

CITY OF MUSCATINE
REGULAR CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – March 1, 2012

Mayor DeWayne Hopkins called the City Council meeting for Thursday, March 1, 2012, to order at 7 p.m. Councilmembers present were LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread.

The meeting began with the Pledge of Allegiance.

#21942. Councilmember Fitzgerald moved to approve the minutes for the February 7 & 8, 2012 City Council Budget meetings, February 9, 2012 In-Depth meeting, February 15, 2012 Special meeting, and the February 16, 2012 Regular meeting. Seconded by Councilmember Spread. All ayes; motion carried.

#21943. Councilmember Spread moved the Consent Agenda be approved as follows: Second reading for a new Class C Liquor License for Francesca Vitale's at 128 E. 2nd Street – Francesca Vitale (pending inspections and receipt of final paperwork); filing of Communications A-C; and Bills for Approval totaling \$913,542.29 as well as receipt summaries and journal entries for August through December 2011. Seconded by Councilmember Phillips. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning the proposed R.L. Fridley Theatres rezoning request within the City of Muscatine.

Chuck Coulter, who is the attorney representing Fridley Theatres, stated representatives were present to answer questions City Council might have.

There were no oral or written petitions for or against the proposed rezoning request.

#21944. Councilmember Shihadeh moved the public hearing be closed. Seconded by Councilmember Natvig. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning the proposed concession contract with Happy Joes Pizza for Kent Stein Park, Soccer Complex, and Aquatic Center.

There were no oral or written petitions for or against the proposed concession contract.

#21945. Councilmember Natvig moved the public hearing be closed. Seconded by Councilmember Bynum. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning the proposed Amendment #1 to the city budget for the fiscal year ending June 30, 2012.

There were no oral or written petitions for or against the proposed amendment.

#21946. Councilmember Fitzgerald moved the public hearing be closed. Seconded by Councilmember Spread. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning the proposed adoption of the city budget for fiscal year 2012/2013.

There were no oral or written petitions for or against the proposed budget for fiscal year 2012/2013.

#21947. Councilmember LeRette moved the public hearing be closed. Seconded by Councilmember Natvig. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning a proposed loan agreement in the amount of \$4,050,000 for the bond issue scheduled for June 1, 2012 for projects considered to be Essential Corporate Purposes.

There were no oral or written petitions for or against the proposed loan agreement.

#21948. Councilmember Shihadeh moved the public hearing be closed. Seconded by Councilmember Phillips. All ayes; motion carried.

PUBLIC HEARING

Mayor Hopkins stated a public hearing was being held concerning a proposed loan agreement in the amount of \$450,000 for the bond issue scheduled for June 1, 2012 for the South End Fire Station which is considered a General Corporate Purpose.

There were no oral or written petitions for or against the proposed loan agreement.

#21949. Councilmember Natvig moved the public hearing be closed. Seconded by Councilmember Spread. All ayes; motion carried.

#21950. Councilmember Phillips moved to approve the use of city property on April 14, 2012 beginning at 9:00 a.m. for the Hayes Hustle 5K Race. Seconded by Councilmember LeRette.

Mayor Hopkins asked for clarification of the route which was explained by Administrative Secretary Fran Donelson.

Vote – All ayes; motion carried.

#21951. Councilmember Bynum moved to approve the appointments of Dr. Bradley Bark D.C. to the Art Center Board of Trustees and Julie Wolf to the Historic Preservation Commission. Seconded by Councilmember Spread. All ayes; motion carried.

#21952. Councilmember Natvig moved the resolution be adopted setting a public hearing on Thursday, April 5, 2012, at 7 p.m. on the proposed voluntary annexation of property owned by the City of Muscatine at the Municipal Airport. Seconded by Councilmember Shihadeh.

City Administrator Gregg Mandsager stated there would be an update on voluntary annexations at next week's In-Depth meeting.

Vote – All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21953. Councilmember Fitzgerald moved the resolution be adopted setting a public hearing for Thursday, April 5, 2012, at 7 p.m. on the proposed voluntary annexation of property into the City of Muscatine (Parkview Condominium Association and Irish Ivy Subdivision). Seconded by Councilmember Spread. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21954. Councilmember Bynum moved the resolution be adopted setting a public hearing for Thursday, April 5, 2012, at 7 p.m. on the proposed voluntary annexation of property into the City of Muscatine (R.L. Fridley Theatres Inc.) Seconded by Councilmember Phillips. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21955. Councilmember Natvig moved to approve the first reading of an ordinance rezoning 15.029 acres located at the southwest corner of the Mulberry Avenue/U.S. 61 Bypass intersection from R-1 Residential to S-3 Mixed Use. Seconded by Councilmember Shihadeh.

Councilmember Fitzgerald asked if this request was for the property located within the city limits, and City Administrator Mandsager answered yes.

Vote – All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21956. Councilmember LeRette moved the resolution be adopted approving Amendment #1 to the city budget for the fiscal year ending June 30, 2012. Seconded by Councilmember Spread. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21957. Councilmember Spread moved the resolution be adopted approving the city budget for fiscal year 2012/2013. Seconded by Councilmember Phillips.

City Administrator Mandsager provided a power point presentation highlighting the 2012/2013 proposed budget. He stated that operating and capital expenditures were just over \$44 million and revenues just over \$41 million. He stated that the general property tax (excluding TIF taxes) generated approximately \$12.3 million. He then stated the city tax rate is once again \$15.77146/\$1,000 valuation.

