

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – October 12, 2017

Mayor Diana Broderson called the City Council In-Depth meeting for Thursday, October 12, 2017, to order at 7:00 p.m. Councilmembers present were Rehwaldt, Natvig, Saucedo, Bynum, Harvey, and Spread.

First on the agenda was a Budget Basis Financial Statement Overview presented by Finance Director Nancy Lueck. She began her power point presentation with an overview of the fund statements contained in the General Fund. She stated that revenues for the fiscal year ended June 30, 2017 totaled \$11,571,195.30 and total expenditures were \$18,245,345.43. She stated that revenues were under expenditures by \$6,674,150.13.

Ms. Lueck stated that operating transfers in, which includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds totaled \$7,550,240.48. She stated that operating transfers out, which includes the transfer of tax levy proceeds to the Transit and Mad Creek project as well as transfers to the Equipment Replacement and Computer Replacement Funds, totaled \$625,935.70. She stated this brings the total of other financing sources to \$6,924,304.78. She stated the fund balance for June 30, 2016 of \$4,273,804.62 coupled with revenues and other over expenditures and other uses brings the fund balance for June 30, 2017 to \$4,523,959.27. She stated the reserve for outstanding encumbrances is \$211,568.46 leaving an unreserved balance as of June 30, 2017 of \$4,312,390.81.

Ms. Lueck then gave an overview of the General Fund's Fund Balance Analysis.

Ms. Lueck stated that revenues were under the original revised estimate by \$138,915, and she gave a brief overview of the significant revenue items. She stated that expenditures were under the original revised amount by \$94,486, and she gave a brief overview of the significant expenditure items.

Ms. Lueck then reviewed the charts for the General Fund Fund Balance History and the Fiscal Year-End General Fund Balances as a Percent of Expenditures.

Ms. Lueck provided a fund balance comparison of operating funds.

Ms. Lueck's presentation ended with the following summary:

- The ending General Fund balance of 22.8% of expenditures is higher than the original 2016/2017 budget of 19.5% and slightly lower than the 2016/2017 revised estimate of 23.0%.
- This ending balance meets the requirements of the General Fund balance policy adopted in November of 2013 which provides that the General Fund balance be at least 16.7% (two months) of General Fund expenditures.
- The ending balance in the General Fund also positions this fund for upcoming budget challenges. These include the continued loss of ATE fine revenues from the Highway 61 and University Drive intersection (unless the city's appeal is successful). Other challenges may include a reduction in the state commercial and industrial property tax reimbursement and impacts from the phased-in rollback of multi-residential property variations from the 90% in 2015/2016 to the residential rollback rate of approximately 60% from fiscal year 2017 through fiscal year 2014.

- There were positive fund balances in all of the city's operating funds with the exception of the Refuse Collection and Boat Harbor funds. The Refuse Collection deficit was a planned deficit from purchasing the second automated refuse collection vehicle. This deficit is expected to be eliminated over the next two years. The Boat Harbor deficit was due to reduced boat slip rentals due to the boat dock damages from the 2017 storms.
- Most other city funds have ending balances close to or higher than projected and are in good position going into the budget development process for the upcoming year.

There were questions and comments that were addressed by Ms. Lueck.

The next item on the agenda was a discussion on City Code Changes.

City Administrator Gregg Mandsager stated that Item 4(a) pertains to ordinances that have been adopted since the adoption of the City Code in 2015. He stated that Item 4(b) pertains to ordinances that will be adopted for clarification purposes. He stated the final item will be an update from City Planner Andrew Fangman on proposed zoning related City Code updates pertaining to property maintenance, home-based businesses, and the sign ordinance.

City Planner Andrew Fangman then gave an overview of these three items and explained why updates are needed to the City Code.

There were questions and comments from City Council that were addressed by Mr. Fangman and City Administrator Mandsager.

The next item on the agenda was a discussion concerning tax abatement versus tax increment financing and the three Letters of Support being requested Oak Park Development, Muscatine Landing, and Miller-Valentine.

City Administrator Mandsager stated staff has had several conversations with the city's bond counsel concerning these issues. He stated that tonight he will be looking for Council's concurrence on ways to improve the tax abatement area current in place, change the current tax abatement program, and review the Letters of Support being requested.

City Administrator Mandsager stated that per State Code, there is nothing new the city can offer new residential home owners if they are not in blighted/historical districts. He stated for properties falling within these districts, the city can choose to offer up to a 10-year 100% abatement program; however, the current program is a 5-year 100% abatement on the first \$75,000 of value with a minimum assessed value of \$175,000. He then explained the purpose of the residential tax abatement program.

City Administrator Mandsager stated he would like to know how far City Council would like to incent to get residents to make improvements or build in these two districts. He stated that most abatement requests are for new homes and asked if City Council was interested in seeing new homes built in these districts. He pointed out that it is always cheaper to build when the infrastructure is already in place. He stated there are a wide range of options available.

Comments from City Council indicated an interest in making incentives as attractive as possible by lowering the minimum to \$75,000, and City Administrator Mandsager stated that could be done for both the blighted and historical districts.

