clark House to give participants access to IWD resources, which is especially important since the Muscatine office of Workforce Development closed in the fall of 2011.

Home Ownership Program

In March 2011, Housing Specialist Chad Yocom attended a week long Post-Purchase Home Ownership training seminar in Los Angeles sponsored by Neighborworks. He successfully passed the exam and obtained nationally recognized certification.

In August 2011, staff successfully completed the sale of the last scattered site housing unit at 2210 Wallace Street to a graduate of the Home Ownership Program and in September 2011, staff successfully issued a Housing Choice Voucher for a new Section 8 homeowner. In fiscal year 2010/2011, 29 graduates of the Home Ownership course successfully purchased housing.

In the fall of 2011 the housing authority applied for and received grants from the Local Housing Trust Fund (LHTF) to continue staffing this program for 20 hours per week.

After School Program 2011 Year End Report

The Sunset Park Afterschool Program began on March 21, 2011 and continued until June 3. The program operated every day school was in session. On Mondays, the students arrive at 2:40 p.m. and stay until 6:00 p.m. Tuesday through Friday, the students arrive at 3:45 p.m. and stay until 6:00 p.m. The program ran a total of 53 days with 977 student hours. The students also had a healthy snack every day.

The average attendance was nine students per day. Six students had attendance of 75% or higher. The students finished their homework and worked on math and reading. Computers were used by the students to support math and reading skill practice. Reading was encouraged and the students read with and to the staff and volunteers, and to each other. Books were also read aloud to the students. The students read a total of 450 books, with each student reading an average of five books per week. Books for the program were received from the Musser Public Library, Muscatine Connected, and Jefferson School.

The program had a total of 57 volunteer hours. Volunteers from community organizations came on Mondays and offered special programs. The Musser Public Library, Discovery Park, and Iowa State University (ISU) Extension Office each contributed fun and interesting programs for the students.

Although the program was in operation only 30% of the 2010/2011 school year, we saw a benefit for those students who regularly attended. Those students made gains, especially in reading. It was found that the students who failed to attend or only occasionally attended the afterschool program performed poorly in the third quarter at their school year and also failed to improve in the fourth quarter. It would appear it would have been to their benefit to have attended the afterschool program.

Many parents of the students voiced their appreciation for the afterschool program to the staff at the Student Recognition on June 3. The program has been a positive influence on the students' education.

Section 8 Housing Voucher Program

Federal changes in this program will be ongoing which will require the Housing department to remain flexible and diligent. HUD has cut administrative fees to rates not seen in 36 years. This, along with other federally mandated program rule changes, will place a great deal of pressure on this program over the next 18 months. Notification of the actual funding levels for calendar year 2012 has not yet been received, but budget projections were based on the latest information provided by HUD. If income projections are reduced, the budget will need to be modified to reflect updated funding amounts.

Annually the Section 8 Program is assessed by evaluating 13 separate program indicators. Each indicator is ranked, based on quality control reviews and data collected by HUD through the on-line secure system. For calendar year 2011 the Section 8 Housing program received the maximum points or 100% and again received HUD's highest designation of "High Performer" for the fifth year in a row.

Clark House and Sunset Park

In August of 2011 the agency submitted the Public Housing Assessment. This assessment reviews four areas of the public housing program operations and consists of physical property upkeep, financial condition, management controls, and capital improvements funding utilization. This assessment system has a maximum score of 100 and we expect to rate in the upper 90th percentile. We should receive the score sometime next spring.

Hershey Manor

In September 2011 HUD performed a physical inspection of the Hershey facility and was given a score of 96 out of a possible 100 points and was recognized by HUD for outstanding performance.

In 2011 the Hershey Board approved a new five-year contract with HUD to keep the property as a project-based Section 8 project.

Hershey continues to perform well, with less than a 3% vacancy rate, and over a 99 % rent collection rate.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

Section 8

- * To maintain a minimum of 370 vouchers under lease throughout the 2012/2013 year.
- * To allocate 100% of housing assistance funding awarded.
- * To revise and update the administrative plan.
- * To maintain the waiting list, rent reasonableness and inspection programs, and provide quality control measures on all components.
- * To review public housing policies and procedures and incorporate "Lean" measures as appropriate. (Management Agenda High Priority)

Family Self-Sufficiency

- * To increase program participants to 35.
- * To maintain a positive escrow balance for at least 40% of participants.
- * To obtain continued funding for the FSS program.
- * To strengthen/maintain existing resource sharing relationships with local service providers and build relationships with at least five additional providers.
- * To review public housing policies and procedures and incorporate "Lean" measures as appropriate. (Management Agenda High Priority)

Home Ownership

- * To offer eight Home Ownership classes.
- .
- * To have 55 students complete the class and receive a certificate.
- * To schedule and counsel 100 different one-on-one sessions in areas such as credit awareness, money management, loan qualification, and foreclosure counseling.
- * To have 30 graduates successfully close on a home purchase.
- * To issue one Homeownership Housing Choice Voucher to a current Section 8 participant.
- * To review public housing policies and procedures and incorporate “Lean” measures as appropriate.
(Management Agenda High Priority)

Clark House and Sunset Park

- * To collect at minimum 98% of all rent due.
- * To maintain at minimum a 98% occupancy rate.
- * To revise and update the Public Housing Agency Continued Occupancy Plan (ACOP).
- * To review public housing policies and procedures and incorporate “Lean” measures as appropriate.
(Management Agenda High Priority)

Hershey Manor

- * To maintain at minimum a 97% occupancy rate
- * To collect at minimum 98% of all rent due.
- * To repair and seal the exterior siding.
- * To commission and complete a pre-HVAC replacement assessment.

**Public Housing Program
Clark House and Sunset Park
Fund Statement**

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Operating Reserve, July 1	\$ 720,082	\$ 839,709	\$ 556,359	\$ 656,789	\$ 222,229
Revenues					
Dwelling Rentals	\$ 425,253	\$ 415,846	\$ 408,360	\$ 408,880	\$ 408,000
Other Rentals	5	0	0	0	0
Federal Grants:					
Operating Subsidy	184,564	165,584	169,300	83,130 (2)	83,000 (2)
HUD Capital Funds:					
Year #10	198,736	0	0	0	0
Year #11	0	196,691	0	0	0
Year #12	0	0	196,700	0	171,000
Stimulus Funds	230,918	0	0	0	0
Interest Income	10,562	6,821	3,000	1,340	1,340
Cable Fees	23,845	25,786	27,200	28,000	28,000
Sale of Property	59,476	0	0	66,250	0
FEMA Reimbursements	1,007	0	0	0	0
HVAC Rebates	39,075	0	0	0	0
Miscellaneous	9,977	9,536	9,900	10,140	9,900
Total Revenues	<u>\$ 1,183,418</u>	<u>\$ 820,264</u>	<u>\$ 814,460</u>	<u>\$ 597,740</u>	<u>\$ 701,240</u>
Funds Available	<u>\$ 1,903,500</u>	<u>\$ 1,659,973</u>	<u>\$ 1,370,819</u>	<u>\$ 1,254,529</u>	<u>\$ 923,469</u>
Expenditures					
Clark House	\$ 508,163	\$ 574,851	\$ 593,590	\$ 586,260	\$ 522,790
Sunset Park	494,970	427,552	388,440	373,540	291,600
Scattered Sites	1,182	781	1,590	7,200	0
Transfer to Home Ownership Program	59,476	0	0	65,300	0
Total Expenditures (1)	<u>\$ 1,063,791</u>	<u>\$ 1,003,184</u>	<u>\$ 983,620</u>	<u>\$ 1,032,300</u>	<u>\$ 814,390</u>
Operating Reserve, June 30	<u><u>\$ 839,709</u></u>	<u><u>\$ 656,789</u></u>	<u><u>\$ 387,199</u></u>	<u><u>\$ 222,229</u></u>	<u><u>\$ 109,079</u></u>

Increase (Decrease) in Operating Reserve	\$ 119,627	\$ (182,920)	\$ (169,160)	\$ (434,560)	\$ (113,150)

- Expenditures include changes in compensated absences.
- The HUD Operating Subsidy is computed by HUD on a calendar year basis. HUD changed how the Operating Subsidy was calculated for calendar year 2012. Based on the current Operating Reserve balance, no Operating Subsidy funds will be received in calendar year 2012. With this change no operating subsidy will be received in the last half of the 2011/2012 year and the first half of 2012/2013.

**Public Housing Program
Clark House and Sunset Park
Summary of Revenues**

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Clark House:					
Dwelling Rentals	\$ 325,236	\$ 325,144	\$ 320,000	\$ 316,000	\$ 316,000
Other Rentals	5	0	0	0	0
Federal Grants:					
Operating Subsidy	123,043	110,389	112,900	55,420 (1)	55,300 (2)
HUD Capital Funds:					
Year #10	99,368	0	0	0	0
Year #11	0	98,346	0	0	0
Year #12	0	0	98,350	0	85,500
Cable Fees	23,845	25,786	27,200	28,000	28,000
Interest Income	10,611	6,777	3,000	1,300	1,300
Miscellaneous	9,572	9,416	9,800	9,800	9,800
Subtotal	<u>\$ 591,680</u>	<u>\$ 575,858</u>	<u>\$ 571,250</u>	<u>\$ 410,520</u>	<u>\$ 495,900</u>
Sunset Park:					
Dwelling Rentals	\$ 99,754	\$ 89,775	\$ 88,000	\$ 92,000	\$ 92,000
Federal Grants:					
Operating Subsidy	61,521	55,195	56,400	27,710 (1)	27,700 (2)
HUD Capital Funds:					
Year #10	99,368	0	0	0	0
Year #11	0	98,346	0	0	0
Year #12	0	0	98,350	0	85,500
Stimulus Funds	230,918	0	0	0	0
Interest Income	(49)	43	0	40	40
FEMA Reimbursement	1,007	0	0	0	0
HVAC Rebates	39,075	0	0	0	0
Miscellaneous	406	120	100	340	100
Subtotal	<u>\$ 532,000</u>	<u>\$ 243,479</u>	<u>\$ 242,850</u>	<u>\$ 120,090</u>	<u>\$ 205,340</u>
Scattered Site:					
Dwelling Rentals	\$ 262	\$ 927	\$ 360	\$ 880	\$ 0
Sale of Property	59,476	0	0	66,250	0
Total	<u>\$ 1,183,418</u>	<u>\$ 820,264</u>	<u>\$ 814,460</u>	<u>\$ 597,740</u>	<u>\$ 701,240</u>

1. The HUD Operating Subsidy is computed by HUD on a calendar year basis. HUD changed how the Operating Subsidy was calculated for calendar year 2012. Based on the current Operating Reserve balance, no Operating Subsidy funds will be received in calendar year 2012. With this change no operating subsidy will be received in the last half of the 2011/2012 year and the first half of 2012/2013.
2. The 2012/2013 amount reflects the estimated HUD Operating Subsidy to be received in January - June of 2013.

Function:
Business Type

Department:
Housing

Activity:
Clark House

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 247,327	\$ 252,148	\$ 260,780	\$ 223,600	\$ 232,820	-10.72%
Commodities	18,673	27,770	30,400	32,200	30,870	1.55%
Contractual Services	182,119	218,673	233,000	259,530	229,100	-1.67%
Capital Outlay	53,320	74,831	71,000	78,150	30,000	-57.75%
Transfers	59,476	-	-	65,280	-	
Total Expenditures	\$ 560,915	\$ 573,422	\$ 595,180	\$ 658,760	\$ 522,790	-12.16%
Funding Sources						
Dwelling Rentals	\$ 325,498	\$ 326,071	\$ 320,360	\$ 316,880	\$ 316,000	-1.36%
Tenant Cable Fees	23,845	25,786	27,200	28,000	28,000	2.94%
Interest Income	10,611	6,777	3,000	1,300	1,300	-56.67%
Federal Grants:						
Operating Subsidy	123,043	110,389	112,900	55,420	55,300	-51.02%
HUD Capital Funds	99,368	98,346	98,350	-	85,500	-13.07%
Sale of Scat. Site Property	-	-	-	66,250	-	
Miscellaneous	9,577	9,416	9,800	9,800	9,800	0.00%
Total Funding Sources	\$ 591,942	\$ 576,785	\$ 571,610	\$ 477,650	\$ 495,900	-13.25%
Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Administrator	0.40	0.50	0.50	0.50	0.45	
Housing Maintenance Supervisor/Inspector	0.55	0.45	0.45	0.45	0.45	
Custodian	1.00	1.00	1.00	0.20 *	- *	
Maintenance Repairperson	0.50	0.50	0.50	0.50	0.50	
Housing Specialist	1.10	1.00	1.00	1.00	1.00	
Housing Coordinator	0.10	0.10	0.10	0.10	0.10	
Total Full Time	3.65	3.55	3.55	2.75	2.50	
Part Time:						
Office Coordinator	0.35	0.50	0.50	0.50	0.50	
Custodian	0.09	0.04	0.04	0.75 *	0.75 *	
Housing Specialist	0.06	0.05	0.04	-	-	
Total Part Time	0.50	0.59	0.58	1.25	1.25	
Total	4.15	4.14	4.13	4.00	3.75	\$ 175,120
Employee Benefits						57,700
Total Personal Services						\$ 232,820
* The fulltime Custodian position at the Clark House was replaced with a 3/4 time position in the fall of 2011.						

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Appliance Replacements	13	Yes	\$ 5,000
Apartment Rehabilitation	5	Yes	25,000
			<u>\$ 30,000</u>

Function:
Business Type

Department:
Housing

Activity:
Sunset Park Housing

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 139,928	\$ 156,151	\$ 168,350	\$ 162,140	\$ 162,800	-3.30%
Commodities	9,054	13,200	21,310	17,250	17,300	-18.82%
Contractual Services	58,933	78,987	83,780	80,350	81,500	-2.72%
Capital Outlay	287,055	179,214	115,000	113,800	30,000	-73.91%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 494,970	\$ 427,552	\$ 388,440	\$ 373,540	\$ 291,600	-24.93%
Funding Sources						
Dwelling Rentals	\$ 99,754	\$ 89,775	\$ 88,000	\$ 92,000	\$ 92,000	4.55%
Interest Income	(49)	43	-	40	40	
Federal Grants:						
Operating Subsidy	61,521	55,195	56,400	27,710	27,700	-50.89%
HUD Capital Funds	330,286	98,346	98,350	-	85,500	-13.07%
FEMA Reimbursement	1,007	-	-	-	-	
HVAC Rebates	39,075	-	-	-	-	
Miscellaneous	406	120	100	340	100	0.00%
Total Funding Sources	\$ 532,000	\$ 243,479	\$ 242,850	\$ 120,090	\$ 205,340	-15.45%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Administrator	0.30	0.30	0.30	0.30	0.30	
Housing Maintenance Supervisor/Inspector	0.25	0.25	0.25	0.25	0.25	
Housing Specialist	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.25	0.20	0.20	0.20	0.20	
Housing Coordinator	0.10	0.10	0.10	0.10	0.10	
Total Full Time	1.40	1.35	1.35	1.35	1.35	
Part Time:						
Office Coordinator	0.27	0.22	0.20	0.22	0.20	
Custodian	0.75	0.81	0.81	0.80	0.77	
HUD Section 3 Program Worker	-	0.29	0.50	0.43	0.38	
Housing Specialist	0.02	0.03	0.03	-	-	
Total Part Time	1.04	1.35	1.54	1.45	1.35	
Total	2.44	2.70	2.89	2.80	2.70	\$ 121,330
Employee Benefits						41,470
Total Personal Services						\$ 162,800

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Apartment Rehabilitation	5	Yes	\$ 25,000
Appliances	13	Yes	5,000
			<u>\$ 30,000</u>

Hershey Manor

Fund Statement

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Revenues					
Dwelling Rentals	\$ 171,104	\$ 170,964	\$ 167,000	\$ 167,300 (1)	\$ 168,500 (2)
Housing Assistance Payments - HUD	239,396	253,836	257,800	257,000 (1)	258,200 (2)
HUD Payment Reduction for Vacancies	(18,013)	(4,928)	(9,000)	(8,500) (1)	(8,500) (2)
Interest Income	865	698	700	600	600
Cable Fees	12,504	14,155	14,900	14,900	15,000
Other Income	<u>4,594</u>	<u>5,092</u>	<u>4,800</u>	<u>5,000</u>	<u>5,000</u>
Total Revenues	\$ 410,450	\$ 439,817	\$ 436,200	\$ 436,300	\$ 438,800
Operating Expenditures	<u>345,116</u>	<u>350,636</u>	<u>340,080</u>	<u>342,980</u>	<u>407,110</u>
Residual Receipts Before Depreciation, Principal Retirement, and Reserves	<u><u>\$ 65,334</u></u>	<u><u>\$ 89,181</u></u>	<u><u>\$ 96,120</u></u>	<u><u>\$ 93,320</u></u>	<u><u>\$ 31,690</u></u>
Additional Budget Items:					
Principal Retirement	(29,047)	(30,838)	(32,740)	(32,740)	(34,760)
Replacement Reserve Transfers	(15,769)	(17,432)	(29,796)	(29,796) (1)	(29,796)
Debt Service Reserve Transfers	(49,660)	(49,668)	(49,670)	(49,670)	(49,670)
Portion of Above Interest from Reserve Funds	(849)	(678)	(650)	(550)	(550)
Transfers from Replacement Reserve	<u>32,201</u>	<u>9,800</u>	<u>13,200</u>	<u>13,200</u>	<u>77,200</u>
Net Surplus (Deficit)	<u><u>\$ 2,210</u></u>	<u><u>\$ 365</u></u>	<u><u>\$ (3,536)</u></u>	<u><u>\$ (6,236) (3)</u></u>	<u><u>\$ (5,886) (3)</u></u>
Surplus (Deficit) per Unit Month	<u><u>\$ 3.68</u></u>	<u><u>\$ 0.61</u></u>	<u><u>\$ (5.89)</u></u>	<u><u>\$ (10.39) (3)</u></u>	<u><u>\$ (9.81) (3)</u></u>

1. A rent increase was requested from HUD for 2011/2012, however it was not approved. In the approved HUD budget monthly rents were maintained at the rate of \$708, expenditures (primarily utilities) were reduced by HUD, and the required transfer to the Replacement Reserve was increased.
2. FY 2012/2013 HUD Housing Assistance Payments and dwelling rental amounts shown are based on an increase in the fair market rent to \$716.
3. Although operating deficits are shown for 2011/2012 and 2012/2013, it is expected that expenditures will be less than budgeted, resulting in lesser deficits than reflected above. Any actual deficits can be funded from the Residual Receipts Reserve.

Function:
Community and Economic Development

Department:
Housing

Activity:
Hershey Manor Housing

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 75,959	\$ 79,059	\$ 81,290	\$ 79,890	\$ 83,190	2.34%
Commodities	8,811	9,753	9,890	12,540	10,700	8.19%
Contractual Services	102,620	107,492	116,570	118,340	119,190	2.25%
Capital Outlay	34,724	33,266	13,200	13,200	77,200	484.85%
Interest/Mortgage Insurance	<u>123,002</u>	<u>121,066</u>	<u>119,130</u>	<u>119,010</u>	<u>116,830</u>	-1.93%
Total Expenditures	<u>\$ 345,116</u>	<u>\$ 350,636</u>	<u>\$ 340,080</u>	<u>\$ 342,980</u>	<u>\$ 407,110</u>	19.71%
Funding Sources						
Dwelling Rentals	\$ 153,092	\$ 166,036	\$ 167,000	\$ 158,800	\$ 160,000	-4.19%
Housing Assistance						
Payments - HUD	239,396	253,836	248,800	257,000	258,200	3.78%
Interest Income	865	698	700	600	600	-14.29%
Cable Fees	12,504	14,155	14,900	14,900	15,000	0.67%
Other Income	<u>4,594</u>	<u>5,092</u>	<u>4,800</u>	<u>5,000</u>	<u>5,000</u>	4.17%
Total Funding Sources	<u>\$ 410,451</u>	<u>\$ 439,817</u>	<u>\$ 436,200</u>	<u>\$ 436,300</u>	<u>\$ 438,800</u>	0.60%
Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Administrator	0.10	0.10	0.10	0.10	0.10	
(Included in Management Fee)						
Housing Maintenance						
Supervisor/Inspector	0.10	0.10	0.10	0.10	0.10	
Maintenance Repairperson	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	
Part Time:						
Housing Specialist	0.63	0.64	0.63	0.63	0.63	
Custodian	<u>0.50</u>	<u>0.54</u>	<u>0.54</u>	<u>0.54</u>	<u>0.54</u>	
Total	1.58	1.63	1.62	1.62	1.62	\$ 64,740
Employee Benefits						<u>18,450</u>
Total Personal Services						<u>\$ 83,190</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Apartment Carpet Replacements	4	Yes	\$ 3,200
Appliance Replacements	2	Yes	1,000
Mechanical Assessment for Future HVAC Replacement			3,000
Siding Repairs			70,000
			<u>\$ 77,200</u>

Section 8 Voucher Program

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 220,663	\$ 305,700	\$ 320,220	\$ 359,583	\$ 287,183
Revenues					
HUD Contributions-Housing Assistance Payments	\$ 1,626,468	\$ 1,589,540	\$ 1,615,500	\$ 1,578,700 (1)	\$ 1,618,600 (1)
HUD Contributions-Administration	211,849	208,260	217,200	189,600	186,350
HUD Contributions-Family Self-Sufficiency	7,030	43,153	50,320	49,160	53,270
Administrative Fees-Portability	369	0	0	0	0
Fraud Recovery - HUD Portion	3,953	5,887	2,500	2,000	1,500
Fraud Recovery - Admin Portion	3,952	5,887	2,500	2,000	1,500
Interest- HAP Reserve	448	349	200	200	200
Interest - Admin Reserve	255	225	100	100	100
Total Revenues	<u>\$ 1,854,324</u>	<u>\$ 1,853,301</u>	<u>\$ 1,888,320</u>	<u>\$ 1,821,760</u>	<u>\$ 1,861,520</u>
Funds Available	<u>\$ 2,074,987</u>	<u>\$ 2,159,001</u>	<u>\$ 2,208,540</u>	<u>\$ 2,181,343</u>	<u>\$ 2,148,703</u>
Expenditures:					
Housing Assistance Payments	\$ 1,579,949	\$ 1,543,176	\$ 1,615,300	\$ 1,632,550 (1)	\$ 1,654,000 (1)
Voucher Program Administration	180,509	210,545	211,820	210,510	215,600
Family Self-Sufficiency Coordinator	7,030	43,153	51,310	49,160	53,270
Family Self-Sufficiency Other Costs	1,799	2,544	2,840	1,940	1,960
Total Expenditures	<u>\$ 1,769,287</u>	<u>\$ 1,799,418</u>	<u>\$ 1,881,270</u>	<u>\$ 1,894,160</u>	<u>\$ 1,924,830</u>
Ending Balance, June 30	<u>\$ 305,700</u>	<u>\$ 359,583</u>	<u>\$ 327,270</u>	<u>\$ 287,183</u>	<u>\$ 223,873</u>
Ending Balance Reserved for:					
Housing Assistance Payments	\$ 218,268	\$ 270,868	\$ 223,858	\$ 219,218 (1)	\$ 185,518 (1)
Administration	87,432	88,715	103,412	67,965	38,355
Total Ending Balance	<u>\$ 305,700</u>	<u>\$ 359,583</u>	<u>\$ 327,270</u>	<u>\$ 287,183</u>	<u>\$ 223,873</u>
Increase (Decrease) in Fund Balance	<u>\$ 85,037</u>	<u>\$ 53,883</u>	<u>\$ 7,050</u>	<u>\$ (72,400)</u>	<u>\$ (63,310)</u>

1. For 2012 HUD is changing how the funding for Section 8 Housing Assistance payments is distributed to Housing agencies. This will likely result in the reduction of the Net Restricted Assets for Housing Assistance payments. Housing assistance payments to program participants, however, should not be directly impacted.

Function:
Community and Economic Development

Department:
Housing

Activity:
Section 8 Voucher Program

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 151,163	\$ 163,594	\$ 171,540	\$ 171,720	\$ 176,140	2.68%
Commodities	2,972	4,047	5,700	4,800	4,800	-15.79%
Contractual Services	1,606,323	1,579,052	1,649,880	1,666,540	1,688,660	2.35%
Capital Outlay	-	7,028	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 1,760,458	\$ 1,753,721	\$ 1,827,120	\$ 1,843,060	\$ 1,869,600	2.32%
Funding Sources						
HUD Contribution	\$ 1,838,317	\$ 1,797,800	\$ 1,832,700	\$ 1,768,300	\$ 1,804,950	-1.51%
Repayment Agreements	7,905	11,774	5,000	4,000	3,000	-40.00%
Admin. Fees - Portability	369	-	-	-	-	
Interest	703	574	300	300	300	0.00%
Total Funding Sources	\$ 1,847,294	\$ 1,810,148	\$ 1,838,000	\$ 1,772,600	\$ 1,808,250	-1.62%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Administrator	0.20	0.10	0.10	0.10	0.10	
Housing Maintenance Supervisor/Inspector	0.10	0.25	0.25	0.25	0.25	
Housing Coordinator	0.80	0.80	0.80	0.80	0.80	
Housing Specialist	0.85	1.00	1.00	1.00	1.00	
Total Full Time	1.95	2.15	2.15	2.15	2.15	
Part Time:						
Office Coordinator	0.66	0.54	0.61	0.63	0.63	
Total	2.61	2.69	2.76	2.78	2.78	\$ 124,970
Employee Benefits						51,170
Total Personal Services						\$ 176,140

Function:
Community and Economic Development

Department:
Housing

Activity:
Family Self Sufficiency Program

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 7,030	\$ 43,153	\$ 51,310	\$ 49,160	\$ 53,270	3.82%
Commodities	214	279	150	200	200	33.33%
Contractual Services	1,585	2,265	2,690	1,740	1,760	-34.57%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 8,829</u>	<u>\$ 45,697</u>	<u>\$ 54,150</u>	<u>\$ 51,100</u>	<u>\$ 55,230</u>	1.99%
Funding Sources						
HUD Contribution	\$ 7,030	\$ 43,153	\$ 51,310	\$ 49,160	\$ 53,270	3.82%
Section 8 HUD Admin Funds	<u>1,799</u>	<u>2,544</u>	<u>2,840</u>	<u>1,940</u>	<u>1,960</u>	-30.99%
Total Funding Sources	<u>\$ 8,829</u>	<u>\$ 45,697</u>	<u>\$ 54,150</u>	<u>\$ 51,100</u>	<u>\$ 55,230</u>	1.99%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Specialist	-	1.00	1.00	1.00	1.00	\$ 40,670
Employee Benefits						<u>12,600</u>
Total Personal Services						<u>\$ 53,270</u>

**Public Housing
Home Ownership Program
Fund Statement**

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 32,834	\$ 130,841	113,442	\$ 112,272	162,672
Revenues:					
HUD Counseling Grant	\$ 6,426	\$ 9,769	\$ 12,600	\$ 1,700	\$ 0
Local Housing Trust Fund	0	5,000	10,000	20,000	20,000
Transfers from Original Scattered Site Reserves	41,817	0	0	0	0
Transfer Scattered Site Property Sale Proceeds	59,476	0	0	65,300	0
IHOEP Education Grant	5,000	0	0	0	0
Interest	242	243	0	300	300
Other	5,165	0	0	600	0
Total Revenues	<u>\$ 118,126</u>	<u>\$ 15,012</u>	<u>\$ 22,600</u>	<u>\$ 87,900</u>	<u>\$ 20,300</u>
Funds Available	\$ 150,960	\$ 145,853	\$ 136,042	\$ 200,172	\$ 182,972
Expenditures	<u>20,119</u>	<u>33,581</u>	<u>37,100</u>	<u>37,500</u>	<u>42,600</u>
Ending Balance, June 30	<u>\$ 130,841</u>	<u>\$ 112,272</u>	<u>98,942</u>	<u>\$ 162,672</u>	<u>140,372</u>
Increase (Decrease) in Fund Balance (1)	\$ 98,007	\$ (18,569)	\$ (14,500)	\$ 50,400	\$ (22,300)

1. The Housing department will be pursuing other outside funding for this program with the goal of making the Home Ownership program self-sustaining in future years.

Function:
Community and Economic Development

Department:
Housing

Activity:
Home Ownership Program

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 18,015	\$ 29,666	\$ 31,600	\$ 31,400	\$ 37,000	17.09%
Commodities	478	206	600	900	600	0.00%
Contractual Services	1,642	3,709	4,900	5,200	5,000	2.04%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 20,135	\$ 33,581	\$ 37,100	\$ 37,500	\$ 42,600	14.82%
Funding Sources						
Transfers from Original						
Scattered Site Reserves	\$ 41,817	\$ -	\$ -	\$ -	\$ -	
Transfer Scattered Site						
Property Sale Proceeds	59,476	-	-	65,300	-	
IHOEP Education Grant	5,000	-	-	-	-	
HUD Counseling Grant	6,426	9,769	12,600	1,700	-	-100.00%
Local Housing Trust Fund	-	5,000	10,000	20,000	20,000	100.00%
Interest	243	243	-	300	300	
Other	5,165	-	-	600	-	
Total Funding Sources	\$ 118,127	\$ 15,012	\$ 22,600	\$ 87,900	\$ 20,300	-10.18%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Housing Specialist	0.25	0.50	0.50	0.50	0.50	
Housing Administrator	-	-	-	-	0.05	
Part Time:						
Housing Specialist	0.11	-	-	-	-	
Total	0.36	0.50	0.50	0.50	0.55	\$ 25,100
Employee Benefits						11,900
Total Personal Services						\$ 37,000

**Public Housing
Sunset Park Education Program
Fund Statement**

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 0	\$ 0	0	\$ 4,407	2,707
Revenues:					
Donations	\$ 0	\$ 6,215	\$ 0	\$ 17,500	\$ 19,500
Other	0	3,900	0	0	0
Total Revenues	<u>\$ 0</u>	<u>\$ 10,115</u>	<u>\$ 0</u>	<u>\$ 17,500</u>	<u>\$ 19,500</u>
Funds Available	\$ 0	\$ 10,115	\$ 0	\$ 21,907	\$ 22,207
Expenditures	<u>0</u>	<u>5,708</u>	<u>0</u>	<u>19,200</u>	<u>19,500</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 4,407</u></u>	<u><u>0</u></u>	<u><u>\$ 2,707</u></u>	<u><u>2,707</u></u>
Increase (Decrease) in Fund Balance	\$ 0	\$ 4,407	\$ 0	\$ (1,700)	\$ 0

Function:
Community and Economic Development

Department:
Housing

Activity:
Sunset Park Education Program

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ 4,358	\$ -	\$ 17,400	\$ 17,700	
Commodities	-	350	-	1,800	1,800	
Contractual Services	-	1,000	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ -	\$ 5,708	\$ -	\$ 19,200	\$ 19,500	
Funding Sources						
Donations	\$ -	\$ 6,215	\$ -	\$ 17,500	\$ 19,500	
Other	-	3,900	-	-	-	
Total Funding Sources	\$ -	\$ 10,115	\$ -	\$ 17,500	\$ 19,500	

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Part Time:						
Project Coordinator	-	0.10	-	0.36	0.36	\$ 15,000
Employee Benefits						2,700
Total Personal Services						\$ 17,700

DEBT SERVICE FUNDS

DEBT SERVICE FUND

GENERAL INFORMATION:

Bond and interest payments on outstanding long-term debt are basically made from two (2) types of debt repayment funds: the Debt Service Fund and Revenue Sinking Funds. Revenue Sinking Funds are considered part of the Enterprise Fund structure and consequently are included in that section of the budget document.

The Debt Service Fund accounts for general obligation (G.O.) bonds, which are backed by the full faith and credit of the City of Muscatine. As of July 1, 2012, the City's G.O. bonds outstanding will total \$18,705,000. This includes the \$4,500,000 issue scheduled for June 1, 2012. Projects to be funded from this bond issue were determined as part of the 2011/2012 and 2012/2013 capital projects budget review. A list of these projects and the bond funding requirements are as follows:

City of Muscatine June 1, 2012 Bond Issue

	Bond Requirements
Clay Street Bridge	\$ 383,000
Cedar Street Improvements - Parham to Houser Phase I (Estimated Local Share)	1,068,000
Hershey Avenue Improvements (Estimated Local Share)	1,108,000
Colorado Street Improvements - Phase I (Estimated Local Share)	1,055,000
Corridor Project - Environmental Impact and Preliminary Design (Local Share)	225,000
Southend Fire Station (Estimated Local Share)	440,000
Mad Creek Flood Control Project (Estimate of Additional Local Share)	74,000
Airport Snow Removal Equipment (Additional Local Share)	1,600
Airport Runway Lighting Project (Local Share)	19,000
Airport Hangar Repairs (Local Share)	9,400
Airport Runway Blowup Repairs	14,000
Airport Hangar Access Security and Drainage Improvement (Local Share)	15,500
Airport Airfield Maintenance (Local Share)	8,900
Airport Obstruction Removal (Local Share)	3,600
Total Estimated Bond Funding Requirements	\$ 4,425,000
Estimated Issuance Costs/Allowance for Discount/Misc.	75,000
Total G.O. Bond Issue	\$ 4,500,000 *

- * After the budget was adopted the decision was made to call the bonds from the June 1, 2003 issue scheduled for maturity on June 1, 2013 on June 1, 2012. This will increase the bond issue to \$4,715,000. The \$215,000 increase in the issue will be paid with the first principal payment on the new issue. This change will result in a savings in interest costs of approximately \$4,800.

CURRENT TRENDS AND ISSUES:

The debt service tax rate for the current year 2011/2012 is \$2.85051 per \$1,000 of valuation. This rate will increase to \$2.90388 per \$1,000 of valuation for 2012/2013 due to debt requirements on the June 1, 2012 bond issue. Debt requirements on the new issue are estimated at \$158,436 for 2012/2013.

In 2004/2005 the debt service levy for the first time included tax funding of \$470,000 of Transfer Station debt. Beginning in 2005/2006 and continuing through 2012/2013, debt service levies include tax funding of 100% of Transfer Station debt. For 2012/2013 transfer station debt requirements total \$726,219. Due to decreasing waste volumes and increased landfill costs, Transfer Station revenues continue to be insufficient to fund the debt requirements on the issues that financed construction of this facility. Tax funding of this debt will continue until these bonds are retired in 2013/2014.

Revenues from property taxes, utility tax replacement funds, interest earnings and a portion of the accumulated debt service fund balance total the amount necessary to support debt service payments of \$2,417,824, which is the total estimated requirement for property tax supported debt including the Transfer Station debt previously mentioned.

The State of Iowa limits the amount of general obligation bonds, which a city may issue. This limitation amounts to 5% of actual valuation of all property within the city limits. The computation for the legal debt margin for the City of Muscatine as of July 1, 2012 is as follows:

City of Muscatine
Legal Debt Margin Estimate
As of July 1, 2012

Actual Valuation January 1, 2011		\$ 1,213,313,348
State Limit (5%)		<u>0.05</u>
Debt Limit		\$ 60,665,667
Bonded Debt:		
Current General Obligation Debt July 1, 2012	\$ 14,205,000	
June 1, 2012 General Obligation Debt Issue	4,500,000	
Tax Increment Bonded Debt July 1, 2012	<u>1,140,000</u>	<u>\$ 19,845,000</u>
Percent of Debt Limit Used (Before Tax Increment Rebate Obligations)		32.7%
Estimated Tax Increment Rebate Obligations July 1, 2012:		
Robison Logistics - 100% for 10 years (final year 2013/2014)	\$ 51,334	
Musco Sports Lighting #1 (Including Amendment #1) - 67% for 15 years with final year 2019/2020 to maximum of \$1.8 million	1,355,339	
Cedar Development - 50% for 10 years to maximum of \$4,719,000 (final year 2018/2019)	4,267,704	
Musco Sport Lighting (Musser Street) - 50% for 10 years to maximum of \$ 325,000 (ten year period; beginning date not yet determined)	325,000	
Muscatine Mall - 50% for 20 years to estimated maximum of \$5,325,000 (twenty year period began in 2009/2010)	5,293,087	
Curry's Transportation - 50% for 10 years to maximum of \$350,000 (began in 2010/2011)	299,835	
Newcomb Properties - 50% for 10 years to maximum of \$100,000 (began in 2010/2011)	83,069	
Heinz - 50% for 15 years to a maximum of \$425,000 (began in 2011/2012)	413,638	
A & E Convenience - 50% for 10 years to maximum of \$40,000 (begins in 2012/2013)	40,000	
The Villas at MCC, LLC - 50% for 10 years to maximum of \$425,000 (begins in 2013/2014)	425,000	
	<u></u>	<u>\$ 12,554,006</u>
Percent of Debt Limit Used for Tax Increment Rebate Obligations		20.7%
Total Debt Subject to Debt Limit		<u>32,399,006</u>
Legal Debt Margin		<u>\$ 28,266,661</u>
Percent of Legal Debt Limit Used		53.4%

The City's debt policy provides that 40% of the legal debt limit is to be reserved for emergency purposes. Following is a computation of the City's debt margin using the self-imposed debt limit:

City's Self-Imposed Limit - 60% of the Legal Limit	\$ 36,399,400
Total Debt Subject to Debt Limit	<u>32,399,006</u>
Debt Margin Using Self-Imposed Limit	<u>\$ 4,000,394</u>
Percent of Self-Imposed Debt Limit Used	89.0%

Although tax increment bonds and tax increment rebate obligations are required by State law to be included in the computation of the debt subject to the debt limit, these obligations are totally financed by incremental taxes received from the benefited property. Additionally, although certain portions of the general obligation debt are funded solely from user fees and sources other than property taxes, these issues are also required by State law to be considered in the computation of the City of Muscatine's legal debt margin.

Debt Service Fund
General Obligation Bonds
Fund Statement

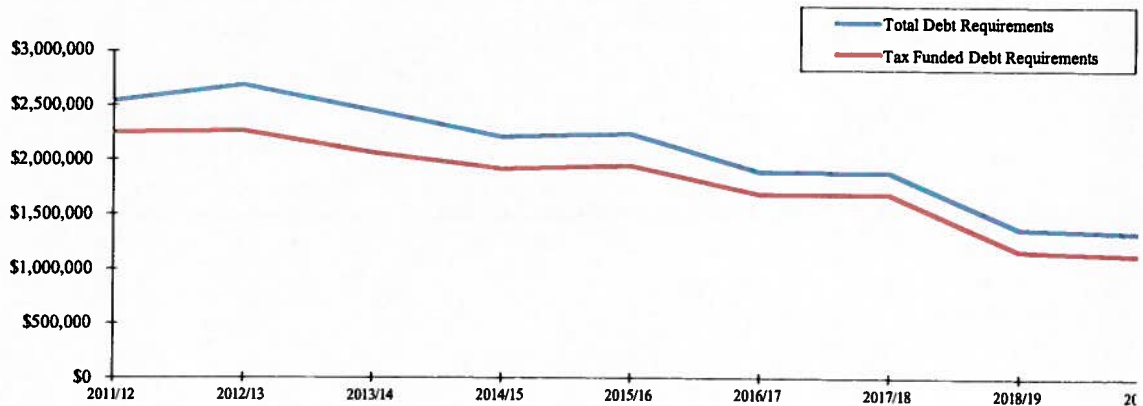
	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 182,707	\$ 256,511	\$ 135,108	\$ 138,908	\$ 121,908
Revenues					
Property Tax	\$ 2,167,678	\$ 2,386,789	\$ 2,219,574	\$ 2,219,574	\$ 2,326,416
Utility Tax Replacement Excise Tax	11,835	10,419	9,951	9,951	10,908
Interest	4,112	2,263	500	500	500
Excess Bond Proceeds	119,591	0	0	0	0
Transfers In:					
Refuse Collection	99,002	101,627	99,893	99,893	99,969
Landfill	116,167	120,122	119,838	119,838	114,312
Downtown Tax Increment Fund	0	91,225	70,225	70,225	209,625
Total Revenues	<u>\$ 2,518,385</u>	<u>\$ 2,712,445</u>	<u>\$ 2,519,981</u>	<u>\$ 2,519,981</u>	<u>\$ 2,761,730</u>
Funds Available	<u>\$ 2,701,092</u>	<u>\$ 2,968,956</u>	<u>\$ 2,655,089</u>	<u>\$ 2,658,889</u>	<u>\$ 2,883,638</u>
Expenditures					
Charges for Services	\$ 1,800	\$ 2,250	\$ 2,500	\$ 2,500	\$ 3,000
Bonds	2,010,000	2,245,000	2,020,000	2,020,000	2,230,000
Interest	432,781	582,798	514,481	514,481	450,294
Estimated Debt Requirements New Issue:					
Principal	0	0	0	0	55,000 (1)
Interest	0	0	0	0	103,436 (1)
Total Expenditures	<u>\$ 2,444,581</u>	<u>\$ 2,830,048</u>	<u>\$ 2,536,981</u>	<u>\$ 2,536,981</u>	<u>\$ 2,841,730</u>
Ending Balance, June 30	<u>\$ 256,511</u>	<u>\$ 138,908</u>	<u>\$ 118,108</u>	<u>\$ 121,908</u>	<u>\$ 41,908</u>
Increase (Decrease) in Fund Balance	\$ 73,804	\$ (117,603)	\$ (17,000)	\$ (17,000)	\$ (80,000)
Debt Service Tax Levy Rates (Per \$1,000 of Taxable Valuation)	\$ 2.90101	\$ 3.14336	\$ 2.85051	\$ 2.85051	\$ 2.90388

1. Estimated 2012/2013 principal and interest requirements on the \$4.5 million bond issue to be issued June 1, 2012.

DEBT SERVICE FUND
SUMMARY OF BOND AND INTEREST REQUIREMENTS
CURRENT GENERAL OBLIGATION BONDS

Fiscal Year	Principal	Interest	Total Requirements Current Debt	Enterprise & TIF Funded Debt Requirements (Exc. Tr. St. Debt)	Expected Tax Funded Debt Requirements (Inc. Tr. Station)
2011/12	\$ 2,020,000	\$ 514,481	\$ 2,534,481	\$ 289,956	\$ 2,244,525
2012/13	2,230,000	450,294	2,680,294	423,906	2,256,388
2013/14	2,070,000	379,294	2,449,294	388,915	2,060,379
2014/15	1,890,000	314,056	2,204,056	290,853	1,913,203
2015/16	1,980,000	255,513	2,235,513	291,600	1,943,913
2016/17	1,700,000	189,213	1,889,213	203,050	1,686,163
2017/18	1,750,000	134,988	1,884,988	202,650	1,682,338
2018/19	1,295,000	79,163	1,374,163	207,100	1,167,063
2019/20	1,290,000	40,313	1,330,313	206,250	1,124,063
Total	\$ 16,225,000	\$ 2,357,315	\$ 18,582,315	\$ 2,504,280	\$ 16,078,035

1. Enterprise funded debt requirements shown above for 2011/2012 and future years exclude amounts for Transfer Station debt. Unless there is a significant increase in waste volume/revenue at the Transfer Station, tax funding for this debt will continue to be required.