City Administrator Mandsager then highlighted all city funds revenue sources and all city expenditures by function. He then reviewed the city tax levy rates by type and the city's 10-year tax rate history. Speaking in reference to the proposed property tax rate, he stated the city has been able to maintain the property tax level at \$15.77146/\$1,000 valuation for the past three years.

City Administrator Mandsager then went through the General Fund highlights. He stated the projected General Fund ending balance on June 30, 2013 is \$2,655,288 which is 15.5% of General Fund expenditures. He said this meets the minimum of 10% required by the city's Financial Policies. He stated the proposed budget is based on positioning the city for future years to address potential shortfalls in revenues due to impacts caused by legislative changes currently being considered. He stated the budget maintains most subsidies to outside agencies at current funding allocations with the exception of the subsidy to Senior Resources which was increased by \$2,200. He stated there are ongoing discussions concerning CVB funding which will hopefully be settled by the next meeting. He then went through the Enterprise Fund highlights.

Under the proposed budget summary, City Administrator Mandsager stated that in addition to the operating budget, the 2012/2013 budget includes capital projects totaling \$7,179,400. He asked Community Development Director Steve Boka to address the change in funding made by the Federal Aviation Administration.

Mr. Boka stated a new FAA funding bill was passed recently increasing the city's share of 5% to 10%. He stated this will affect upcoming projects this spring. He stated the city will have to notify the FAA of projects City Council chooses not to move forward on.

City Administrator Mandsager completed his overview of the proposed budget summary by stating the city's improved position includes the following:

- A General Fund balance of 15.5% of General Fund expenditures which addresses Moody's prior year bond rating comment and provides a balance which will assist in the event of emergencies or future funding shortfalls.
- Allows for funding of capital expenditures from available balances in lieu of from bond issues which results in a savings of interest costs.
- Maintains a steady tax levy rate avoiding significant year-to-year decreases or increases to the rate.
- Maintains a tax rate which may become a base rate if future tax rates or tax revenues are limited by legislative changes being considered.

There were questions from Council that were addressed by the City Administrator.

Councilmember Shihadeh stated it was his understanding that due to the rollback factor, property taxes will be increasing by \$35.

City Administrator Mandsager stated he was correct.

Councilmember Shihadeh stated he had some ideas he would like to present to City Council to reduce the budget. He stated the utility franchise fee could be reduced from 2% to 1% for a savings of \$114,000, the debt service fund could be reduced by \$50,000 which would mean an additional \$40,000, and the employee benefits could be reduced by \$50,000 which would help offset the increased property taxes. He stated the remainder could be from the General Fund which would take the budget down to about 14.3%. He stated the city is still waiting to hear what the state is going to do and unfortunately, the budget must be submitted to the state by March 15th. He ended by saying his platform has always been not to raise taxes.

Councilmember Natvig stated he had talked with Finance Director Nancy Lueck who had told him that reducing the franchise fee would not do anything to property taxes. He stated that she did have some other options for City Council to consider. He pointed out that that she and the City Administrator were able to reduce the original budget request by a half million dollars.

City Administrator Mandsager stated it is unknown what the state is going to do and that is why it is important to have a fund balance available.

Councilmember Fitzgerald stated City Council and staff had spent over 40 hours during budget sessions to put together a budget he thought was satisfactory to everyone. He stated he is concerned about changes being proposed at this late date.

Councilmember Shihadeh asked what will be done if the state takes away the approximately \$460,000 from the ATEs.

Councilmember Spread stated he felt risks should not be taken given the unknowns. He stated another concern he has involves the upcoming sewer separation project. He stated the city must do everything to get its current rating up. He stated the city needs that 20% fund balance.

Finance Director Lueck, referring to a handout given to City Council, stated that even with the reduction of the franchise fee, the tax bill would still go up and might not be noticed as a decrease. She stated she did like Councilmember Shihadeh's suggestion concerning the debt service fund balance. She laid out more modest reductions for City Council to consider.

There was discussion on the possible loss of the ATE revenue.

Councilmember Shihadeh stated he would be happy with a ten-cent reduction.

Councilmember LeRette stated he would support cutting the franchise fee to 1% because it would keep the city in line with its neighbors. He stated it could always be increased in the future if necessary.

City Administrator Mandsager stated that approval of the budget requires four positive votes.

Vote on original motion – Three ayes: Councilmembers Spread, Phillips, and Fitzgerald. Four nays: Councilmembers LeRette, Natvig, Shihadeh, and Bynum. Motion failed.

#21958. Councilmember Shihadeh moved the resolution be adopted approving the city budget for fiscal year 2012/2013 with the reduction of the property tax rate to \$15.67209/\$1,000 valuation and the reduction of the franchise fee from 2% to 1%. Seconded by Councilmember Bynum. Four ayes: Councilmembers LeRette, Natvig, Shihadeh, and Bynum. Three nays: Councilmembers Fitzgerald, Philips, and Spread. Motion carried.

#21959. Councilmember Fitzgerald moved the resolution be adopted approving loan agreement and General Obligation Corporate Purpose Bonds and providing for the levy of taxes to pay same. Seconded by Councilmember Shihadeh. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21960. Councilmember LeRette moved the resolution be adopted accepting a capital funding grant for fiscal year 2012 and approving the Muscatine Municipal Housing Agency Five-Year Plan for 2012-2016. Seconded by Councilmember Spread. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21961. Councilmember Phillips moved the resolution be adopted awarding the bid for the Cedar Street Clearing Project in preparation of the 2012 utility work to Sulzberger Excavating in the amount of \$24,596.25. Seconded by Councilmember Natvig. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21962. