

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – March 12, 2015

Mayor Hopkins called the City Council meeting for Thursday, March 12, 2015, to order at 7:00 p.m. Councilmembers present were Rehwaldt, Fitzgerald, Natvig, Shihadeh, Bynum, and Spread.

PUBLIC HEARING

Mayor Hopkins stated the purpose of this public hearing is to allow for comments concerning Amendment #1 to the 2014/2015 City Budget.

City Administrator Gregg Mandsager gave a power point presentation concerning the City of Muscatine's proposed budget summary for fiscal year 2015/2016.

City Administrator Mandsager stated the proposed budget for fiscal year 2015/2016 includes the following:

- \$54,163,983 – Operating and Capital Expenditures
- \$50,624,267 – Revenues (available fund balances will be issued to finance capital projects in 2015/2016)
- \$3,075,000 – New general obligation debt budgeted in 2015/2016
- \$12,404,951 – General Property Taxes (excluding TIF taxes)
- \$15.67209 – City Tax Rate per \$1,000 valuation

City Administrator Mandsager then reviewed the pie charts showing where the money comes from, how the funds are used, and the city tax levy rates by type. He reviewed the city's 10-year tax rate history and pointed out that the tax levy has not been increased since the 2010/2011 budget year. He then reviewed the proposed property tax rate highlighting the following:

- The city's tax rate is proposed to remain the same as the current year at \$15,67209 per \$1,000 of taxable valuation. This rate has been maintained at approximately the same rate for the last six years.
- The city was able to maintain the tax rate at this level even with increases in personnel costs, employee benefit costs, and other operating costs as well as an additional 5% reduction in commercial and industrial taxable property valuations.
- Maintaining the same tax rate for 2015/2016 was due to offsetting the increase in the Employee Benefits levy with decreases in the Transit, Tort Liability, and Debt Service levies.
- The 2015/2016 property tax levy again reflects not funding 100% of General Fund employee benefits from the Employee Benefits levy. For 2015/2016, \$192,959 of General Fund employee benefits will be funded from the General Fund instead of this levy.

He then gave the breakdown of the proposed tax levy and continued with the following highlights:

- The 2015/2016 budget does not include the emergency tax levy.
- With the city's proposed tax rate of \$15.67209, the owner of a home valued at \$100,000 will pay \$873 in city property taxes which is \$20 more than the current year due to the change in the rollback factor.
- With the state rollback on commercial and industrial property decreasing from 95% to 90%, the owner of commercial or industrial property valued at \$100,000 will pay \$1,410 in city property taxes which is \$79 less than the current year and \$157 less than two years ago before the first rollback.

- This information reflects only the city's portion of property owners' property tax bills. Property tax bills also include the county and school district levies. Tax rates for these entities are not yet available.

He then reviewed the chart showing where the property taxes go.

City Administrator Mandsager then reviewed the General Fund highlights as follows:

- The budget projects a General Fund ending balance on June 30, 2016 of \$3,380,114 which is 18.5% of General Fund expenditures. This more than meets the minimum of 16.7% required by the city's General Fund balance policy.

He stated the proposed General Fund budget continues the current service levels provided to residents of the community. He stated that significant budget items and assumptions include the following:

- The budget includes funding for Police and Fire Pension contributions totaling \$1,352,752. While the contribution amount is less than the current year, these contributions continue to be a significant cost to the city.
- The budget allows for a 2.5% increase for both union and non-union employees.
- There is an increase of 2.08 in full-time equivalent (FTE) positions in the General Fund for 2015/2016.
- For 2015/2016 TIF funds will continue to be used to fund city economic development administrative and legal costs (\$116,500) as well as economic development efforts of the GMCCI (\$38,000).
- The budget continues to subsidize GMCCI, Senior Resources, and the Humane Society at their current levels and includes a new subsidy to the MCSA's Homeless Prevention Program in the amount of \$25,000 (a one-year funding commitment).
- The budget reflects continuing the CVB's funding allocation at 25% of actual prior hotel/motel tax revenue.
- The budget continues funding contributions to the Equipment Replacement Fund and Computer Replacement Fund equivalent to the needs for 2015/2016.
- The proposed budget is based on positioning the city to address economic challenges, maintain existing levels of services to the community, and positioning the city to meet new challenges. Future challenges could involve potential shortfalls in revenues.
- In the event of significant revenue losses after adoption of the budget, the city has established the Utility Franchise Fee which can be changed by City Council action from the current 1% level up to 5%.
- The proposed budget is one that finds a balance between the overall city property tax rate, maintaining a sufficient level of General Fund balance, and providing departments with the resources and equipment to perform their department functions efficiently.
- The fiscal year 2013 budget for the first time included "assigned" funding for future year purchases.
- The 3rd and final year of the COPS grant funding will end in February or March of 2015. The prior year assigned funding will be used in 2015/2016 to meet the fourth year requirement of the grant agreement.
- The budget includes an assigned funding allocation of \$12,300 to allow for merit increases for non-union employees.
- For the 2015/2016 budget, a number of significant building and facility costs are proposed to be funded from the city's June 2016 bond issue.