**Annual Bond and Interest Requirements
(Current Debt)**

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose Bonds
Pearl of the Mississippi Projects (Series A), East Fifth Street
Bridge Project (Series A), Parks Playground Improvements,
Riverfront Improvement Projects, Landfill Property Acquisition,
Library Building Improvements, and Airport Layout Plan
\$1,780,000 Issue Dated June 1, 2003

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 210,000	\$ 12,750	\$ 222,750
2012/13	215,000 *	6,450	221,450
Total	<u>\$ 425,000</u>	<u>\$ 19,200</u>	<u>\$ 444,200</u>

* After the budget was adopted a decision was made to call the bonds scheduled for maturity on June 1, 2013 on June 1, 2012. This will result in an estimated \$4,800 savings in interest costs.

General Obligation Corporate Purpose Bonds
Pearl of the Mississippi Projects (Series B), East Fifth Street Bridge
Project (Series B), Joint Communications Capital Costs, Fire Pumper,
Pearl Project Phase II, Trail Projects, Landfill Property Acquisition,
Building Improvements, Building Demolitions and Airport Improvements
\$2,990,000 Issue Dated June 1, 2006

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 325,000	\$ 68,955	\$ 393,955
2012/13	340,000	56,443	396,443
2013/14	350,000	43,268	393,268
2014/15	365,000	29,618	394,618
2015/16	380,000	15,200	395,200
Total	<u>\$ 1,760,000</u>	<u>\$ 213,484</u>	<u>\$ 1,973,484</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose Bonds
Pavement Management Program, Other Street and Bridge Improvements,
Building Improvements, Airport Improvements,
Cemetery Columbarium, and General Fund Vehicle, Equipment
and Technology Improvements
\$5,120,000 Issue Dated June 1, 2008 (Series A)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 630,000	\$ 147,425	\$ 777,425
2012/13	655,000	128,525	783,525
2013/14	575,000	107,238	682,238
2014/15	600,000	88,550	688,550
2015/16	620,000	67,550	687,550
2016/17	645,000	45,850	690,850
2017/18	665,000	23,275	688,275
Total	<u>\$ 4,390,000</u>	<u>\$ 608,413</u>	<u>\$ 4,998,413</u>

General Obligation Refunding Bonds
Refunding of Remaining Obligations of December 1, 1995,
June 1, 1998, June 1, 1999 and June 1, 2001 Bond Issues
\$6,560,000 Issue Dated June 1, 2008 (Series B)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 750,000	\$ 75,563	\$ 825,563
2012/13	775,000	51,188	826,188
2013/14	800,000	26,000	826,000
Total	<u>\$ 2,325,000</u>	<u>\$ 152,751</u>	<u>\$ 2,477,751</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose Bonds

**Pavement Management Program, Other Street Improvements,
Mad Creek Flood Control Project, Weed Park Tennis Courts,
Public Safety Geothermal Project, Airport, and Trail Projects
(\$5,890,000 General Obligation Portion of Issue)**

**Downtown Urban Renewal Tax Increment Revenue-Funded Projects
3rd and Chestnut Parking Lot Reconstruction,
Downtown Parking Lot, Street and Alley Resurfacing,
Riverfront Flood Repairs, and City Hall Boiler Replacement
(\$1,535,000 Portion of Issue)**

\$7,425,000 Total Issue Dated June 1, 2010

Fiscal Year	Principal	Interest	Total Requirements
2011/12	\$ 105,000	\$ 209,788	\$ 314,788
2012/13	245,000	207,688	452,688
2013/14	345,000	202,788	547,788
2014/15	925,000	195,888	1,120,888
2015/16	980,000	172,763	1,152,763
2016/17	1,055,000	143,363	1,198,363
2017/18	1,085,000	111,713	1,196,713
2018/19	1,295,000	79,163	1,374,163
2019/20	1,290,000	40,313	1,330,313
Total	<u>\$ 7,325,000</u>	<u>\$ 1,363,467</u>	<u>\$ 8,688,467</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose Bonds

**Clay Street Bridge Improvements, Cedar Street Improvements Phase I,
Colorado Street Improvements Phase I, Hershey Street Improvements,
Mississippi Drive Corridor Environmental Impact Study,
Southend Fire Station, Mad Creek Levee Project, Various Airport
Improvements Projects, and Refunding of 2003 Bond Issue**

\$4,715,000 Total Issue Dated June 1, 2012

Fiscal Year	Principal	Interest	Total Requirements
2012/13	\$ 295,000	\$ 55,163	\$ 350,163
2013/14	295,000	53,983	348,983
2014/15	390,000	52,655	442,655
2015/16	410,000	50,510	460,510
2016/17	530,000	47,435	577,435
2017/18	540,000	42,400	582,400
2018/19	550,000	36,460	586,460
2019/20	555,000	29,035	584,035
2020/21	570,000	20,710	590,710
2021/22	580,000	11,020	591,020
Total	\$ 4,715,000	\$ 399,371	\$ 5,114,371

The 2012/2013 budget included estimated debt requirements for the June 1, 2012 bond issue. The issue was sold June 1, 2012 which was after the budget was adopted, but prior to publication of the budget. The above schedule is the actual annual debt requirements on this issue. This issue also includes \$215,000 for refunding the final year of the 2003 general obligation bond issue.

CAPITAL PROJECTS FUNDS

CAPITAL IMPROVEMENTS PROGRAM

GENERAL INFORMATION:

The City has established a Comprehensive Capital Improvements Program as a separate document from the Annual Operating Budget. The Annual Operating Budget includes funding estimates on a fiscal year basis for various capital improvement projects to be funded in part or in whole from such funding sources as: bond issues supported by general property taxes or other revenues of the City; Local Option Sales Taxes; Community Development Block Grant Funds; various State or federal grants; or available balances of the various Enterprise Funds which support improvements associated with those activities. Capital improvements include acquisition and construction of buildings, additions to structures, and construction or improvements to parks, streets, bridges, sidewalks, storm sewers, sanitary sewers and other infrastructure. The City of Muscatine has limited the classification of these improvements to major non-recurring expenditures or improvements of physical facilities in excess of \$25,000.

In order for the City of Muscatine to meet the community's need for these public facilities and improvements, careful planning is required in order to insure the availability of financial resources when the need for the improvement occurs. The City has developed the Five Year Capital Improvements Program in order to establish a realistic plan of action by balancing the needed capital improvements with available resources. Capital improvements are identified and submitted to the Planning and Zoning Commission for their initial review. Their recommendations, in addition to staff's, are presented to City Council on a priority basis. Available financial resources are identified and Council approves the projects according to the need and availability of resources.

CURRENT TRENDS AND ISSUES:

The operating budget will again be supplemented with an aggressive Five Year Capital Improvement Plan. In November of 2010 the City Council approved a resolution to adopt the Five Year Capital Improvement Plan for fiscal years 2010/2011 through 2014/2015. Elected officials, citizens, and City staff participated in the development of the Plan and a public hearing was held prior to the Plan's adoption. This Plan is a document separate from the City's budget and it can be accessed from the City's website. The Plan's capital project summary schedule, however, listing all Plan projects has been included in this section of this budget document in order to provide a correlation between these two documents. During the annual budget process, this Plan is used to determine capital improvement projects to be included in the budget for the upcoming year. A number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. The projects in the 2011/2012 revised estimate and 2012/2013 budget are projects which have approved funding sources. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.

The major emphasis in the City's Capital Improvements Program in the upcoming year will continue to be the upgrading of the City's streets and sewer systems as well as improvements at the City's Water Pollution Control Plant and airport.

Pavement Management Program/Street Projects

In 2007 the City began a Comprehensive Pavement Management Program to upgrade the City's overall street conditions. Funding allocations of \$1 million for calendar year 2007 and \$2 million each for calendar years 2008 and 2009 were projected to be needed to complete the initial upgrade. These initial costs were funded with general obligation bond proceeds. Thereafter an annual allocation of at least \$500,000 is needed to

maintain the streets at this higher level. The third year of the initial street upgrade project was completed in the spring of 2010. The ongoing annual maintenance of the improved streets began in 2010 with these costs funded from the 20% allocation of local option sales taxes as provided for in the voter referendum in 2008 for the local option sales tax extension. This 20% allocation is estimated at approximately \$500,000 annually.

With the completion of the Pavement Management Program, other street improvement projects have been identified for construction in the next several years. These projects involve major upgrades to several heavily-traveled streets including Cedar Street from Parham to Houser and Colorado Street. Federal grants will fund a portion of the cost of these projects with bond proceeds funding the local share.

Sewer Improvement Projects

Sewer improvements continue to be identified as a high priority by City Council. In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2024. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order will be the separation of the combined sewer in the West Hill area. This will be a lengthy project to be done in multiple phases over the next ten to twelve years. The total cost for all phases of this project is expected to reach or exceed \$50 million. Construction on Phase I of the project will begin in late spring of 2012 and is scheduled for completion by the end of 2013.

Water Pollution Control Plant Improvement Projects

The City is nearing completion of an \$18.5 million comprehensive Water Pollution Control Plant improvement project which has been under construction since 2008/2009. A State Revolving Fund loan funded \$16.5 million of project costs with the balance funded from the Water Pollution Control Plant Reserve. A separate project to expand the lab at the plant is scheduled for construction in 2012/2013.

Other Projects

Other capital projects included in the 2012/2013 budget include installation of a new fairway irrigation system at the Muscatine Municipal Golf Course and various improvements at the Muscatine Municipal Airport. Federal Aviation Administration (FAA) grants will fund 90% of the cost of the airport improvements. The golf course fairway irrigation system project will be funded from an internal loan which will be repaid with future golf course revenues.

Summary

The following pages identify and describe all capital projects currently in the planning stage or under construction in 2011/2012 as well as those planned for 2012/2013. This section also includes listings of these projects for both 2011/2012 and 2012/2013. Total capital project costs are estimated at \$9,318,900 for 2011/2012 and \$7,179,400 for 2012/2013. The last five pages of this section is the summary project listing from the City's Five Year Capital Improvements Plan. As noted above, a number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.

**CAPITAL IMPROVEMENT PROJECTS
CAPITAL PROJECTS FUND**

FISCAL YEAR 2011/2012 PROJECTS UNDER CONSTRUCTION

On-Going Pavement Management Program: In 2009/2010 the city completed the initial 3-year plan to upgrade the condition of city streets. The initial costs were funded with general obligation bond proceeds. Annual allocations to maintain streets at this higher level began in 2010. This ongoing program will be funded from the 20% allocation of the local option sales tax dedicated by voter referendum for the pavement management program. These funds will be used for curb and gutter replacement, full depth patching, joint sealing, and street resurfacing.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Local Option Sales Tax Funds	\$ 500,000

Future Impact on Operating Budget: This project will maintain streets at a higher level to avoid future costs.

Railroad Crossing Improvements: This project will fund the local share of the cost to upgrade railroad crossings in the City. The City is responsible for 20% of the cost of the upgrades, with the State share at 60%, and the railroad's share 20%. The City's share of the costs will be funded from the 20% allocation of local option sales tax dedicated for the pavement management program. The crossings being upgraded in 2011/2012 include Cedar Street, Iowa Avenue, Day Street, 5th Street, 9th Street, Musser Street, Oregon Street, and various others in the south end of the city. .

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Local Option Sales Tax Funds	\$ 200,000

Future Impact on Operating Budget: This project reduces annual maintenance costs. Specific cost savings cannot be determined.

Cedar Street Improvement Project – Parham to Houser: This project originally involved the resurfacing of this portion of Cedar Street with 80% of project costs funded through the federal STP grant program in the amount of \$551,772. The City is planning an expanded project for this heavily used street. This includes widening the street to three lanes including turning lanes and constructing a trail on one side of the street for pedestrian use. The total cost of the expanded project is estimated at between \$3.7 and \$4 million. The original STP grant funding of \$551,772 was increased to \$967,458 for the expanded project. This project is being completed in phases beginning in 2011 and continuing through 2014. Culvert work was completed in 2011 and utility and drainage work will be done in 2012. Additional easements will also be obtained in 2012. The paving portion of the project is planned for 2013 and 2014.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds	\$ 1,068,000

Future Impact on Operating Budget: This will reduce annual maintenance costs. The amount cannot be determined.

Colorado Street Resurfacing Project: The Colorado Street Resurfacing project was originally estimated at a total cost of \$1.5 million. This project will receive \$1.2 million (80% of the original cost estimate) in funding through the federal STP grant program. The project scope has been expanded to include more extensive improvements to this street which is estimated to increase the total project cost to \$2,255,000 with the local share increasing to \$1,055,000. This cost estimate may change as options for straightening the curve in this street are evaluated. Engineering design services began in 2010/2011 and will be completed in 2011/2012. Construction on the project is scheduled to begin in 2012/2013 and be completed in 2013/2014.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds	\$ 1,055,000

Future Impact on Operating Budget: This will reduce annual maintenance costs. The amount cannot be determined.

Harrison Street Extension Project: This project will extend Harrison Street to Bandag Drive. Upon completion this street will provide a detour route while the Colorado Street construction work is done in 2013. This project will also provide improved access for student pickup and drop off at Colorado School as well as open an area for commercial infill. The survey, easement, and design work is scheduled to be completed by the end of fiscal year 2011/2012 with construction planned for 2012/2013. This project will be funded from Road Use Tax funds.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Road Use Tax Funds	\$ 14,500

Future Impact on Operating Budget: This project is expected to have a minimal impact on future budgets during winter months for snow removal. The amount cannot be determined.

Hershey Avenue Resurfacing Project: This resurfacing project was completed in conjunction with the Hershey Avenue Sewer Project. The City received \$381,400 through the federal STP grant program for this project with the balance of project costs funded from bond proceeds. Construction began in 2010/2011 and the project was substantially completed by the end of calendar year 2011. The remaining work will be done in the spring of 2012 with the contract expected to be closed out by the end of 2011/2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal STP Funds	\$ 228,200
Bond Proceeds	<u>1,108,000</u>
	<u>\$ 1,336,200</u>

Future Impact on Operating Budget: This will reduce annual street maintenance costs. The amount cannot be determined.

Clay Street Bridge Improvements: During construction of the Clay Street Improvement project in 2009, it was determined that structural improvements were also needed to the bridge on this heavily traveled street. These bridge improvements were completed in 2010/2011. Funding for this project will be from the City's bond issue in the spring of 2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds (for prior year costs)	\$ 383,000

Future Impact on Operating Budget: This will reduce bridge maintenance costs. The amount cannot be determined.

Mississippi Drive Corridor Project – Environmental Study and Preliminary Design: In 2007 the City in conjunction with the Iowa Department of Transportation (IDOT) completed a study on the section of U.S. Highway 61 Business Route from the Mississippi River Bridge to Grandview Avenue. IDOT provided funding for 80% of the cost of this study. Since that time the City has been seeking funding to proceed with improvements on this corridor. Two funding sources were found that allowed this project to move forward to the next step. They included \$444,600 through the Transportation and Community System Preservation Fund (TCSP) and \$600,000 from the Statewide Transportation Improvement Program (STIP) administered through the Bi-State Regional Commission's current Transportation Improvement Plan (TIP). Both of these funding sources require a 20% local match that will be funded from the 2012 bond issue. Following a consultant selection process outlined by the Iowa Department of Transportation (IDOT), the city selected Stanley Consultants to provide the environmental study and preliminary design services. This work began in 2009/2010, continued in 2010/2011, and is expected to be completed in 2011/2012. This work is needed before the City can pursue funding for the construction of improvements to this corridor.

<u>Source</u>	<u>FY 2011/2012 Funding Amount</u>
Federal TCSP and STIP Grants	\$ 573,400
Bond Proceeds	<u>225,000</u>
	<u>\$ 798,400</u>

Future Impact on Operating Budget: There is no impact from the environmental study and preliminary design services.

Brownfield Assessment Projects: The City received two grants to conduct area-wide assessments for potential or suspected brownfields in former industrial areas along the U.S. 61 Business Route and other locations. One assessment is looking for petroleum contamination, the other for hazardous material. Two grants, each in the amount of \$200,000, funded 100% of the cost of these assessments. These assessments began in 2008/2009, continued in 2009/2010 and 2010/2011, and were completed in 2011/2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Grants	\$ 45,500

Future Impact on Operating Budget: None.

Highway 38 and 61 Connector Study: Consideration is being given to constructing a connector street between these two major highways that intersect in the northeast section of the city. Benefits would include relieving some of the congestion at the current intersection as well as opening areas for development in that section of the city. This study will provide a preliminary cost estimate as well as evaluate routes for this connector street.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Local Options Sales Tax Funds	\$ 45,000

Future Impact on Operating Budget: This study will have no impact on future operating budgets.

Mississippi Bridge Lighting Repair Project: The original bridge lighting project involved the installation of decorative LED lighting on the bridge over the Mississippi River. This lighting system can be programmed into a multitude of colors and patterns including those for holidays or other celebrations. Assistance in completing this project was provided by Musco Sports Lighting Inc., Stanley Consultants, Muscatine Power & Water, the Muscatine Chamber of Commerce and Industry and City staff. All direct costs of the original project were funded from a federal grant and a contribution from Musco Sports Lighting, Inc. These lights have failed in the past year and it was determined that \$60,000 in material costs would be needed to replace the malfunctioning lights. Muscatine Power & Water agreed to pay \$20,000 of this cost and the City will fund the remaining \$40,000 from Southend Tax Increment funds. Musco Sports Lighting contributed the design work and will install the new lights.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Muscatine Power & Water Contribution	\$ 20,000
Southend Tax Increment Funds	40,000
	<u>\$ 60,000</u>

Future Impact on Operating Budget: As Muscatine Power & Water will provide the power and ongoing maintenance costs for these lights, there should be no future impact on the City's operating budget.

Weed Park to Wild Cat Den Park Trail: The project extended the American Discovery/Mississippi Trail from Weed Park to Wild Cat Den State Park. A federal STIP grant was awarded for this project which required a 20% local match. Donations and Collection and Drainage funds were used for the local share of project costs. Construction on this project was completed in 2011/2012.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Grant	\$ 362,500
Collection and Drainage Funds	37,800
Donations	75,000
	<u>\$ 475,300</u>

Future Impact on Operating Budget: There will be a small cost increase for trail maintenance estimated at \$2,000 annually. This cost will be absorbed within the Park Maintenance budget.