City Administrator Mandsager stated staff is not recommending any changes to commercial districts but stated that an additional Urban Renewal District could be added.

Discussion then turned to the need for multi-family units in the city.

City Administrator Mandsager stated that what the city currently does not have a lot of is multi-family residences. He stated these types of developments could currently take advantage of the 5-year tax abatement program. He stated that buildings with over three units and apartment complexes could take advantage of this offer as well.

City Administrator Mandsager stated the city is not really ready to offer 10 years at 100% for the tax abatement program. He stated staff is recommending 5 years at 100%. He asked if City Council was interested in doing so and at what rate. He stated that staff's suggestion is to offer 5 years at 100% and City Council would have the option of reviewing this rate at any time.

Community Development Director David Gobin stated that since 2014, his department has seen about 22 tax abatement applications come through the office which will generate approximately \$8.3 million in new investment in the community. He stated that anything the city does going forward will only incent more multi-family or commercial development.

City Administrator Mandsager stated the developments Mr. Gobin is referencing currently fall into the new home categories. He asked if City Council had any thoughts on offering incentives for multi-family residences since there is currently a need for them. He also asked if there was a consensus from City Council that a 5-year 100% abatement program would be a good starting point.

There was a consensus from City Council.

City Administrator Mandsager stated that on the agenda are the names of three developers who are seeking tax incentives for their proposed developments and who are asking for Letters of Support to be included with their application for tax credits. He stated they are Muscatine Landing, Oak Park Development, and Steamboat Lofts (Miller-Valentine). He stated that Muscatine Landing is currently in a TIF District and Oak Park Development is not. He stated that Steamboat Lofts is in a tax abatement area but establishing a TIF District would be doable. He stated that each development comes with its own quirks.

City Administrator Mandsager stated that tax abatement is a very easy and simple process. He stated the establishment of a TIF District would require the creation of an Urban Renewal Area with development agreements required for each request. He pointed out that with a TIF development agreement comes the ability to require additional improvements to the property.

City Administrator Mandsager stated that Muscatine Landing's preference is a tax abatement; however, staff thinks a plan can be created using TIF that will probably work for the developer. He stated that Oak Park is not in either district but the Urban Renewal Plan could be amended if the project moves forward.

City Administrator Mandsager stated that Miller-Valentine is requesting a 10-year tax abatement program. He stated the city is suggesting a TIF program that he feels will meet their requirements.

City Administrator Mandsager stated the Letters of Support are related to their request for tax credits from the Iowa Finance Authority and will be brought forward for approval on next week's agenda.

There were questions and comments from City Council that were addressed by City Administrator Mandsager.

The final item on the agenda was discussion on the fireworks ordinance.

City Administrator Mandsager stated that statistics from the Fire and Police departments was included with the agenda. He stated that staff's recommendation would be to ban fireworks within the city limits. He stated that if City Council did not want to completely ban the use of fireworks within the city limits, they could restrict usage to one to two days.

There were questions and comments from City Council that were addressed by Fire Chief Jerry Ewers and Police Chief Brett Talkington.

City Administrator Mandsager asked how City Council would like staff to proceed on this issue.

It was the consensus of City Council to amend the ordinance to restrict the use of fireworks to two days around July 4th and one day at New Year's.

Jean Mosh, 1816 Duncan Drive, explained why she felt fireworks should be banned.

Jeff Osborn who resides on Lucas Street shared an experience he had in Arkansas. He stated that fireworks are not allowed within the Arkansas city limits.

Roger Chapman, 1012 E. 8th Street, explained why he feels fireworks should be banned.

Under comments, Councilmember Rehwaldt stated that in September he had asked about progress on the Whiteway Hotel.

City Administrator Mandsager stated he would get back to Councilmember Rehwaldt on this matter.

Councilmember Saucedo stated he had reviewed the parking issue on 2nd Street and was recommending that staff's proposal to limit parking to two hours on each block be changed to three hours. He stated he would like this change implemented on a trial basis until construction is done.

City Council was in agreement with his proposal.

Councilmember Natvig thanked the Police and Fire departments for hosting the Public Safety Building's open house this past Sunday.

Councilmember Harvey reminded everyone that Saturday will be the last Second Saturday of the season.

City Administrator Mandsager asked Councilmember Saucedo when he wanted his parking suggestion brought forward for action by City Council.

Councilmember Saucedo stated he would like action taken at next week's meeting but would like it noted in the minutes that this issue could be looked at again once construction is done.

Mayor Broderson thanked the League of Women Voters for their recent candidate's forum.

Mayor Broderson then announced the Discovery Center would be having a Halloween Walk on Saturday from 6:30 to 8:30 p.m. and that the second annual “Memories Start with Us” walk for Alzheimers will also be held that day at the Discovery Center from 10 a.m. to noon.

City Administrator Mandsager stated the city received notification this week that it had been awarded a CAT grant totaling \$500,000 contingent upon the city raising an additional \$200,000 by November 30, 2017. He stated the award of this grant will allow for all four projects to be completed. He then thanked everyone who worked to bring this grant award to fruition.

Councilmember Harvey moved the meeting be adjourned at 9:06 p.m.

Gregg Mandsager, City Administrator