



PRESS RELEASE

CITY OF MUSCATINE

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FOR IMMEDIATE RELEASE

MARCH 1, 2018

DESPITE CHALLENGES, CITY TAX RATE REMAINS UNCHANGED

Muscatine City Council approves \$61.5 million budget for Fiscal Year 2018-2019

MUSCATINE, Iowa – Months of planning by City of Muscatine staff and weeks of budget reviews by the City Council concluded Thursday as the Muscatine City Council approved a \$61.5 million budget for fiscal year 2018-2019.

The good news for Muscatine taxpayers is that the city tax rate will remain the same (\$15.67 per \$1,000 valuation) as it has for the last six fiscal years. That rate has been the practically the same for the past nine years and there has been no increase in the tax rate since 2010-2011.

“If the amount of city taxes a resident pays goes up it is because the values assessed to their property by the county went up,” Gregg Mandsager, city administrator, said. “I am very proud of our staff who worked very hard to identify where funds need to be spent and where we could save. We have more challenges ahead but this budget is the best with what we know today.”

Finance Director Nancy Lueck presented a summary of the budget to the City Council during the public hearing Thursday night.

“The city was able to maintain the tax rate at this level even with increases in personnel, employee benefits, and other operating costs,” Lueck said.

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Decreases in the transit, levee, and debt service levies offset increases in the employee benefits and tort liability levies which helped the City maintain the tax rate Lueck explained.

In addition to the operating budget, the 2018/2019 budget includes \$16.6 million for capital projects.

“These projects will be funded from grants, local option sales tax, sewer reserve funds, available fund balances, and bond proceeds,” Lueck said.

Leading the list of capital projects for the 2018-2019 fiscal year is \$6.5 million for the Mississippi Drive Project that will complete the reconstruction from Broadway to the Hwy 92 bridge. Another \$1.7 million is earmarked for other street related projects with \$105,000 for the new sidewalk program

The budget process began last November when department heads began filling out budget requests in preparation for meetings with Mandsager and Lueck. Those budget requests were refined after those meetings, packaged, and presented to the City Council in a series of budget review sessions in January and February.

Thursday’s adoption of the FY 2018-2019 budget meets the March 15 deadline to file the budget with the State of Iowa. However, that does not mean that there may not be changes in the future.

“We have two significant concerns which may affect the budget for the upcoming year,” Lueck told the Council Thursday.

The first concern is whether the State will maintain the “backfill” for the commercial and industrial property rollbacks or begin to eliminate the “backfill” starting with the 2018-2019 fiscal year.



The “backfill” became part of city budgets throughout Iowa after the Iowa Legislature, in a 2013 economic development measure, cut back the portion of commercial property assessed value that can be taxed by local governments from 100 percent to 90 percent. Multi-family residential property was scaled back even more. To replace the lost funds, the legislature promised a “backfill” of money to local governments supported by income tax proceeds.

The State was working with a surplus of funds at the time but since then that surplus has virtually disappeared and that has the State considering phasing out or completely eliminating the “backfill” before the start of the next fiscal year.

The other concern is what the State Legislature will decide to do with Automated Traffic Enforcement (ATE).

The total elimination of the state “backfill” would reduce the proposed budget by \$634,752 while the elimination of ATEs would knock off another \$350,000 which is the budgeted income from the four remaining ATEs in Muscatine.

“When we create the budget, we can only use the information we have today,” Lueck said. “These concerns will be addressed, if needed, and there is policy in the event that the use of unassigned fund balance is necessary to provide a short-term solution to maintaining essential services.”

Having a strong General Fund balance and the Fund Balance Policy in place allows time for staff and the City Council to plan how to address revenue reductions should they occur.

Muscatine’s projected General Fund balance on June 30, 2019 (\$4.3 million) is 21.3 percent of General Fund budgeted expenditures and that is well above the 16.7 percent required by the City’s General Fund policy. Muscatine has had a General Fund ending balance of 20 percent or better in five of the last eight years including the last four.

For more information, see the City of Muscatine [Adopted Budget Summary](#).

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