Musser Park to Weggens Road Trail (Design): The local Trails Committee has secured a federal grant for this trail project. The grant, however, will not fund preliminary project costs including surveys and trail design services. The Trails Committee requested and received financial assistance from the City in the amount of \$50,000 for these costs with this amount funded from the 2010 bond issue. The trail survey and design work will begin in 2011/2012 and continue in 2012/2013 with trail construction to begin in future years.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Prior Year Bond Proceeds	\$ 11,000

Future Impact on Operating Budget: There will be no budget impact from the trail design and a small increase in costs for trail maintenance once it is constructed. The amount is estimated at \$1,000 annually.

Mark Twain Overlook: This project involves a cooperative effort between the City and community volunteers to re-landscape the Mark Twain Overlook. The 2011/2012 funding amount includes various improvements at this site funded from prior year donations.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Prior Year Donation	\$ 2,000

Future Impact on Operating Budget: None

Mad Creek Levee Improvement Project: In 2008 the Corps of Engineers notified the City that this levee improvement project was approved for federal funding. Funding was awarded on a 65% federal and 35% local share basis. The City has been setting aside proceeds of the Levee tax levy in anticipation of this project. Those funds plus \$2 million in prior year and \$74,000 in 2012 bond proceeds will fund most of the local share of the overall project costs. It is estimated that approximately four years of future year levee tax levy funds will be needed to fully fund the remaining local share of project costs. The Corps awarded the contract for Phase I of this project in the fall of 2009 and Phase I was completed in 2010. The contract for Phase II was awarded in 2011 and the project is scheduled to be completed in 2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Levy Tax Levy	\$ 51,280
Local Contribution	6,300
Bond Proceeds	<u>74,000</u>
	<u>\$ 131,580</u>

Future Impact on Operating Budget: Upon completion of this project there will be reduced costs during flood events. The amount of savings cannot be determined.

Southend Fire Station Project: The current Fire Station #2 on Oregon Street is no longer physically adequate to house current fire trucks and ambulance vehicles. In 2009 the City was awarded a \$200,000 grant under the State of Iowa's Rebuild Iowa Infrastructure program. These funds were used to evaluate the existing southend fire station (Station #2) location as well as evaluate other sites for a new facility. The remaining funds were used to design and begin construction of a new station. In 2010 the City was awarded an \$850,250 State IJOBS II grant toward construction costs of this new facility. The local share of the project cost is estimated at \$440,000 and this amount will be funded from the June 2012 bond issue. This project is scheduled for completion in the spring of 2012.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds	\$ 440,000
State IJOBS II Grant	<u>720,200</u>
	<u>\$ 1,160,200</u>

Future Impact on Operating Budget: This project is not expected to impact future operating budgets as fire station staffing will remain the same. While the new station will be larger than the current station, increased utility costs are not expected due to more efficient heating and cooling systems in the new facility.

City Hall and Museum Boiler Replacements: The original 2011/2012 budget included \$68,200 to replace the aging boiler in City Hall with funding from the portion of the 2010 bond issue that will be repaid with Downtown Tax Increment funds. After the 2011/2012 budget was adopted the City made application for Energy Efficiency Conservation Block Grant funds for grants to assist in the cost of replacing both the City Hall and Museum boilers. The City was awarded \$21,500 of funding for the City Hall boiler and \$16,886 for the Museum boiler. At the time the 2012/2013 budget was adopted, based on the engineer's project cost estimates, it appeared there would be sufficient funding to replace both boilers with the grant funds and prior year bond proceeds. The City received bids on both boilers after the budget was adopted, however, and both bids exceeded the estimates by significant amounts. City staff is currently evaluating these bids and will proceed with only the City Hall boiler replacement, at least initially.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Prior Year Bond Proceeds –	
Downtown TIF Funded	\$ 63,900
Energy Efficiency Block Grant Funds	38,400
	<u>\$ 102,300</u>

Future Impact on Operating Budget: The City Hall boiler replacement will reduce maintenance and utility cost by an estimated \$5,000 annually.

City Hall, Public Works, and Art Center Telephone Systems: This project includes the replacement of the current phone systems at these facilities with systems that integrate VoIP technology. The VoIP will allow easier telephone transfers between the various City facilities.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Available Capital Project Fund Balance	\$ 60,000

Future Impact on Operating Budget: There should be a small reduction in maintenance costs with the new telephone systems.

Financial Software System Replacement: The City's current financial software runs on an IBM AS/400 computer and is used for all financial operations including general ledger, payroll, accounts payable, accounts receivable, and purchasing. The City is looking at replacing and enhancing this system with a new software system. Enhancements specifically targeted for the new system include making financial information more accessible to departments for budget monitoring purposes, electronic processing and distribution of purchase orders, electronic input and approval of employee work and leave hours by departments, and various other process enhancements. A staff committee has researched several systems and is looking to make a recommendation for a new system in the spring of 2012.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
General Fund Transfer	\$ 140,000

Future Impact on Operating Budget: Annual software costs are being evaluated as part of the software selection process. These costs may increase or decrease from current levels depending on the software selected.

Building Demolitions: This activity reflects the cumulative demolition of substandard structures under direction of the City. Due to public health and safety concerns it has been necessary for the City to engage a demolition contractor to remove the dilapidated structures. Costs for building demolitions are assessed to the property when possible. If costs cannot be assessed or if collection is very unlikely, the City periodically funds these costs with bond proceeds. An estimated \$22,800 of demolition costs is expected in 2011/2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Assessments or Future Bond Proceeds	\$ 22,800

Future Impact on Operating Budget: In the absence of reimbursements from private property owners, this will continue to be a significant cost to the City.

Police Radio System: The City's current communications system for the police department is an 800 MHz radio system that was installed in 1996. The system was used by both the police and fire departments until 2009. The fire department submitted a grant application and was awarded a federal grant for a VHF radio system in order to increase interoperability with other county fire agencies. The police department found that a VHF system would have other features which would benefit that department including economical expandability and interoperability with the fire department and County Sheriff's department. Communication with the Muscatine School District would also be enhanced. It was found that since the fire department already had this system in place, adding the police department could be done very economically compared to costs to purchase a new 800 MHz radio system which would be between \$2 and \$3 million. Funding for the radio system was included in the 2010 bond issue.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Prior Year Bond Proceeds	\$ 140,900

Future Impact on Operating Budget: Individual and replacement radios under this system will cost \$980 compared to \$2,500 for the current radios.

Police Firing Range Project: In recent years the police firing range was affected by several floods limiting its use for police department weapons training. The City received an insurance reimbursement in the amount of \$15,600 for damages from the most recent flood event. A decision was made to relocate the range to higher ground on the same property. This insurance reimbursement, a funding transfer from the Insurance Trust, and funds from the Police department budget will fund the estimated \$41,600 project cost.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Insurance Reimbursement	\$ 15,600
Police Department Funds	3,000
Transfer from Insurance Trust	<u>23,000</u>
	<u>\$ 41,600</u>

Future Impact on Operating Budget: There will be no increase in operating costs from relocating this facility; only savings is cleanup and repair costs from frequent flooding.

Storm and Sanitary Sewer Improvements: In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2024. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. Many of the City's sewer improvement projects have been funded through the one (1) percent local option tax and others have been funded through sewer fees allocated to the Sewer Extension and Improvement Reserve in the Collection and Drainage Fund. The following projects are in various stages of design and/or construction in 2011/2012.

Hershey Avenue Sewer Separation - Phase II – The total contract cost for the Hershey Sewer Phase II project was over \$5.5 million and the project was completed over a 3-year period from 2009/2010 through 2011/2012. This sewer separation project was one of the projects mandated by the City's Consent Order with the Environmental Protection Agency. This project has been completed and the contract was closed out early in 2012. The Iowa Department of Transportation reimbursed the City for a portion of the street replacement work required for this project.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Local Option Sales Tax Funds	\$ 310,000
Reimbursement from IDOT	175,000
	<u>\$ 485,000</u>

Slough/Sunset Park Lift Station Project – These lift stations were impacted by the Hershey Avenue Sewer Separation projects described above. An engineering study was completed which evaluated options for improvements to or possible replacement of the lift stations. The 2011/2012 funding amount reflects costs for various improvements to these lift stations. These costs will be funded from the Water Pollution Control Plant Reserve.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 300,000

West Hill Sewer – The City has an agreement with an engineering firm for conceptual and final design services for this major sewer separation project. This project is required to be completed by 2024 under the City's Consent Order with the Environmental Protection Agency. This project will be constructed in multiple phases over the next 12 or more years and the total cost for all of the phases is projected to reach or exceed \$50 million. Final design work on Phase I has been completed and bids for the project will be opened in April 2012. Construction on Phase I will begin in late spring of 2012 and the project is scheduled for completion late in 2013.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Local Option Sales Tax Funds	\$ 1,115,000

Future Impact on Operating Budget: These projects will reduce maintenance costs to the storm and sanitary sewer system. Specific cost savings cannot be determined.

Heatherlynn Sewer Extension – As part of a voluntary annexation agreement, the City agreed to extend sewer service to the Parkview Condominiums on Heatherlynn Drive. Sewer connections to the individual units were the responsibility of the condominium association.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Sewer Extension and Improvement Reserve	\$ 83,000

Future Impact on Operating Budget: This project will increase sewer and collection and drainage fees by an estimated \$6,500 annually.

Voluntary Annexation Sewer Extension Project: At the time the budget was adopted a plan was still under discussion on extending the existing Mad Creek Sewer at Park Avenue West to the Clearview Mobile Home Court. This project will be done in conjunction with the annexation of approximately 1,200 acres and will open this area for development. This project also addresses the failing sewer lagoon system at the mobile home court. At the time the budget is being published it appears this project will proceed with a portion of the project funded by the owner of the mobile home court and the remaining cost funded from the Sewer Extension and Improvement Reserve. Engineering work on the project is planned for 2011/2012 with construction in 2012/2013. Project costs are yet to be finalized. The addition of this project will require an amendment to both the 2011/2012 and 2012/2013 budgets.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Contribution and Sewer Extension and Improvement Reserve	To be Determined

Future Impact on Operating Budget: Sewer revenues will increase as this property is developed. The first customer connected to this system will be the existing mobile home park. The estimated annual sewer revenue from the mobile home park is \$80,000.

Water Pollution Control Plant Comprehensive Facilities Improvement Project: As a result of the Water Pollution Control Plant study in 2006, the City contracted for a comprehensive plant improvement project estimated at \$18.5 million. Construction began in 2008/2009 and the project was substantially completed by the end of 2011. Several items in the contract, however, are still under review with the project engineer and contractor and need to be resolved before the contract can be closed out. A State Revolving Fund loan financed \$16.5 million of project costs with the remaining costs funded from the Water Pollution Control Plant Reserve.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
State Revolving Fund Loan	\$ 412,300
Water Pollution Control Plant Reserve	1,412,000
	<u>\$ 1,824,300</u>

Future Impact on Operating Budget: Reduced maintenance costs will be realized with the new plant components. This amount cannot be determined.

Papoose Pump Station Crane Replacement: As a result of the 2008 flood, the bar screen in this pump station received extension damage. FEMA funded replacement of the bar screen at an approximate cost of \$345,000. In evaluating the overall condition of the equipment in this pump station, it was determined that the aging crane needed to be replaced. Funding for this project will be from the Water Pollution Control Plant Reserve.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 123,000

Future Impact on Operating Budget: There will be a reduction in maintenance costs with the new equipment. The amount cannot be determined.

Water Pollution Control Plant (WPCP) Maintenance/Storage Building: The original 2011/2012 budget included funding for a new building for storage of vehicles and biosolids equipment and also to provide space to perform routine maintenance and repairs. The City recently acquired the former National Guard Armory facility which included a suitable building which could be moved to the Water Pollution Control Plant property. Funding for the project will be from the Water Pollution Control Plant Reserve.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 120,000

Future Impact on Operating Budget: An estimated \$2,000 annually for utilities and insurance premiums.

Water Pollution Control Lab Expansion Project: This project involves expanding the lab area of the plant as well as replacement of the existing lab flooring, countertops, and fume hoods. Engineering design is planned for the spring of 2012 with construction scheduled for 2012/2013.

<u>Funding Source</u>	<u>FY 2011/2012 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 20,000

Future Impact on Operating Budget: None

Airport Snow Removal Tractor: The FAA approved funding to purchase a tractor to be used primarily for snow removal at the airport. This equipment will also be used to mow the airport grounds. The FAA provided funding for 95% of the cost with the City's originally estimated 5% local match included in the June 2010 bond issue. Since the actual cost of the tractor was higher than originally estimated an additional \$1,600 in bond funding is included in the City's June 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds (Additional)	\$ 1,600

Future Impact on Operating Budget: There will be savings in maintenance costs with the new tractor estimated at \$2,000 annually.

Airport Hangar Access Road: In July of 2009 the city was awarded funding from the Iowa Department of Transportation's Division of Aviation for the construction of a hangar access road at the airport. The construction of this access road allows access to HNI Hangar #2, provides road access for future hangar development, and serves the area where the new armory facility was constructed on the southeast corner of the airport property. The grant provided for 85% state funding and 15% local funding. Funds for the local match were included in the June 2010 bond issue. This project was substantially completed in 2010/2011 with the final work completed in the summer of 2011 to close out this project.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
State Grant and Prior Year Bond Proceeds	\$ 4,700

Future Impact on Operating Budget: There will be an increase in road maintenance costs with this project. This type of maintenance, however, is performed by the contracted airport manager.

Airport Runway Repairs: Repair of the crosswind runway was needed due to a pavement blowup in a section of the runway. City staff was unsuccessful in their efforts to obtain federal or state funding to assist in these repairs. The repair work was completed in the spring of 2011 and the cost of these repairs will be funded from the City's 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Bond Proceeds	\$ 14,000

Future Impact on Operating Budget: None

Airport T-Hangar and Municipal Hangar Renovation: The existing T-hangars at the Airport are 30-40 years old and in need of preventive maintenance and renovation. The total project cost is estimated at \$60,000 which will fund upgrades to improve security, safety, and use of the hangars. A state grant will fund 85% of the project cost with a 15% local match required. The local match for this project has been included in the City's June 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
State Grant	\$ 50,600
Bond Proceeds	9,400
	<u>\$ 60,000</u>

Future Impact on Operating Budget: Annual hangar maintenance costs are expected to be reduced at least \$1,000 annually.

Airport Runway Lighting Improvements: Animals have damaged the lighting system along the runways and parallel and connecting taxiways at the airport. This project will upgrade the system from a Medium Intensity Runway Light (MIRL) system to a High Intensity Runway Light (HIRL) system with wiring buried in conduit rather than the existing direct bury wiring. The FAA is providing 95% of the funding for this project with a 5% local match required. The local match has been included in the City's June 2012 bond issue. Engineering for this project began in 2010/2011 and construction is scheduled to be completed in 2011/2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 328,600
Bond Proceeds	<u>19,000</u>
	<u>\$ 347,600</u>

Future Impact on Operating Budget: There will be savings in repair costs by preventing further damage to the lighting conduit by these animals. The amount cannot be determined.

Airport Hangar Access Security and T-Hangar Drainage Improvements: The city was awarded funding from the Federal Aviation Administration (FAA) to improve drainage in the area of the T-Hangars during excessive rain events and to install fencing and a security camera to improve hangar access security. The grant provides for 90% federal funding and a 10% local match. Engineering work for this project is scheduled for 2011/2012 with project construction in 2012/2013. The local share of the project cost has been included in the June 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 17,700
Bond Proceeds	<u>15,500</u>
	<u>\$ 33,200</u>

Future Impact on Operating Budget: There will be a small increase estimated at \$300 annually for the security camera.

Airport Airfield Maintenance: This project involves crack sealing and other maintenance on pavement surfaces throughout the airport grounds. Federal Aviation Administration (FAA) funds will fund 90% of project costs. Engineering work for this project is scheduled for 2011/2012. Contract work is scheduled to begin late in 2011/2012 and be completed in 2012/2013. The local share of the project cost has been included in the June 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 53,700
Bond Proceeds	<u>8,900</u>
	<u>\$ 62,600</u>

Future Impact on Operating Budget: This project will reduce annual pavement maintenance costs. The amount, however, cannot be determined.

Airport Obstruction Removal: Vegetation and other potential obstructions are creating continued safety and security issues at the airport. This project will survey the airport to identify these problem areas and remove them. Federal Aviation Administration (FAA) funds will fund 90% of project costs. This project is scheduled to be completed in 2011/2012.

<u>Funding Sources</u>	<u>FY 2011/2012 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 64,800
Bond Proceeds	<u>3,600</u>
	<u>\$ 68,400</u>

Future Impact on Operating Budget: This project will reduce annual maintenance costs. The amount, however, cannot be determined.

**CAPITAL IMPROVEMENT PROJECTS
CAPITAL PROJECTS FUND**

FISCAL YEAR 2012/2013 PROJECTS SCHEDULED FOR CONSTRUCTION

On-Going Pavement Management Program: In 2009/2010 the city completed the initial 3-year plan to upgrade the condition of city streets. The initial costs were funded with general obligation bond proceeds. Annual allocations to maintain streets at this higher level began in 2010. This ongoing program will be funded from the 20% allocation of the local option sales tax dedicated by voter referendum for the pavement management program. These funds will be used for curb and gutter replacement, full depth patching, joint sealing, and street resurfacing.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Local Option Sales Tax Funds	\$ 500,000

Future Impact on Operating Budget: This project will maintain streets at a higher level to avoid future costs.

Cedar Street Improvement Project – Parham to Houser: This project originally involved the resurfacing of this portion of Cedar Street with 80% of project costs funded through the federal STP grant program in the amount of \$551,772. The City is planning an expanded project for this heavily used street. This includes widening the street to three lanes including turning lanes and constructing a trail on one side of the street for pedestrian use. The total cost of the expanded project is estimated at between \$3.7 and \$4 million. The original STP grant funding of \$551,772 was increased to \$967,458 for the expanded project. This project is being completed in phases beginning in 2011 and continuing through 2014. Culvert work was completed in 2011 and utility and drainage work will be completed in 2012. The paving portion of the project is planned for 2013 and 2014.

<u>Funding Sources</u>	<u>FY 2012/2013 Funding Amount</u>
Prior Year and Future Year Bond Proceeds	\$ 1,004,000

Future Impact on Operating Budget: This will reduce annual maintenance costs. The amount cannot be determined.

Colorado Street Resurfacing Project: The Colorado Street Resurfacing project was originally estimated at a total cost of \$1.5 million. This project will receive \$1.2 million (80% of the original cost estimate) in funding through the federal STP grant program. The project scope has been expanded to include more extensive improvements to this street which is estimated to increase the total project cost to \$2,255,000 with the local share increasing to \$1,055,000. This cost estimate may change as options for straightening the curve in this street are evaluated. Engineering design services began in 2010/2011 and will be completed in 2011/2012. Construction on the project is scheduled to begin in 2012/2013 and be completed in 2013/2014.

<u>Funding Sources</u>	<u>FY 2012/2013 Funding Amount</u>
Federal STP Funds	\$ 240,000
Prior Year Bond Proceeds	260,000
	<u>\$ 500,000</u>

Future Impact on Operating Budget: This will reduce annual maintenance costs. The amount cannot be determined.

Harrison Street Extension Project: This project will extend Harrison Street to Bandag Drive. Upon completion this street will provide a detour route while the Colorado Street construction work is done in 2013. This project will also provide improved access for student pickup and drop off at Colorado School as well as open an area for commercial infill. The survey, easement, and design work is scheduled to be completed by the end of fiscal year 2011/2012 with construction planned for 2012/2013. This project will be funded from Road Use Tax funds.

<u>Funding Sources</u>	<u>FY 2012/2013 Funding Amount</u>
Road Use Tax Funds	\$ 432,000

Future Impact on Operating Budget: This project is expected to have a minimal impact on future budgets during winter months for snow removal. The amount cannot be determined.

Musser Park to Weggens Road Trail (Design): The local Trails Committee secured a federal grant for this trail project. The grant, however, will not fund preliminary project costs including surveys and trail design services. The Trails Committee requested and received financial assistance from the City in the amount of \$50,000 for these costs with this amount funded from the 2010 bond issue. The trail survey and design work began in 2011/2012 and will continue in 2012/2013 with trail construction to begin in future years.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Prior Year Bond Proceeds	\$ 39,200

Future Impact on Operating Budget: There will be no budget impact from the trail design and a small increase in costs for trail maintenance once it is constructed. The amount is estimated at \$1,000 annually.