City Administrator Mandsager stated the city's Enterprise funds will see rate increases for sewer, collection and drainage, transit, and the boat harbor. He stated fees are not budgeted to increase for the transfer station, landfill, refuse collection, golf, ambulance, airport, and parking.

City Administrator Mandsager stated the accumulated deficit in the Landfill Fund is budgeted to be eliminated in 2015/2016 and a \$283,467 positive balance is projected for that fund. He stated the Enterprise operating funds now all have balanced budgets with positive balances projected for each fund; however, several funds have internal loans outstanding for capital purchases. These include the transfer station for equipment purchases and the golf course for the irrigation system.

City Administrator Mandsager stated that in addition to the operation budget, the 2015/2016 budget includes a total of \$13,404,600 for capital projects. He stated these projects will be funded from grants, local option sales tax, sewer reserve funds, and general obligation bond proceeds.

City Administrator Mandsager ended his presentation with a review of what will be taking in fiscal year 2016 and beyond. He stated that revenues do match expenditures.

City Administrator Mandsager then thanked the Mayor, City Council, and staff for the preparation and review of the proposed budget. He stated this is a great budget and that he specifically wanted to thank Finance Director Nancy Lueck and her team as well as Fran Donelson for the work that was put into the proposed budget.

Councilmember Natvig thanked everyone who was a part of the budget process.

There were no oral or written petitions for or against Amendment #1 to the fiscal year 2014/2015 city budget.

#22924. Councilmember Spread moved the public hearing be closed. Seconded by Councilmember Shihadeh. All ayes; motion carried.

#22925. Councilmember Shihadeh moved the resolution be adopted approving Amendment #1 to the fiscal year 2014/2015 city budget. Seconded by Councilmember Rehwaldt. All ayes: Councilmembers Rehwaldt, Fitzgerald, Natvig, Shihadeh, Bynum, and Spread. Motion carried.

PUBLIC HEARING

Mayor Hopkins stated this public hearing concerns the adoption and certification of taxes for fiscal year 2015/2016.

There were no oral or written petitions for or against the proposed adoption of the budget.

#22926. Councilmember Shihadeh moved the public hearing be closed. Seconded by Councilmember Rehwaldt. All ayes; motion carried.

#22927. Councilmember Shihadeh moved the resolution be adopted approving the adoption of the budget and certification of taxes for the fiscal year 2015/2016 city budget. All ayes: Councilmembers Rehwaldt, Fitzgerald, Natvig, Shihadeh, Bynum, and Spread. Motion carried.

The final item on the agenda was a presentation on a proposed ordinance amendment concerning outdoor dining on the public right-of-way.

City Planner Andrew Fangman stated that in March 2014 City Council approved the pilot program for outdoor dining on the public right-of-way for downtown restaurants. He stated the program was driven by the Blue Zones project and the 2015 Comprehensive Plan.

Mr. Fangman stated four restaurants participated with two using on-street dining facilities (Boonies and Guadalajara) and two offering sidewalk dining (Avenue Subs and Salvatore's).

Mr. Fangman stated that based on the positive feedback, staff is recommending the ordinance be amended making the pilot program for outdoor dining facilities permanent. He stated the guidelines of the proposed ordinance are as follows:

- Each application, which will be required annually, will be approved by City Council by resolution, after written notification to surrounding property owners.
- A written notice shall be sent to all surrounding property owners prior to approval.
- Clear guidelines requiring that visibility along a sidewalk is maintained through and beyond any sidewalk café.
- On-street dining platforms will be removed prior to October 15th.
- More detailed specifications for the information required on the site that accompanies any application.

Councilmember Natvig asked if visibility had been an issue, and Mr. Fangman stated there had been a couple of concerns.

Councilmember Shihadeh asked if these changes had been in collaboration with affected restaurants, and Mr. Fangman answered yes.

Councilmember Spread asked if neighbors and property owners had been invited to the meeting, and Mr. Fangman answered yes.

There was discussion on the possibility of leaving the dining platforms up until later in October.

City Administrator Mandsager stated language could be incorporated into the ordinance allowing the city some discretion on this matter. He stated the biggest concern involves snow issues.

Councilmember Shihadeh stated that everything he has heard has been positive.

Councilmember Fitzgerald stated the only negative comments he had heard involved the loss of parking in the downtown area.

City Administrator Mandsager stated there will be language in the proposed ordinance dealing with the number of on-street dining platforms.

Councilmember Spread pointed out that this application must go through the permitting process annually and be approved by City Council.

The last item on the agenda was a request to approve a street closure on Washington Street between Walters and Lombard Street and a proposed detour route.

#22928. Councilmember Rehwaldt moved the request be approved. Seconded by Councilmember Spread. All ayes; motion carried.

#22929. Councilmember Shihadeh moved the meeting be adjourned at 7:30 p.m. Seconded by Councilmember Fitzgerald. All ayes; motion carried.

Gregg Mandsager, City Administrator