Storm and Sanitary Sewer Improvements: In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2024. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. The second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. This will be a lengthy project which will be done in phases. The total cost for all phases of this project is expected to reach or exceed \$50 million.

West Hill Sewer – The City has an agreement with an engineering firm for conceptual and final design services for this major sewer separation project. This project is required to be completed by 2024 under the City's Consent Order with the Environmental Protection Agency. This project will be constructed in multiple phases over the next 12 or more years and the total cost for all of the phases is projected to reach or exceed \$50 million. Final design work on Phase I has been completed and bids for the project will be opened in April 2012. Construction on Phase I will begin in the spring of 2012 and the project is scheduled for completion late in 2013.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Local Option Sales Tax Funds	\$ 3,817,000

Future Impact on Operating Budget: This project will reduce maintenance costs to the storm and sanitary sewer system. Specific cost savings cannot be determined.

Voluntary Annexation Sewer Extension Project: At the time the budget was adopted a plan was still under discussion on extending the existing Mad Creek Sewer at Park Avenue West to the Clearview Mobile Home Court. This project will be done in conjunction with the annexation of approximately 1,200 acres and will open this area for development. This project also addresses the failing sewer lagoon system at the mobile home court. At the time the budget is being published it appears this project will proceed with a portion of the project funded by the owner of the mobile home court and the remaining cost funded from the Sewer Extension Reserve. Engineering work on the project is planned for 2011/2012 with construction in 2012/2013. Project costs are yet to be finalized. The addition of this project will require an amendment to both the 2011/2012 and 2012/2013 budgets.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Contribution and Sewer Extension and Improvement Reserve	To be Determined

Future Impact on Operating Budget: Sewer revenues will increase as this property is developed. The first customer connected to this system will be the existing mobile home park. The estimated annual sewer revenue from the mobile home park is \$80,000.

Southend Force Main Air Release Valve Project: This project involves removal of the old valves on this force main and installation of new valves with improved design.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Sewer Extension and Improvement Reserve	\$ 100,000

Future Impact on Operating Budget: There will be a reduction in maintenance costs with the new valves. The amount cannot be determined.

Water Pollution Control Lab Expansion Project: This project involves expanding the lab area of the plant as well as replacement of the existing lab flooring, countertops, and fume hoods. Engineering design is planned for the spring of 2012 with construction scheduled for 2012/2013.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 330,000

Future Impact on Operating Budget: None

Golf Course Fairway Irrigation System Renovation: This project involves replacement of the current hydraulic irrigation system at the municipal golf course with an electric irrigation system. This project will be completed in 2012/2013 and will be financed with an internal loan from other City funds. This loan will be repaid with golf course revenues over the next five to six years. These types of loans have been used in the past for other major projects at the golf course.

<u>Funding Source</u>	<u>FY 2012/2013 Funding Amount</u>
Golf Course Fund (Project Down Payment)	\$ 50,000
Internal Loan	210,000
	<u>\$ 260,000</u>

Future Impact on Operating Budget: There will be an estimated \$2,000 in annual savings in maintenance costs on the current irrigation system.

Airport Hangar Access Security and T-Hangar Drainage Improvements: The city was awarded funding from the Federal Aviation Administration (FAA) to improve drainage in the area of the T-Hangars during excessive rain events and to install fencing and a security camera to improve hangar access security. The grant provides for 90% federal funding and a 10% local match. Engineering work for this project is scheduled for 2011/2012 with project construction in 2012/2013. The local share of the project cost was included in the June 2012 bond issue.

<u>Funding Sources</u>	<u>FY 2012/2013 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 67,300
Prior Year Bond Proceeds	11,900
	<u>\$ 79,200</u>

Future Impact on Operating Budget: There will be a small increase estimated at \$300 annually for the security camera.

Airport Airfield Maintenance: This project involves crack sealing and other maintenance work on pavement surfaces throughout the airport grounds. Federal Aviation Administration (FAA) funds will fund 90% of project costs. Engineering work will be completed in 2011/2012 with contract work scheduled to begin in 2011/2012 and be completed in 2012/2013. The local share of the project cost was included in the June 2012 bond issue.

Funding Sources**FY 2012/2013
Funding Amount**

Federal Aviation Administration (FAA) Grant	\$ 112,000
Prior Year Bond Proceeds	<u>6,000</u>
	<u>\$ 118,000</u>

Future Impact on Operating Budget: This project will reduce annual pavement maintenance costs. The amount, however, cannot be determined.

City of Muscatine
Capital Project Appropriations
Fiscal Year Basis
Revised Estimate 2011/2012

Project	Revised Estimate 2011/2012	Funding Sources/Comments
Street Projects:		
Ongoing Pavement Management Program	\$ 500,000	Local option sales tax
Railroad Crossing Improvements	200,000	Local option sales tax
Cedar Street Resurfacing Parham to Houser - Culverts and Utilities Work	719,000	Bond proceeds
Colorado Street Improvements	100,000	Bond proceeds
Harrison Street Project	14,500	Road use tax
Hershey Avenue Resurfacing	1,020,900	Bond proceeds and federal grant
Bridge Lighting Project	60,000	Lighting repair costs; utility contribution and TIF funds
Clay Street Bridge Improvements	1,600	Bond issuance costs for prior year project; bond proceeds
Corridor Study - Environmental and Prel. Design	673,800	Federal grant and bond proceeds
Highway 38/61 Connector Study	45,000	Local option sales tax
Brownfield Assessment - Petroleum	37,400	Federal grant
Brownfield Assessment - Hazardous Substances	8,100	Federal grant
Parks Projects:		
Mark Twain Overlook Improvements	2,000	Prior year project; available balance
Disk Golf Project	900	Prior year project; available balance
Cemetery Columbarium Project	400	Prior year project; available balance
Taylor Park Project	1,200	Prior year project; available balance
Kent Stein Trail	840	Prior year project; available balance
Fuller Trail	660	Prior year project; available balance
Other Projects:		
Mad Creek Flood Control Project	155,000	Local project expenditures; levee tax levy, donation, and bond proceeds
Former Armory Property Acquisition and Sale	5,000	Estimated sales costs; proceeds from property sale
City Hall and Museum Boiler Replacements	86,300	State grants and prior year TIF bond proceeds
Financial Software System	140,000	General fund transfer
Building Demolitions	22,800	Assessment or future bond proceeds
City Hall, Art Center, Public Works Phone Systems	60,000	Available balance
Weed Park to Wild Cat Den Park Trail	470,500	Contributions, federal grant, and Collection and Drainage funds
Musser Park to Weggens Road Trail	11,000	Preliminary engineering costs; prior year bond proceeds
Police Radio System	140,900	Prior year bond proceeds
Police Firing Range Project	41,600	Insurance reimbursement and transfer from Insurance Trust
Southend Fire Station Project	1,151,300	State IJOBS grant and bond proceeds
Allowance for Bond Discount and Issuance Costs	75,000	Estimated bond issuance costs/discount
Subtotal - General Government	<u>\$ 5,745,700</u>	
Water Pollution Control Plant (WPCP):		
WPCP Renovation Project	\$ 769,500	Estimated final project costs; SRF loan funds and Plant Replacement Reserve
Papoose Crane Renovation	123,000	Plant Replacement Reserve
WPCP Lab Expansion	20,000	Engineering design costs; Plant Replacement Reserve
WPCP Storage Building	120,000	Plant Replacement Reserve
Slough/Sunset Park Lift Station Improvements	300,000	Plant Replacement Reserve
Heatherlynn Sewer Extension	83,000	Sewer Extension Reserve
West Hill Sewer Separation	1,115,000	Local option sales tax
Hershey Avenue Sewer Separation - Phase II	485,000	State reimbursement and local option tax
Subtotal - Water Pollution Control	<u>\$ 3,015,500</u>	
Airport:		
Airport - Snow Removal Tractor	\$ 100	Bond issuance costs for prior year project; bond proceeds
Airport Hangar Access Road	4,700	State grant and bond proceeds
Airport Runway Blowup Repairs	300	Bond issuance costs for prior year project; bond proceeds
Airport Hangar Repairs	59,800	State grant and bond proceeds
Airport Runway Lighting Project	346,400	Federal grant and bond proceeds
Airport Hangar Access Security and T-Hangar Drainage	21,300	Engineering costs; federal grant and bond proceeds
Airport Airfield Maintenance	56,700	Federal grant and bond proceeds
Airport Obstruction Removal	68,400	Federal grant and bond proceeds
Subtotal - Airport Projects	<u>\$ 557,700</u>	
Total	<u><u>\$ 9,318,900</u></u>	

City of Muscatine
Capital Project Appropriations
Fiscal Year Basis
Budget 2012/2013

Project	Budget 2012/2013	Funding Sources/Comments
Street Projects:		
Ongoing Pavement Management Program	\$ 500,000	Local option sales tax
Cedar Street Resurfacing Parham to Houser	1,004,000	Bond proceeds
Colorado Street Improvements	500,000	Bond proceeds and federal grant
Harrison Street Project	432,000	Road use tax
Other Projects:		
Musser Park to Weggens Road Trail	<u>39,200</u>	Engineering design; prior year bond proceeds
Subtotal - General Government	<u>\$ 2,475,200</u>	
Water Pollution Control Plant (WPCP):		
WPCP Lab Expansion	\$ 330,000	Plant Replacement Reserve
West Hill Sewer Separation	3,817,000	Local option sales tax
Southend Force Main Air Release Valve	<u>100,000</u>	Collection and Drainage funds
Subtotal - Water Pollution Control	<u>\$ 4,247,000</u>	
Golf Course		
Golf Irrigation System	<u>\$ 260,000</u>	Internal loan repaid with Golf Course funds
Airport:		
Airport Hangar Access Security and T-Hangar Drainage	\$ 79,200	FAA grant and bond proceeds
Airport Airfield Maintenance	<u>118,000</u>	FAA grant and bond proceeds
Subtotal - Airport Projects	<u>\$ 197,200</u>	
Total	<u><u>\$ 7,179,400</u></u>	

City of Muscatine
Five-Year Capital Improvement Program

PROJECTS	FISCAL YEAR						COST
	Pre-2011	2011	2012	2013	2014	2015	
Community Development							
Acquisitions - Carver Corner							\$750,000
Brier's Ditch Improvement Project			To Be Determined (TBD)				\$1,037,900
Brownfields Areawide Assessment							\$400,000
Mississippi Drive Corridor Projects							\$8,650,000
Subtotal - Community Development							\$10,837,900
Environmental Quality							
Comprehensive Water Pollution Control Plant Renovation							
Comprehensive Plant Renovation							\$19,285,000
Water Pollution Control Plant & Services							
Bond & Schley Lift Station Renovation							\$90,000
High Performance Grit Removal							\$1,025,000
Laboratory Remodel							\$250,000
Maintenance Storage Building							\$205,000
Metal Analysis Instrumentation							\$65,000
Slough Lift Station Improvements							\$100,000
Truss Arm Replacement on Final Clarifiers							\$38,700
Subtotal - Environmental Quality							\$21,058,700
Finance & Administration							
Replace Finance System Software							\$80,000
Subtotal - Finance & Administration							\$80,000
Housing							
Clark House Lobby & Corridor Lighting							\$52,000
Sunset Park Parking Lot Repavement							\$47,000
Subtotal - Housing							\$99,000
Information Technology							

City of Muscatine
Five-Year Capital Improvement Program

PROJECTS	FISCAL YEAR						COST
	Pre-2011	2011	2012	2013	2014	2015	
Replace Telephone System							\$60,000
Subtotal - Information Technology							\$60,000
Parks & Recreation							
Golf							
Cart Path Repairs							\$25,000
Clubhouse Carpet Replacement							\$30,000
Fairway Irrigation Renovation, Wide Band Radio Replacement							
Parking Lot Repairs							\$25,000
Kent-Stein Park							
Kent-Stein Control Link System							\$50,000
Kent-Stein Fence Replacement							\$62,000
Kent-Stein Park Parking Lot Surfacing							\$45,000
Kent-Stein Multi-Use Area							\$35,000
Park Maintenance							
Fuller Park Erosion Control Project							TBD
Fuller Park Parking Lot Expansion							\$30,000
Greenbelt Trail Resurfacing							\$100,000
Greenwood Cemetery Barrier Fence Project							\$100,000
Greenwood Cemetery Erosion Control Project							\$1,000,000
Harbor Dredge Pipe Extension							\$75,000
Harbor Houseboat Dock Replacement							\$76,000
Harbor Long Dock Replacement							\$100,000
Maintenance Facility							\$400,000
Mark Twain Overlook Renovation							\$550,000
Musser Park Seep Water Pump Station							\$50,000
Riverfront Dredge Pipe Extension							\$68,000
Weed Park Lagoon Bank Stabilization							\$300,000
Weed Park Lagoon Restroom							\$125,000
Weed Park Lagoon Trail							\$100,000
Weed Park Restroom							\$125,000

City of Muscatine
Five-Year Capital Improvement Program

PROJECTS	FISCAL YEAR						COST
	Pre-2011	2011	2012	2013	2014	2015	
Weed Park Shelter Replacement							\$100,000
Weed Park Street Light Replacement							\$100,000
Weed Park Volleyball Parking Lot							\$50,000
Weed Park Water Main							\$100,000
Soccer							
Soccer Phase III							\$3,000,000
Subtotal - Parks & Recreation							\$6,821,000
PUBLIC SAFETY							
Fire							
New East Hill Fire Station - Fire Station #3							\$1,445,000
Relocation and Construction of a New Fire Station #2							\$1,336,250
Joint Police/Fire Department							
Swipe Key Card Access & Security for Public Safety Building							\$75,000
Subtotal - Public Safety							\$2,856,250
PUBLIC WORKS							
Equipment Purchases/Associated Projects							
Backhoe - Collection & Drainage							\$120,000
Jet-Vac Truck Dump Site							\$40,000
Trailer Mounted Sewer Jet - Collection & Drainage							\$45,000
Miscellaneous							
Boiler Replacement - Building & Grounds							\$100,000
Lower Lot Reorganization							\$100,000
Muscatine Slough Development							\$4,040,000
Relocation of Dredge Spoils Site							\$550,000
Sewers/Environmental/Drainage/Landfill							
Ten-Year Local Option Tax Sewer Projects							
PUBLIC WORKS (cont.)							
Sewers... (Ten-year LOST Sewer Projects) (cont.)							
Heinz Reconstruction Project(#4279.4279)							\$3,000,000

City of Muscatine

Five-Year Capital Improvement Program

PROJECTS	FISCAL YEAR						COST
	Pre-2011	2011	2012	2013	2014	2015	
Hershey Avenue Separation (#4292.4292)							\$5,100,000
Relief Sewer - ALLSTEEL (#TBD)							\$275,000
West Hill Sewer Separation (#4276.4276)		Project is projected to extend from 2011 to 2025					\$50,000,000
Mad Creek Storm Water Management Project							\$1,000,000
Papoose Creek Trash Rack							\$50,615
Sewer Expansion: Lucas Street from Houser to US 61 Bypass							\$3,500,000
Streets/Trails/Sidewalks							
CBD Streetscape							\$375,000
Cedar Street Reconstruction (#4184.4184)							\$3,500,000
Colorado Street Reconstruction (#4185.4185)							\$2,500,000
Dick Drake Way RR Crossing: MP&W Gate #2							\$300,000
Grandview/Houser/Sampson Intersection							\$700,000
Handicap Ramp/Sidewalk Program							\$300,000
Hershey Avenue Reconstruction (#4186.4186)							\$1,000,000
Highway 61/University Avenue Intersection Improvements				TBD			TBD
Kent-Stein Bypass Trail							\$75,000
Kent-Stein to Weggens Road							\$1,500,000
Lighting (Poles) Replacement - Art Center Stanley Gallery Lot							\$40,000
Lucas Street Reconstruction & Storm Sewer Improvements							\$1,000,000
Mad Creek Trail - Part I							\$400,000
Mad Creek Trail - Part II							\$800,000
Musser Park to Kent-Stein Trail							\$60,000
Musser Street Roadway Improvements							\$900,000
Pavement Management Plan							\$2,500,000
Weed Park to Wildcat Den State Park Trail							\$480,000
38/61 Connector							\$2,750,000
PUBLIC WORKS (cont.)							
Streets/Trails/Sidewalks							
Future Street Projects (see project description section for list)							TBD
Subtotal - Public Works							\$87,100,615

City of Muscatine
Five-Year Capital Improvement Program

PROJECTS		FISCAL YEAR						COST
		Pre-2011	2011	2012	2013	2014	2015	
TRANSPORTATION								
Airport								
	Airfield Pavement Maintenance							\$121,053
	Airport Pavement Maintenance							\$158,000
	Apron Expansion/T-Hangar Site Plan							\$635,000
	Apron Reconstruction/Drainage Improvements for T-Hangars							\$215,789
	AWOS Replacement							\$100,000
	Clear/Grub Fence Line							\$22,250
	Fueling Facility with Submersible Pump							\$50,000
	Obstruction Survey/Obstruction Removal							\$55,500
	Runway 6/24 Lighting							\$375,739
	T-Hangar Renovation/Municipal Hangar Renovation							\$58,000
	T-Hangar Renovation							\$511,000
Subtotal - Transportation								\$2,302,331
GRAND TOTAL								\$131,215,796

OTHER FUNDS

TRUST AND AGENCY FUNDS

INSURANCE TRUST

GENERAL INFORMATION:

This trust fund was first established in 1979/80 for the purpose of accounting for a premium return on the City of Muscatine's retro-rated insurance policy. Through the years the City has had a number of policies that provided for premium returns or dividends based on favorable claims experience. Several policies also provided that additional premiums would be owed based on unfavorable claims experience.

The purpose of the Insurance Trust has been to maintain a reserve of funds to be utilized to support unanticipated insurance premiums, deductibles, and/or claims. In 2001/2002 the City changed to new insurance carriers for both liability and workers compensation insurance. These new companies did not offer premium return or dividend type policies. The City again changed carriers for Workers Compensation insurance in 2004/2005. Under this Workers Compensation policy, potential premium returns are again available with good claims experience. In 2006/2007, 2007/2008, 2008/2009, 2009/2010, and 2010/2011 the City received Workers Compensation premium returns of \$23,747, \$14,022, \$9,861, \$26,782, and \$25,866, respectively which were credited to the trust.

CURRENT TRENDS AND ISSUES:

Since 1991/92, transfers from this trust to the General Fund have been made to fund the cost of the City's risk management program including the employee safety program. At the time the 2011/2012 budget was developed, it was not known if any premium returns would be received in 2010/2011. As such, the original 2011/2012 budget did not include a transfer to the General Fund. The 2011/2012 revised estimate, however, includes a transfer of \$23,000 to the Police Firing Range Relocation capital project fund. The former range location was affected by flooding several times in recent years and this project involves relocating the range to higher ground on the same property. No funds are budgeted to be expended from this trust in 2012/2013; however the trust balance of \$29,834 is available if needed to fund risk management programs, deductibles, or other insurance related costs. Additional information on the City's risk management and safety program is included in the Risk Management activity budget in the General Fund section of this document.

Insurance Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 23,908	\$ 26,798	\$ 26,848	\$ 52,734	\$ 29,834
Revenues					
Insurance Premium					
Returns	\$ 26,782	\$ 25,866	\$ 0	\$ 0	\$ 0
Interest	<u>78</u>	<u>70</u>	<u>50</u>	<u>100</u>	<u>0</u>
Total Revenues	<u>\$ 26,861</u>	<u>\$ 25,936</u>	<u>\$ 50</u>	<u>\$ 100</u>	<u>\$ 0</u>
Funds Available	<u>\$ 50,769</u>	<u>\$ 52,734</u>	<u>\$ 26,898</u>	<u>\$ 52,834</u>	<u>\$ 29,834</u>
Expenditures:					
Transfers Out					
General Fund	\$ 23,971	\$ 0	\$ 0	\$ 0	\$ 0
Police Firing Range Project	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,000</u>	<u>0</u>
Total Expenditures	<u>\$ 23,971</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,000</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 26,798</u></u>	<u><u>\$ 52,734</u></u>	<u><u>\$ 26,898</u></u>	<u><u>\$ 29,834</u></u>	<u><u>\$ 29,834</u></u>

Increase (Decrease) in Fund Balance	\$ 2,889	\$ 25,936	\$ 50	\$ (22,900)	\$ 0

Explanation of Decreases in Fund Balances:

Funds in this trust have been used to fund the City's Risk Management Program, deductibles, or uninsured losses. The decrease in the Revised Estimate was due to the allocation of \$23,000 towards the relocation of the Police Firing Range. The former range location was affected by flooding several times in recent years and has been relocated to higher ground at the same location.

TRUST AND AGENCY FUNDS

PERPETUAL CARE TRUST

GENERAL INFORMATION:

The State Code of Iowa requires that 20% of the proceeds of the sale of a cemetery lot be set aside in a Perpetual Care Trust fund. The trust funds are invested and interest earnings are utilized to support costs associated with the Cemetery operation. The Perpetual Care Trust accounts for the principal of the perpetual care contributions. A separate Perpetual Care Interest Trust has been established to account for the interest earned on the perpetual care funds. According to State law, the principal amount of the Perpetual Care Fund cannot be used for cemetery operations; only interest earnings can be used.

CURRENT TRENDS AND ISSUES:

The Perpetual Care Fund is a non-expendable trust, now considered a Permanent Fund of the City. An estimated \$6,000 in perpetual care funds is expected to be received in both 2011/2012 and 2012/2013. The balance in this trust on June 30, 2013 is estimated at \$848,943.

Perpetual Care Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 823,543	\$ 829,093	\$ 835,093	\$ 836,943	\$ 842,943
Revenues					
Perpetual Care	<u>5,550</u>	<u>7,850</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Funds Available	\$ 829,093	\$ 836,943	\$ 841,093	\$ 842,943	\$ 848,943
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 829,093</u>	<u>\$ 836,943</u>	<u>\$ 841,093</u>	<u>\$ 842,943</u>	<u>\$ 848,943</u>

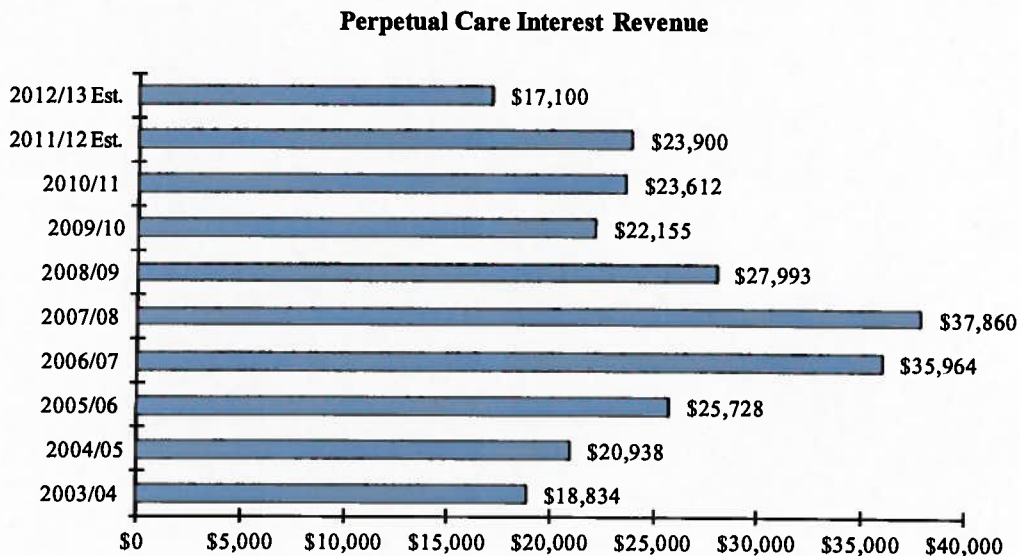
Increase (Decrease) in Fund Balance	\$ 5,550	\$ 7,850	\$ 6,000	\$ 6,000	\$ 6,000

TRUST AND AGENCY FUNDS
PERPETUAL CARE INTEREST TRUST

GENERAL INFORMATION:

This trust fund was established to account for interest earnings on perpetual care funds received by the City of Muscatine through the operation of the municipal cemetery. As required by the State Code of Iowa, 20% of the proceeds of the sale of a cemetery lot must be set aside in a trust account. The trust funds are invested and interest earnings from the funds are utilized to support costs associated with the Cemetery operation. According to State law, the principal amount of the Perpetual Care Fund cannot be used for cemetery operations; only interest earnings can be used. Interest earnings may also fund capital improvements associated with the Cemetery.

Interest earnings have traditionally been utilized to fund all or a portion of the cost of operating the Cemetery. Perpetual Care interest earned and transferred to the General Fund from fiscal year 2003/2004 through the budgeted amount for 2012/2013 is shown in the following graph.



Beginning in 1991/92 and continuing through 2012/2013 (with the exception of 2003/2004, 2007/2008 and 2010/2011), Cemetery revenues plus available interest earnings from this trust are not sufficient to fund operating expenditures of the Cemetery. This is attributable to several factors including declining cemetery burial and lot sales revenues over the last several years and the decline in interest rates. As a result of these factors, General Fund subsidies were made to the Cemetery in the amounts of \$39,052 for 2002/2003, none for 2003/2004, \$12,118 for 2004/2005, \$33,785 for 2005/2006, \$8,610 for 2006/2007, none for 2007/2008, \$5,175 for 2008/2009, \$28,234 for 2009/2010 and none for 2010/2011. The revised estimate for 2011/2012 projects a General Fund subsidy of \$16,800 and \$21,200 is projected for 2012/2013. Staff will continue to increase marketing efforts in 2012/2013 in order to increase operating revenues of the Cemetery.

Perpetual Care Interest Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Interest	<u>22,155</u>	<u>23,612</u>	<u>23,900</u>	<u>23,900</u>	<u>17,100</u>
Funds Available	\$ 22,155	\$ 23,612	\$ 23,900	\$ 23,900	\$ 17,100
Expenditures					
Transfers Out					
Cemetery Operations	<u>22,155</u>	<u>23,612</u>	<u>23,900</u>	<u>23,900</u>	<u>17,100</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

TRUST AND AGENCY FUNDS

SPECIAL CEMETERY TRUSTS

GENERAL INFORMATION:

This budget consists of thirteen (13) individual trust funds associated with specific graves or mausoleums at the City's Greenwood Cemetery. The trust agreements provide that interest earned on the trusts be used for specified purposes, generally floral arrangements at specified times each year or for maintenance of mausoleum structures as needed.

CURRENT TRENDS AND ISSUES:

The Special Cemetery Trusts are non-expendable trusts, now considered Permanent Funds of the City. An estimated \$1,500 in interest is expected to be earned on these funds in 2011/2012 and \$1,300 in 2012/2013. Trust expenditures are estimated at \$4,650 for 2011/2012 and \$3,350 for 2012/2013.

Special Cemetery Trusts (1)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 91,777	\$ 89,850	\$ 67,000	\$ 65,861	\$ 62,711
Revenues					
Interest	<u>1,638</u>	<u>1,346</u>	<u>1,500</u>	<u>1,500</u>	<u>1,300</u>
Funds Available	<u>\$ 93,416</u>	<u>\$ 91,196</u>	<u>\$ 68,500</u>	<u>\$ 67,361</u>	<u>\$ 64,011</u>
Expenditures					
Florist Services	\$ 2,166	\$ 2,872	\$ 2,000	\$ 2,000	\$ 2,000
Mausoleum Repairs	0	22,113	0	0	0
Tree Purchases	1,050	0	1,000	1,000	1,000
Other	0	0	0	1,300	0
Transfers Out:					
Administrative Fees	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>
Total Expenditures	<u>\$ 3,566</u>	<u>\$ 25,335</u>	<u>\$ 3,350</u>	<u>\$ 4,650</u>	<u>\$ 3,350</u>
Ending Balance, June 30	<u><u>\$ 89,850</u></u>	<u><u>\$ 65,861</u></u>	<u><u>\$ 65,150</u></u>	<u><u>\$ 62,711</u></u>	<u><u>\$ 60,661</u></u>
Increase (Decrease) in					
Fund Balance	\$ (1,927)	\$ (23,989)	\$ (1,850)	\$ (3,150)	\$ (2,050)

1. Amounts shown are comprised of thirteen individual trusts associated with specific graves or mausoleums at Greenwood Cemetery.

MUSSER PUBLIC LIBRARY

TRUST FUNDS

GENERAL INFORMATION:

The City of Muscatine currently has two trust funds associated with the operation of the Library. Funds in these trusts may only be used according to the provisions of the trusts.

The Library Gift and Memorial Trust is comprised of donations from patrons of the Library. These donations are to be used for the benefit of the Library in general. Any gifts for specific purposes are used immediately so that the donor's request can be satisfied. In 2009/2010, \$300,206 was expended from this trust. A significant portion of those funds were used to upgrade library furniture, furnishings and equipment. Expenditures from this trust are estimated at \$45,500 for 2011/2012 and \$16,400 for 2012/2013. The estimated balance in this trust on June 30, 2013 is \$233,285.

The Homebound Delivery Trust was established to account for gifts from homebound patrons or their families. These gifts were specifically to be used to further the Library's Home Delivery. This trust has been inactive since 2008/2009 and in 2011/2012 the Library Board of Trustees approved transferring the balance of this trust (\$605) to the Library Gift and Memorial Trust. Any future gifts or donations to benefit the Homebound Delivery program will be accounted for in the Library Gift and Memorial Trust.

Library Gift and Memorial Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 442,085	\$ 195,796	\$ 235,596	\$ 247,180	\$ 233,285
Revenues					
Donations	\$ 31,298	\$ 57,130	\$ 12,000	\$ 14,000	\$ 6,000
State Grant	14,828	12,492	12,000	11,500	6,000
Miscellaneous Sales	3,160	8,059	2,000	5,000	4,000
Interest	4,631	494	500	500	400
Transfer from Homebound Delivery Trust	<u>0</u>	<u>0</u>	<u>0</u>	<u>605</u>	<u>0</u>
Total Revenues	<u>\$ 53,917</u>	<u>\$ 78,175</u>	<u>\$ 26,500</u>	<u>\$ 31,605</u>	<u>\$ 16,400</u>
Funds Available	<u>\$ 496,002</u>	<u>\$ 273,971</u>	<u>\$ 262,096</u>	<u>\$ 278,785</u>	<u>\$ 249,685</u>
Expenditures					
Personal Services	\$ 272	\$ 144	\$ 0	\$ 0	\$ 0
Library Materials	4,744	1,497	6,000	6,000	6,400
Contractual Services	41,909	19,539	6,000	21,500	10,000
Capital Outlay	<u>253,280</u>	<u>5,611</u>	<u>0</u>	<u>18,000</u>	<u>0</u>
Total Expenditures	<u>\$ 300,206</u>	<u>\$ 26,791</u>	<u>\$ 12,000</u>	<u>\$ 45,500</u>	<u>\$ 16,400</u>
Ending Balance, June 30	<u><u>\$ 195,796</u></u>	<u><u>\$ 247,180</u></u>	<u><u>\$ 250,096</u></u>	<u><u>\$ 233,285</u></u>	<u><u>\$ 233,285</u></u>

Increase (Decrease) in Fund Balance	\$ (246,289)	\$ 51,384	\$ 14,500	\$ (13,895)	\$ 0

Library Homebound Delivery Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 601	\$ 604	\$ 601	\$ 605	\$ 0
Revenues					
Interest	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	\$ 604	\$ 605	\$ 601	\$ 605	\$ 0
Expenditures					
Transfers Out:					
Library Gift and Memorial Trust	<u>0</u>	<u>0</u>	<u>0</u>	<u>605 (1)</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 604</u>	<u>\$ 605</u>	<u>\$ 601</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 3	\$ 1	\$ 0	\$ (605)	\$ 0

1. At the direction of the Library Board of Trustees, this trust was closed into the Library Gift and Memorial Trust in 2011/2012.

MUSCATINE ART CENTER

TRUST FUNDS

GENERAL INFORMATION:

The City of Muscatine has established four trust funds which are associated with the operation of the Muscatine Art Center. Funds in these trusts may only be used according to the provisions of the trusts.

The gift of the Musser Mansion in 1965 by the heirs of Laura Musser, Mrs. Mary Musser Gilmore and Mrs. Mary Catherine McWhirter, was the beginning of an art/museum facility in Muscatine. This building was to be used as a memorial art gallery and museum. In addition to the gift of property, a trust of \$100,000 was established by McWhirter and Gilmore to be invested with the interest to be used to assist with the ongoing care and maintenance of the Museum. The principal is to remain intact. Funds from this trust have been used for the general upkeep of the mansion including painting and roofing improvements as well as improvements to the electrical wiring and air conditioning systems. Funding has also been provided for major areas of conservation and preservation of objects owned by Laura Musser which are in the permanent collection. In 2012/2013 \$3,000 of funds are budgeted to be expended from this trust.

The \$40,000 Alice Dodge Schaeffer Trust was established in 1976 to accompany a gift of primarily Victorian (c.1850) bedroom furnishings which was given as a memorial to Sarah Eaker Hughes, aunt of the donor. Interest from this trust has been used for the conservation of the initial gift of objects. A major reconstruction of the Sarah Eaker Hughes bedroom was completed in 1991 to more accurately reflect the ambiance of a Victorian bedroom of the 1850-65 period. No funds are budgeted to be expended from this trust in 2011/2012 or 2012/2013.

The Art Center Donations Trust is used for cash donations made by individuals, groups or businesses to the Art Center. Any part of the Trust or its interest earnings may be used as designated by the Board of Trustees. This trust is traditionally used for the purchase of acquisitions for the permanent collection. A donor may also contribute funds through this trust to be used for designated object(s) to enrich a specific part of the collection or for the promotion of programs relating to Art Center collections or exhibitions. Additionally, funds from the sale of deaccession items from the permanent collection are credited to this trust. Other purchases are made at the direction of the Board of Trustees. In 2010/2011 the Art Center Trust received a grant from the Roy J. Carver Charitable Trust of \$46,388 to fund an exhibition titled *Muscatine & the Civil War: A Sesquicentennial Commemoration*. In 2010/2011, \$32,000 was used for expenses related to the exhibit with the remaining \$14,388 used in 2011/2012. For 2011/2012 an additional \$11,700 is budgeted to be expended from this trust in addition to the Carver Charitable Trust grant expenditures. No funds are projected to be expended from this trust in 2012/2013.

A bequest of \$300,000 was received in 1999/2000 from the estate of Brad Burns and approximately \$413,000 of additional funding from this estate was received in 2004/2005. Any part of the bequest or its interest earnings may be used as designated by the Board of Trustees. In 2008/2009 \$134,989 was expended from this trust for acquisition of property next to the museum. For 2011/2012 no funds are budgeted to be expended from this trust. For 2012/2013 \$65,000 is budgeted in this trust to remodel the exhibition room and purchase new glass display cases.

McWhirter-Gilmore Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 107,248	\$ 104,992	\$ 98,342	\$ 103,266	\$ 105,266
Revenues					
Interest	<u>2,368</u>	<u>1,925</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Funds Available	\$ 109,616	\$ 106,916	\$ 100,342	\$ 105,266	\$ 107,266
Expenditures					
Contractual Services	<u>4,624</u>	<u>3,650</u>	<u>2,000</u>	<u>0</u>	<u>3,000</u>
Ending Balance, June 30	<u>\$ 104,992</u>	<u>\$ 103,266</u>	<u>\$ 98,342</u>	<u>\$ 105,266</u>	<u>\$ 104,266</u>

Increase (Decrease) in Fund Balance	\$ (2,256)	\$ (1,725)	\$ 0	\$ 2,000	\$ (1,000)

Alice Schaeffer Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 46,970	\$ 43,439	\$ 42,939	\$ 41,668	\$ 42,468
Revenues					
Interest	<u>970</u>	<u>772</u>	<u>800</u>	<u>800</u>	<u>800</u>
Funds Available	\$ 47,939	\$ 44,211	\$ 43,739	\$ 42,468	\$ 43,268
Expenditures	<u>4,500</u>	<u>2,543</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 43,439</u>	<u>\$ 41,668</u>	<u>\$ 43,739</u>	<u>\$ 42,468</u>	<u>\$ 43,268</u>

Increase (Decrease) in Fund Balance	\$ (3,530)	\$ (1,771)	\$ 800	\$ 800	\$ 800

Art Center Donations Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 43,595	\$ 18,925	\$ 23,525	\$ 44,476	\$ 24,576
Revenues					
Donations	\$ 5,511	\$ 57,458	\$ 2,000	\$ 6,000	\$ 5,000
Interest	139	103	100	100	0
Other	0	0	100	100	100
Total Revenues	<u>\$ 5,649</u>	<u>\$ 57,561</u>	<u>\$ 2,200</u>	<u>\$ 6,200</u>	<u>\$ 5,100</u>
Funds Available	<u>\$ 49,244</u>	<u>\$ 76,486</u>	<u>\$ 25,725</u>	<u>\$ 50,676</u>	<u>\$ 29,676</u>
Expenditures					
Personal Services	\$ 25,000	\$ 742	\$ 8,900	\$ 9,600	\$ 0
Art Center Materials	206	262	0	1,000	0
Contractual Services	1,363	31,006	0	11,200	0
Capital Outlay	3,751	0	8,000	4,300	0
Total Expenditures	<u>\$ 30,320</u>	<u>\$ 32,010</u>	<u>\$ 16,900</u>	<u>\$ 26,100</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 18,925</u></u>	<u><u>\$ 44,476</u></u>	<u><u>\$ 8,825</u></u>	<u><u>\$ 24,576</u></u>	<u><u>\$ 29,676</u></u>
Increase (Decrease) in Fund Balance	\$ (24,670)	\$ 25,551	\$ (14,700)	\$ (19,900)	\$ 5,100

Brad Burns Trust

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 325,337	\$ 309,385	\$ 299,985	\$ 299,167	\$ 304,567
Revenues					
Sale of Property	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0
Interest	<u>6,380</u>	<u>5,064</u>	<u>5,600</u>	<u>5,400</u>	<u>5,400</u>
Total Revenues	<u>\$ 7,380</u>	<u>\$ 5,064</u>	<u>\$ 5,600</u>	<u>\$ 5,400</u>	<u>\$ 5,400</u>
Funds Available	<u>\$ 332,716</u>	<u>\$ 314,448</u>	<u>\$ 305,585</u>	<u>\$ 304,567</u>	<u>\$ 309,967</u>
Expenditures					
Contractual Services	\$ 22,432	\$ 15,281	\$ 10,000	\$ 0	\$ 3,000
Capital Outlay	<u>900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,000</u>
Total Expenditures	<u>\$ 23,332</u>	<u>\$ 15,281</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 65,000</u>
Ending Balance, June 30	<u><u>\$ 309,385</u></u>	<u><u>\$ 299,167</u></u>	<u><u>\$ 295,585</u></u>	<u><u>\$ 304,567</u></u>	<u><u>\$ 244,967</u></u>
Increase (Decrease) in Fund Balance	\$ (15,952)	\$ (10,218)	\$ (4,400)	\$ 5,400	\$ (59,600)

TRUST AND AGENCY FUNDS

MUSCATINE PARKS AND RECREATION TRUST FUND

GENERAL INFORMATION:

In November of 1994 the City's Parks and Recreation Department received a bequest of \$150,883 from the estate of Frank C. Bishop. Interest has been earned on the trust funds and funds have been used for various park improvement projects. Specific projects to be completed each year are determined by the Recreation Advisory Commission subject to approval by the City Council

CURRENT TRENDS AND ISSUES:

In 2001/2002 \$150,000 of funding from this trust was used for the Playground Development Project. The Playground Project involved the construction of ten new playgrounds in nine City parks at a total cost of \$956,500. Funding for the project was from contributions from area trusts and foundations (\$490,000), \$150,000 from the Parks and Recreation Trust, and \$316,500 from bond proceeds. No funds are budgeted to be expended from this trust in 2011/2012. In 2012/2013 \$50,000 is budgeted to be transferred to the Park Maintenance activity in the General Fund to fund playground surface repairs at Weed Park. The estimated balance in this trust on June 30, 2013 is \$3,409.

Approval by the Recreation Advisory Commission and the City Council is needed to formally designate funds from this trust for park projects.

Muscatine Parks and Recreation Trust Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 52,863	\$ 53,098	\$ 53,198	\$ 53,209	\$ 53,309
Revenues					
Interest	<u>235</u>	<u>111</u>	<u>100</u>	<u>100</u>	<u>100</u>
Funds Available	\$ 53,098	\$ 53,209	\$ 53,298	\$ 53,309	\$ 53,409
Expenditures					
Transfers Out:					
General Fund - Playground Repairs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Ending Balance, June 30	<u>\$ 53,098</u>	<u>\$ 53,209</u>	<u>\$ 53,298</u>	<u>\$ 53,309</u>	<u>\$ 3,409</u>
Increase (Decrease) in Fund Balance	\$ 235	\$ 111	\$ 100	\$ 100	\$ (49,900)

INTERNAL SERVICES FUNDS

EQUIPMENT SERVICES OPERATIONS

GENERAL INFORMATION:

The Equipment Services Operation is accounted for as an Internal Service Fund. This type of fund is established to account for operations which serve other departments of the City. The Equipment Services Operation is responsible for the maintenance and repair of all City vehicles and equipment. Repair and maintenance includes major repairs in addition to routine and preventive maintenance.

Most City departments use the Equipment Services Operation for repair and maintenance of their vehicles in lieu of their own departmental resources. As in a commercial garage enterprise, the Equipment Services Operation is financed by user fees charged to the department for the repair performed. The user fee includes the direct cost of labor, repair parts and an allowance for overhead costs of the operation. The objective of the operation is to insure that user fees for the fiscal year are sufficient to cover the repair costs incurred.

The operation is located at the City's Public Works Facility and includes a centralized fuel system which has assisted the City in eliminating approximately fifteen (15) different stations located throughout the City's facilities. Accountability and accessibility of fuel consumption data have also improved with this system.

A major expenditure in the Equipment Services budget is the purchase of fuel products including gasoline, diesel fuel and oil. These fuel costs plus a per gallon surcharge are charged back to the respective departments as inventories are used.

Labor is the other major cost in this activity, which includes a full time supervisor and three full time mechanics. The hourly charge for labor including overhead costs was \$60.00 in 2008/2009, \$65.00 in 2009/2010, and \$67.00 for 2010/2011. The \$67.00 rate has been maintained for both 2011/2012 and 2012/2013.

In addition to the labor rate charge there is a surcharge on parts, outside services, oil, and tires of 8% of the total cost to a maximum of \$16.00 per charge. A per gallon surcharge has also been applied to fuel dispensed to City vehicles utilizing this operation. This fee is currently \$.30 per gallon. These surcharge fees are budgeted to remain the same for 2012/2013.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate expenditures are \$82,700 more than the budgeted amount. There were increases in fuel costs (\$30,400), outside services (\$40,000), and capital outlay (\$13,400). The capital outlay allocation was to replace the oil dispensing system.

The 2012/2013 budget is \$64,400 (5.8%) higher than the original 2011/2012 budget primarily due to increased fuel and outside services costs. The budget for 2012/2013 is based on continuation of the current higher fuel prices. As an internal service fund, however, as fuel costs fluctuate, cost increases or decreases are passed on to the various City departments based on their actual fuel usage. After many years of deficits in this fund, this operation is expected to have surpluses (net of inventory) of \$108,364 on June 30, 2012 and \$121,764 on June 30, 2013.

GOAL STATEMENT:

To provide for the maintenance of all City vehicles and major equipment including both preventive and emergency maintenance to assure such equipment can be utilized by the City work force in the most productive and cost efficient manner.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Autos, Pickups, Flatbeds Serviced	272	278	236	260	261
Trucks, Buses, Garbage Trucks Serviced	161	165	153	192	168
Heavy Equipment/Tractors Serviced	24	33	27	20	26
Gallons of Gasoline Dispensed	66,491	73,869	72,894	73,000	73,000
Gallons of Diesel Fuel Dispensed	90,324	83,503	79,860	80,000	80,000
Preventative Maintenance Work Orders	963	1,053	1,099	1,100	1,100
Emergency Maintenance Work Orders	692	676	580	550	500
Work Orders Completed	1,655	1,729	1,679	1,650	1,600
Total Miles Driven (all vehicles)	1,180,475	1,230,705	1,163,577	1,200,000	1,200,000

RECENT ACCOMPLISHMENTS:

The department's biggest accomplishment this year has been with the use of the Public Surplus online auction service. There seems to be more interest in the items the City is selling, which is bringing in increased revenue.

All department personnel attend training sessions as they are offered.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To be more of a strategic level operation rather than a tactical operation.
- * To better utilize the Equipment Replacement Schedule for replacement of vehicles and equipment.
- * To ensure personnel receive the proper training in an ever-changing profession.
- * To review the Equipment Services operation for "Lean" initiatives. (**Management Agenda High Priority**)

Equipment Services Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (75,682)	\$ (50,946)	\$ (20,446)	\$ (21,870)	\$ (27,370)
Revenues					
Charges for Services -					
City Departments	\$ 1,041,348	\$ 1,127,767	\$ 1,118,100	\$ 1,187,900 (2)	\$ 1,189,000 (2)
Miscellaneous	<u>646</u>	<u>1,052</u>	<u>0</u>	<u>500</u>	<u>0</u>
Total Revenues	<u>\$ 1,041,995</u>	<u>\$ 1,128,819</u>	<u>\$ 1,118,100</u>	<u>\$ 1,188,400</u>	<u>\$ 1,189,000</u>
Funds Available	\$ 966,313	\$ 1,077,874	\$ 1,097,654	\$ 1,166,530	\$ 1,161,630
Expenditures (1)	<u>1,017,258</u>	<u>1,099,744</u>	<u>1,111,200</u>	<u>1,193,900</u>	<u>1,175,600</u>
Ending Balance (Deficit), June 30	\$ (50,946)	\$ (21,870)	\$ (13,546)	\$ (27,370)	\$ (13,970)
Allowance for Inventory	<u>134,146</u>	<u>135,734</u>	<u>134,146</u>	<u>135,734</u>	<u>135,734</u>
Net Balance, June 30	<u><u>\$ 83,201</u></u>	<u><u>\$ 113,864</u></u>	<u><u>\$ 120,600</u></u>	<u><u>\$ 108,364</u></u>	<u><u>\$ 121,764</u></u>
Increase (Decrease) in Net Balance	\$ 24,586	\$ 30,663	\$ 6,900	\$ (5,500)	\$ 13,400

1. Expenditures include changes in compensated absences.

2. The labor rate charge for vehicle and equipment maintenance is \$67.00 per hour for both 2011/2012 and 2012/2013.

Function:
Internal Service

Department:
Public Works

Activity:
Equipment Services Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 275,600	\$ 278,408	\$ 283,900	\$ 282,200	\$ 288,000	1.44%
Commodities	528,420	601,506	617,500	648,700	648,700	5.05%
Contractual Services	191,454	205,852	180,500	220,100	219,500	21.61%
Capital Outlay	1,246	978	14,400	28,000	4,100	-71.53%
Transfers	14,100	14,500	14,900	14,900	15,300	2.68%
Total Expenditures	\$ 1,010,820	\$ 1,101,244	\$ 1,111,200	\$ 1,193,900	\$ 1,175,600	5.80%
Funding Sources						
Charges for Services	\$ 1,041,349	\$ 1,127,767	\$ 1,118,100	\$ 1,187,900	\$ 1,189,000	6.34%
Other	646	1,052	0	500	0	
Total Funding Sources	\$ 1,041,995	\$ 1,128,819	\$ 1,118,100	\$ 1,188,400	\$ 1,189,000	6.34%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Vehicle Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Vehicle Mechanic II	3.00	3.00	3.00	3.00	3.00	
Total	4.00	4.00	4.00	4.00	4.00	\$ 190,900
Employee Benefits						97,100
Total Personal Services						\$ 288,000

Capital Outlay			
Item	Quantity	Replacement	Amount
Tools for Existing Toolboxes	3 Sets	No	\$ 900
Oil Hose Reels	2	Yes	1,000
Scanner Upgrade	1	Yes	1,000
Computer	1	Yes	1,200
			\$ 4,100

INTERNAL SERVICE FUNDS

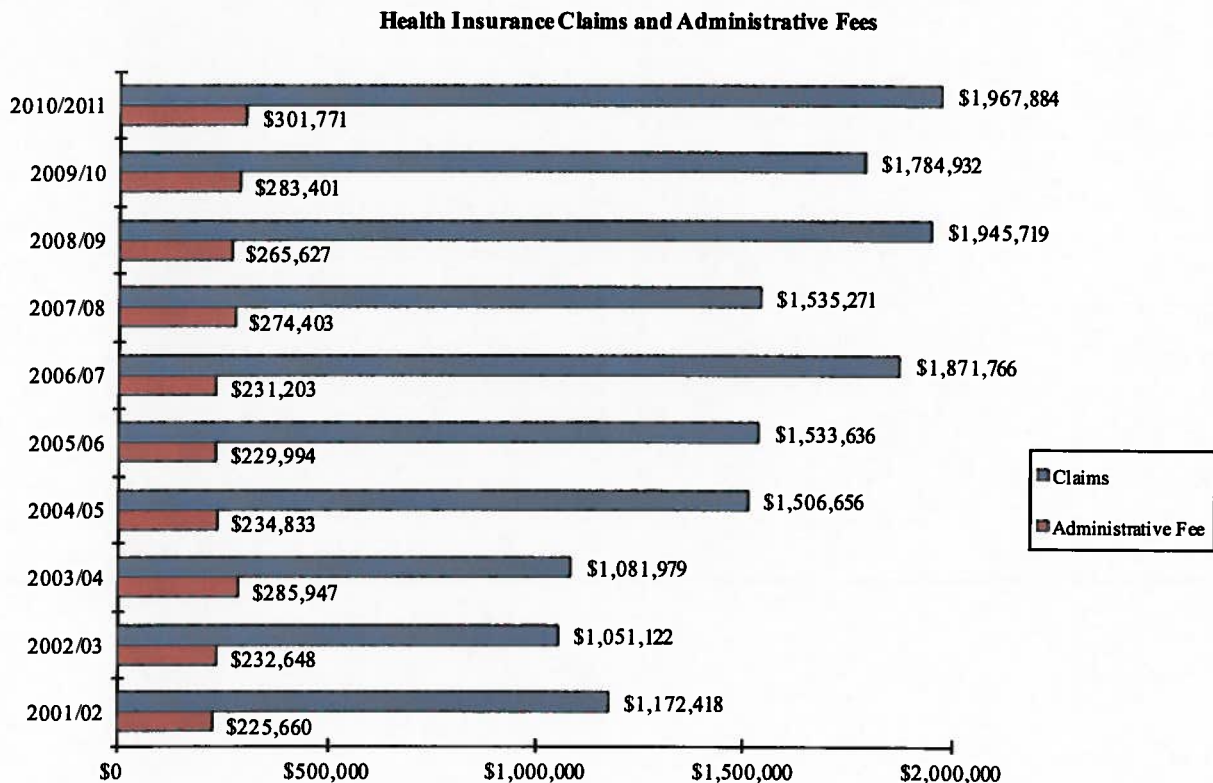
HEALTH INSURANCE FUND

GENERAL INFORMATION:

On January 1, 1985 the City changed its employee medical insurance program to a modified self insurance plan. Blue Cross/Blue Shield continued as the carrier of the plan and also serves as the administrator. As part of the program the Health Insurance Fund was established.

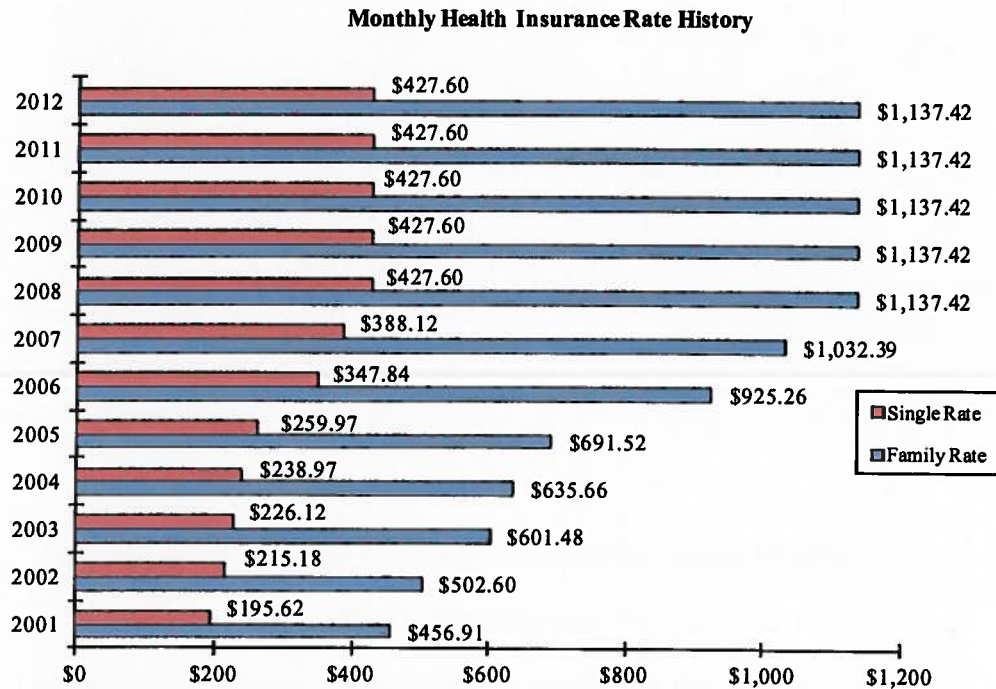
All payments of premiums from the City, employees and retirees are credited to the Health Insurance Fund. From this fund the City pays all actual medical claims paid by Blue Cross on a monthly basis. The City also pays Blue Cross a monthly administrative fee per employee for this service. This administrative fee includes stop loss insurance to cover catastrophic illnesses. As a result, the City is funding 100% of the exposure up to the level where the individual and aggregate stop loss insurance takes effect. When claims are less than the amount funded, the savings are retained by the City.

The amount of health insurance claims and administrative fees paid for the last ten fiscal years are shown in the table below. As shown, there has been a significant increased in claims for the City's group since 2003/2004.



The monthly premium charges for single and family health insurance coverage for City employees, dependents, and retirees has varied significantly over the last ten years as shown in the following table. Rates increased an average of 11% per year from 2002 through 2005. For January 1, 2006 rates increased by 33.8% for both single and family coverage. This increase was directly related to the dramatic increase in health insurance claims for the City's group. For January 1, 2007 rates increased by 11.6% for both single and family coverage. For January 1, 2008 rates again increased by 10.2% for both single and family coverage. Due to a leveling of claim costs in 2008, the 2008 rates were maintained for 2009, 2010, 2011, and again for 2012.

The City made a number of changes in the health insurance plan in recent years. In 2003 the City changed to a Preferred Provider Organization (PPO) plan with Blue Cross/Blue Shield. This plan should result in increased discounts on medical claim costs to the City and its employees when using health care providers on the “preferred providers” list. In 2004 deductibles were increased from \$200 to \$300 for single coverage and from \$500 to \$600 for family coverage. Out-of-pocket maximums were increased from \$500 to \$600 for single and from \$1,000 to \$1,300 for family coverage.



CURRENT TRENDS AND ISSUES:

For January 1, 2007 the single and family rates were set at \$388.12 and \$1,032.39, respectively. For January 1, 2008 both the single and family rates increased by 10.2% to \$427.60 and \$1,137.42. Due to a leveling of insurance claims in 2008, the 2008 rates were maintained for 2009, 2010, 2011 and 2012. The rates established by the City for 2011 and 2012 were set at levels lower than those required to fully fund the City’s potential liability on an annual basis. By using these reduced rates, if claims are at a level equal to or above the limit that the aggregate stop loss insurance takes effect, the fund balance of this fund will be reduced by approximately \$585,616 for 2011 and \$737,451 for 2012. This annual aggregate maximum level has been established at \$2,941,900 for calendar year 2012 compared to \$2,808,460 for calendar year 2011. The annual aggregate amounts reflect 125% of estimated claims for 2011 and 2012 for the City’s group. The premium rates for 2011 included an administrative fee of \$105.35 per month per contract. This fee is paid to Wellmark Blue Cross/Blue Shield for claims processing services, as fees for the individual and aggregate stop loss insurance, and the Wellmark network access fee. For 2012 the monthly administrative fee increased to \$106.14 per month.

The 2011/2012 revised estimate and 2012/2013 budget each include \$5,000 to fund administrative costs of the flexible benefit plan implemented in 1997. Savings in the City share of FICA and Medicare costs are expected to offset the fees charged to administer this program.

The Employee Wellness program was established by the City in 1987. The 2011/2012 revised estimate and 2012/2013 budget include transfers to fund 100% of the cost of this program. This program is the responsibility of the Parks and Recreation department. The costs of this program are \$60,000 for the 2011/2012 revised estimate and \$59,600 for the 2012/2013 budget. Additional information on this program can be found in the Wellness Program activity budget in the General Fund section of this document.

Health Insurance Fund

Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 1,118,078	\$ 1,453,106	\$ 1,466,306	\$ 1,580,753	\$ 1,508,153
Revenues					
Interest	\$ 6,506	\$ 3,930	\$ 1,500	\$ 3,000	\$ 2,500
City Contributions	2,196,269	2,177,155	2,236,200	2,185,400	2,241,500
Employee Contributions	127,068	144,156	149,800	146,300	149,800
Retiree Contributions	148,864	143,956	155,900	151,000	156,000
Total Revenues	\$ 2,478,708	\$ 2,469,197	\$ 2,543,400	\$ 2,485,700	\$ 2,549,800
Funds Available	\$ 3,596,786	\$ 3,922,303	\$ 4,009,706	\$ 4,066,453	\$ 4,057,953
Expenditures					
Health Insurance Claims	\$ 1,784,932	\$ 1,967,884	\$ 2,154,200	\$ 2,167,000	\$ 2,200,000
Administrative Fees	283,401	301,771	292,900	305,200	311,700
Flexible Benefit Plan Fees	7,720	3,322	5,000	5,000	5,000
Audit Fees	1,025	1,050	1,000	1,100	1,100
State Assessment	14,917	14,007	17,000	17,000	17,000
Transfers Out					
General Fund Wellness Program	48,685	50,516	62,900	60,000	59,600
Administrative Fee	3,000	3,000	3,000	3,000	3,000
Total Expenditures	\$ 2,143,680	\$ 2,341,550	\$ 2,536,000	\$ 2,558,300	\$ 2,597,400
Ending Balance, June 30	\$ 1,453,106	\$ 1,580,753	\$ 1,473,706	\$ 1,508,153	\$ 1,460,553

Increase (Decrease) in					
Fund Balance	\$ 335,028	\$ 127,647	\$ 7,400	\$ (72,600)	\$ (47,600)

Explanation of Changes in Fund Balances:

The balance in this fund increased in both 2009/2010 and 2010/2011 due to favorable health insurance claims experience. Under the City's modified health insurance plan, the City funds health insurance claims up to the individual and aggregate stop loss insurance levels. The individual stop loss amount is \$75,000 and the aggregate amount is 125% of expected claims for the City's group. In both 2009/2010 and 2010/2011 actual insurance claims were less than the expected claims levels which resulted in the increases in fund balance in those years. Based on the budgeted levels of claims in the 2011/2012 revised estimate and 2012/2013 budget, the fund balance is budgeted to decrease in each of those years. Actual fund balance changes, however, will depend on the actual health insurance claims each year.

INTERNAL SERVICE FUNDS

DENTAL INSURANCE FUND

GENERAL INFORMATION:

On January 1, 2003 the City changed its employee dental insurance program to a self-insured plan. Wellmark Blue Cross/Blue Shield is the carrier of the plan and also serves as the administrator. As part of the program the Dental Insurance Fund was established.

All payments of premiums from the City, employees and retirees are credited to the Dental Insurance Fund. From this fund the City pays all actual claims paid by Wellmark on a monthly basis. The City also pays Wellmark a monthly administrative fee per employee for this service. When claims are less than the amount funded, the savings are retained by the City.

CURRENT TRENDS AND ISSUES:

The monthly dental insurance rates for January 1, 2008 were set at \$23.76 for the employee and an additional \$40.63 if employees opted for family coverage. The administrative fee paid to Wellmark was \$3.64 per month per employee in 2008. The City pays 100% of the cost of dental insurance for the employee. If employees opt for family coverage, it is paid 100% by the employee. Due to favorable claims experience, the 2008 rates were maintained for 2009 and 2010.

In 2011 dental insurance rates increased to \$24.47 for single coverage with an additional \$41.85 if employees opted for family coverage. The monthly administrative fee increased to \$3.82 per contract in 2011. The maximum annual covered charges increased from \$750 to \$1,000 effective January 1, 2011. These rates were maintained for 2012.

For the 2012/2013 year, City, employee, and retiree contributions are estimated at \$121,900. The administrative fee is projected at \$9,500 and claims at \$114,500. An estimated fund balance of \$32,013 is projected for June 30, 2013.

Dental Insurance Fund

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 33,903	\$ 38,100	\$ 38,100	\$ 32,913	\$ 34,113
Revenues					
City Contributions	\$ 56,009	\$ 56,324	\$ 57,800	\$ 57,600	\$ 58,700
Employee Contributions	53,783	54,985	57,800	57,300	58,300
Retiree Contributions	4,121	4,517	4,900	4,800	4,900
Interest	185	93	100	0	0
Total Revenues	<u>\$ 114,098</u>	<u>\$ 115,919</u>	<u>\$ 120,600</u>	<u>\$ 119,700</u>	<u>\$ 121,900</u>
Funds Available	<u>\$ 148,001</u>	<u>\$ 154,020</u>	<u>\$ 158,700</u>	<u>\$ 152,613</u>	<u>\$ 156,013</u>
Expenditures					
Dental Insurance Claims	\$ 100,652	\$ 111,664	\$ 110,700	\$ 109,000	\$ 114,500
Administrative Fees	9,249	9,443	9,900	9,500	9,500
Total Expenditures	<u>\$ 109,901</u>	<u>\$ 121,107</u>	<u>\$ 120,600</u>	<u>\$ 118,500</u>	<u>\$ 124,000</u>
Ending Balance, June 30	<u>\$ 38,100</u>	<u>\$ 32,913</u>	<u>\$ 38,100</u>	<u>\$ 34,113</u>	<u>\$ 32,013</u>

Increase (Decrease) in					
Fund Balance	\$ 4,197	\$ (5,188)	\$ 0	\$ 1,200	\$ (2,100)

SUPPLEMENTAL INFORMATION

Appendix A

CITY OF MUSCATINE

COMMUNITY BACKGROUND

City Overview

The City of Muscatine, Iowa, the county seat of Muscatine County, is located in southeastern Iowa on the Mississippi River. The City is located 160 miles east of Des Moines, 200 miles west of Chicago, and 30 miles southwest of the Quad Cities. Being located adjacent to the deep channel of the Mississippi River, economical river transportation flourishes.

Muscatine was originally incorporated in 1851 by a special act of the Iowa State Legislature and today is a city of 22,886 people. Major employers located in the Muscatine area include: Grain Processing Corporation (corn distillates/feed); Heinz, USA (food processing); HNI (formerly HON Industries office furniture); Monsanto Company (herbicides and plastics); Raymond-Muscatine, Inc. (front-end loaders, etc.); and Stanley Consultants, Inc. (consulting - engineering and architects).

City Government

The City of Muscatine is a special charter city operating under a mayor and seven council members, one elected from each of five wards plus two at-large. The City has established the appointed post of City Administrator, who acts as chief administrator of the City as directed by the Council. The activities of the City are operated with the assistance of three Boards and seventeen Advisory Commissions serving the City Council and City Staff.

Population

The official U.S. Census figures for the past eighty years are as follows:

<u>Year</u>	<u>City of Muscatine</u>	<u>Muscatine County</u>
2010	22,886	42,745
2000	22,697	41,722
1990	22,881	39,907
1980	23,467	40,436
1970	22,405	37,181
1960	20,997	33,840
1950	19,041	32,564
1940	18,286	31,296
1930	16,778	29,385

Industries and Major Employers

Due to Muscatine's central location in the Midwest, the community has prospered with industrial development for many years. Presented on the next page is a list of the larger industries and employers located within Muscatine.

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees *</u>
Bridgestone Bandag, LLC	Pre-cured tread rubber and related equipment and supplies	180
Grain Processing Corp./ Kent Feeds	Corn distillates, livestock and poultry feed, corn, soybeans and forage	1,011
Heinz, U.S.A.	Food processing	305
Hy-Vee Food Stores	Grocery store	265
HNI Corporation (formerly The HON Company/Industries)	Office furniture and material	3,200
Monsanto Company	Herbicides and ABS plastics	381
Muscatine Community School District	Education	823
Muscatine Community College	Higher education	140
County of Muscatine	County government	198
City of Muscatine	City government	223
Muscatine Power & Water	Utility	300
Musco Sports Lighting, Inc.	Sports lights	400
Stanley Consultants, Inc.	Engineers and architects	279
Raymond-Muscatine Inc.	Industrial trucks and end loaders	220
Trinity-Muscatine	Medical services	483
Wal-Mart Superstores	Discount and grocery store	338

* Employment numbers reflect 2011 levels.

Education

Children within the City and surrounding area attend the fine facilities of the Muscatine Community School District. Their educational facilities are outlined below:

<u>Facility Name</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Enrollment</u>
Muscatine High School	9-12	1974	1,648
Central Middle School	6-8	1938	591
West Middle School	6-8	1960	647
Colorado Elementary	K-5	1962	288
Franklin Elementary	K-5	1954	266
Grant Elementary	K-5	1954	287
Jefferson Elementary	K-5	1928	342
Madison Elementary	K-5	1954	299
McKinley Elementary	K-5	1960	336
Mulberry Elementary	K-5	1962	262
Washington Elementary	K-5	1971	358
Total			<u>5,324</u>

Educational opportunities are also complemented by the Eastern Iowa Community College, Muscatine Campus, a two-year college with an enrollment of approximately 1,500 students. Colleges or universities within commuting distance include: The University of Iowa, Iowa City; St. Ambrose University, Davenport; Iowa Wesleyan College, Mount Pleasant; and Augustana College, Rock Island, Illinois.

Transportation

The rail line serving Muscatine is the CP Railroad, providing daily freight service. There is no scheduled airline serving Muscatine; however, charter service is available. The modern airport has one 5,500 foot main runway and a crosswind runway of 4,000 feet. The nearest scheduled airlines (29 miles) are at the Quad City Airport in Moline, Illinois, 45 minutes away.

The City has both public and private barge facilities. Shipping time on the river has never been closed for more than three months. Because of the location of the deep channel on the Muscatine side of the river, hardly any dredging is needed to keep the river open.

The City is served by U.S. Interstate 80, located 14 miles north; Iowa primary highways No. 38, 22, and 92; U.S. Highway No. 61; and an Interstate Bridge, providing Highway 92 access over the Mississippi River connecting downtown Muscatine to Rock Island County, Illinois.

Medical

The medical needs of Muscatine are served by Trinity-Muscatine, one of four hospitals in the Trinity Regional Health System. Trinity-Muscatine includes an 80 bed acute care hospital, a medical clinic, home health services, and a public health agency. Trinity-Muscatine employs approximately 162 nurses and 30 physicians have admitting privileges for the hospital.

Building Permits

Building permits issued in the City for the last 10 calendar years are as follows:

<u>Year</u>	<i>Single Family Residence</i>		<i>Multi-Family Residence</i>		<i>Industrial</i>		<i>Commercial</i>		<i>Total Valuation</i>
	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>	
2002	26	\$ 3,210,109	11	\$ 4,760,000	3	\$ 410,000	4	\$ 3,125,531	\$ 11,505,640
2003	16	2,715,850	12	5,180,890	4	678,998	8	4,090,210	12,665,948
2004	33	5,043,234	6	1,666,145	7	4,840,780	17	7,877,406	19,427,565
2005	13	2,243,880	7	4,481,380	9	2,532,760	10	2,953,773	12,211,793
2006	18	2,107,685	5	2,565,200	3	2,366,453	3	954,320	7,993,658
2007	12	1,248,992	4	7,700,275	11	3,949,728	8	5,710,469	18,609,464
2008	9	1,241,305	1	208,740	3	84,750	9	6,843,183	8,377,978
2009	18	2,363,303	1	208,080	4	14,567,483	4	6,521,894	23,660,760
2010	8	1,113,325	5	982,320	3	204,183	8	2,040,345	4,340,173
2011	11	2,244,560	2	1,638,643	4	7,008,300	7	4,966,053	15,857,556

Historical Employment Statistics

Following are the historical unemployment rates for the years indicated for Muscatine County and the State of Iowa:

Calendar Year	Muscatine County	State of Iowa
2011	6.40%	5.90%
2010	7.60%	6.10%
2009	8.10%	6.00%
2008	4.30%	4.10%
2007	3.50%	3.80%
2006	3.20%	3.70%
2005	3.90%	4.30%
2004	4.30%	4.70%
2003	4.20%	4.50%
2002	4.10%	4.00%
2001	3.70%	3.30%

Retail Sales

The following illustrates the growth trend in taxable retail sales for the City of Muscatine as reported by the Iowa Department of Revenue:

<u>Year</u> <u>Ended 3/31</u>	<u>Retail Sales</u>	<u>Number of</u> <u>of Permits</u>
2011	\$ 375,283,095	693
2010	371,429,841	706
2009	378,670,791	708
2008	380,240,483	700
2007	351,046,365	708
2006	335,687,212	651
2005	313,698,848	642
2004	309,223,614	647
2003	291,639,254	652
2002	285,409,368	687

Population by Age (2010 Census):

<i>Age Group</i>	<i>City of Muscatine</i>	<i>Muscatine County</i>	<i>State of Iowa</i>
Under 5 years	7.7%	7.2%	6.6%
5 to 9 years	4.2%	7.2%	6.6%
10 to 14 years	7.2%	7.3%	6.6%
15 to 19 years	7.0%	7.0%	7.1%
20 to 24 years	5.9%	5.4%	7.0%
25 to 29 years	7.0%	6.1%	6.5%
30 to 34 years	6.5%	6.0%	6.1%
35 to 39 years	6.2%	6.2%	5.8%
40 to 44 years	6.0%	6.5%	6.2%
45 to 49 years	6.8%	7.5%	7.1%
50 to 54 years	7.0%	7.4%	7.3%
55 to 59 years	6.5%	6.8%	6.7%
60 to 64 years	5.4%	5.7%	5.5%
65 to 69 years	3.7%	4.1%	4.1%
70 to 74 years	3.0%	3.1%	3.3%
75 to 79 years	2.4%	2.4%	2.7%
80 to 84 years	2.2%	2.0%	2.3%
85 years and over	2.2%	2.1%	2.5%

Median Family Income (2010 Census):

<u>Household Income</u>	<u># of Households</u>	<u>% of Households</u>
Under \$10,000	597	6.4%
\$10,000 to \$14,999	666	7.1%
\$15,000 to \$24,999	1,233	13.1%
\$25,000 to \$34,999	1,026	10.9%
\$35,000 to \$49,999	1,490	15.9%
\$50,000 to \$74,999	2,107	22.4%
\$75,000 to \$99,999	1,119	11.9%
\$100,000 to \$149,999	796	8.5%
\$150,000 to \$199,999	213	2.3%
\$200,000 or more	151	1.6%

Median and Mean Household Incomes (2010 Census):

Median	\$46,178
Mean	\$56,279

Race (2010 Census):

White	20,087
Black or African American	535
Asian	187
American Indian or Alaska Native	108
Native Hawaiian and Other Pacific Islander	4
Some Other Race	1,454
Two or More Race	<u>511</u>
	<u>22,886</u>

Hispanic or Latino and Race (2010 Census):

Hispanic or Latino (of any race)	3,794
Not Hispanic or Latino	<u>19,092</u>
	<u>22,886</u>

Appendix B

CITY OF MUSCATINE COMMUNITY PROFILE

Date chartered	February 1, 1851
Form of government	Mayor/Council/City Administrator
Population (2010 census)	22,886
Bond Rating (Moody's Investor Services New Rating Scale 2010)	Aa2
Number of employees (excluding seasonal) Full-time equivalent	225
Area in square miles	17.2
City of Muscatine facilities and services:	
Miles of streets	117
Parks and Recreation:	
Parks	14
Park acreage	254
Recreation open areas	8
Recreation open area acreage	232
Golf course	1
Swimming pools	2
Softball and baseball diamonds	19
Soccer fields	8
Tennis courts	8
Cemetery:	1
Number of acres	80
Library:	1
Number of registered borrowers	17,512
Circulation	311,425
Art Center and Museum	1
Police protection:	
Number of stations	1
Number of sworn officers	42
Fire protection and ambulance service:	
Number of stations	2
Number of fire/ambulance personnel	37

Sewer system:

Number of treatment plants	1
Daily average treatment in gallons	3.4 million
Maximum daily capacity in gallons	15.0 million

Public transportation system:

Buses	11
Fixed routes served	3
Shuttle vehicles operated	3

Municipal airport:

Primary runway length	5,500 feet
Crosswind runway length	4,000 feet

Appendix C

GLOSSARY

Accrual Basis of Accounting: A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Activity: Specific or distinguishable type of work performed by a component of government for the purpose of accomplishing a function for which the government is responsible.

Appropriation: Legal authorization by the City Council to make expenditures and to incur obligations for specific purposes.

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

Availability Criterion: Principle of the modified accrual basis of accounting according to which revenues may only be recognized when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Basis of Accounting: The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid).

Bond: A written promise to pay a specific sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity dates, together with periodic interest at a specified rate.

Budget: The financial plan for the operation of a program or organization, which includes an estimate of proposed expenditures for a given period, and the proposed means of financing those expenditures.

Budget Message: A general outline of the budget, which includes comments regarding the government's experience during the past period, its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

Budgetary Basis of Accounting: The method used to determine when revenues and expenditures are recognized for budgetary purposes.

Business-Type Activities: Activities of the City that are financed in whole, or in part, by fees charged to external parties for goods or services. These activities are accounted for as enterprise funds and include the Airport, Transit, Parking, Golf Course, Boat Harbor, Marina, Ambulance, Refuse Collection, Landfill, Transfer Station, Water Pollution Control, and Collection and Drainage funds.

Capital Improvements Program: An annually updated plan or schedule of projected expenditures for public facilities and improvements which includes estimated project costs, sources of funding, and timing of work over a five-year period. For financial planning and general management, the program is presented as a plan of work and proposed expenditures, and is the basis for appropriation requests and bond issues.

Capital Projects Expenditures: Expenditures for facilities, facility or other improvements, or equipment which are non- recurring in nature and have a total cost in excess of \$25,000.

Capital Outlay/Capital Expenditure: Operating budget expenditures for assets which have a value of \$300 or more and have a useful economic lifetime of more than one year.

Capital Projects Fund: Fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Commodities: Supplies required by the municipality in order to perform services to its citizens.

Community and Economic Development Function: Government function that provides for planning and development of the City including the social, physical and economic needs of the City. Activities included in this function are Community Development, Economic Development and the Municipal Housing Programs.

Contractual Services: Services other than employee services such as contractual arrangements and consultant services, which may be required by the municipality.

Culture and Recreation Function: This function promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

Debt Service Fund: A fund established to account for the accumulation of resources for and the payment of general long-term debt, principal, and interest.

Depreciation: An appropriation is expended when a capital asset is acquired or constructed. By definition, a capital asset has a service life expected to extend over more than one fiscal period. The process of allocating the cost of a capital asset to the periods during which the asset is used is called depreciation.

Encumbrances: Obligations in the form of purchase orders, and/or contracts, which are chargeable to an appropriation and for which a part of the appropriation is reserved.

Encumbrance Variance: Differences between amounts encumbered to a budget year and the actual amount paid for those obligations in the succeeding year.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of a governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Expenditures: The cost of goods received or services rendered for the government unit. For the City of Muscatine, expenditures are charged against an appropriation when incurred, not when paid.

Fiscal Policy: The City of Muscatine's policy with respect to taxes, spending and debt management as they relate to government services, programs, and capital investments.

Fiscal Year: A twelve-month period to which an annual operating budget applies.

Fringe Benefits: Benefits paid by the City of Muscatine for social security, retirement, group health, life, dental and long-term disability insurance. It also includes costs for worker's compensation and unemployment.

Function: A group of related activities aimed at providing a major service or regulatory program for which a government is responsible.

Fund: The fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equity or balances and changes therein which are segregated for the purpose of carrying out specific activities or obtaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: Funds remaining after the application of available revenues and resources to support expenditures for the fund.

General Fund: A fund used to account for all financial resources except those required to be accounted for in another fund.

General Government Function: Function that provides for the operation of the government and assures the general administration of the municipality. Activities included in this function are mayor and council, legal services, city administrator, human resources, wellness program, finance, computer operations, risk management, and buildings and grounds.

General Obligation Bonds: Bonds for the payment of which the full faith and credit of the issuing government are pledged.

Goal: Broad statement of desired results for the city, department, and/or activity relating to the quality of services to be provided to the citizens of Muscatine.

Governmental Funds: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Health and Social Services Function: Government function which provides for assistance to service agencies involved in providing health and social services in the community. For the City, this function includes the Economic Well-Being activity.

Intergovernmental Revenues: Revenue from other governments, primarily in the form of Federal and State grants, but may also be payments from other local governments.

Internal Service Fund: A fund used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis.

Landfill Closure and Postclosure Care Costs: Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and during the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (e.g., leachate collection systems and final cover) as well as the cost of services (e.g., postclosure maintenance and monitoring costs).

Legal Debt Margin: The excess of the amount of debt legally authorized over the amount of debt outstanding.

Level of Service: Generally used to define the existing or current services, programs, and facilities provided by the government for its citizens. Level of service of any given activity may be increased, decreased, or remain the same depending upon the needs, alternatives, and available resources.

Levy: The total amount of taxes, special assessments, or service charges imposed by a government to support governmental activities.

Modified Accrual Basis of Accounting: Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which are recognized when due.

Objectives: Specific measurable achievements that an activity seeks to accomplish within a given time frame, which are directed to a particular goal. An objective should be stated in terms of results, not processes or activities. For the City of Muscatine, departmental objectives are included in the department's budget request.

Ordinance: A formal legislative enactment by the governing body of a municipality.

Performance Measurement: Commonly used term for service efforts and accomplishments reporting.

Permanent Funds: A fiduciary fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Personal Services: Expenditures for salaries, wages, and related employee benefits for persons employed by the municipality.

Proprietary Funds: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Public Safety Function: Government function that provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events. Police, animal control, fire, and emergency management activities are included in this function.

Public Works Function: Government function that provides for safe and well-maintained infrastructure for the City. Activities included in this function are public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control and engineering.

Resolution: An order of a legislative body requiring less legal formality than an ordinance; additionally, it has less legal status.

Revenue: Income received by the City of Muscatine to support the government's program of services to the citizens. Income includes such items as property tax, fees, user charges, grants and fines.

Special Assessment: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Funds: Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable Valuations: Valuations set upon real estate or other property by a government as the basis for levying taxes.

Taxes: Compulsory charges levied by government for the purpose of financing services performed for the common benefit. This does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments.

Trust and Agency Funds: Funds used to account for assets held by a government in a trustee or agent capacity for individuals, private organizations, other governments, and/or other funds.

APPENDIX D

ACRONYMS AND ABBREVIATIONS

ADA	Americans with Disabilities Act
CAFR	Comprehensive Annual Financial Report
CALEA	Commission on Accreditation of Law Enforcement Agencies
CD	Certificate of Deposit
CD	Community Development
CDBG	Community Development Block Grant
CIP	Capital Improvements Program
CPI	Consumer Price Index
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
EMD	Emergency Medical Dispatch
EMS	Emergency Medical Service
EMT	Emergency Medical Technician
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FBO	Fixed Base Operator (Airport)
FEMA	Federal Emergency Management Agency
FTE	Full Time Equivalent
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographical Information System
GO	General Obligation (Bonds)
HIDTA	High Intensity Drug Trafficking Area
HUD	Department of Housing and Urban Development
HVAC	Heating, Ventilation and Cooling System
ICMA	International City Managers Association
IDED	Iowa Department of Economic Development
IDNR	Iowa Department of Natural Resources
IDOT	Iowa Department of Transportation
IPAIT	Iowa Public Agency Investment Trust
IPERS	Iowa Public Employees Retirement System
MCC	Muscatine Community College
MFPRSI	Municipal Fire and Police Retirement System of Iowa
MP&W	Muscatine Power and Water
NLETS	National Law Enforcement Telecommunications System
OSHA	Occupational Health and Safety Administration
P&Z	Planning and Zoning Commission
PC	Personal Computer
PEHP	Post Employment Health Plan

QHWRA	Quality Housing and Work Responsibility Act
RFP	Request for Proposals
RHS	Retirement Health Savings Plan
SAT	Safety Awareness Team
SCADA	Supervisory Control and Data Access System
SRF	State Revolving Fund Loan
SRO	School Resource Officer
TIF	Tax Increment Financing
WPCP	Water Pollution Control Plant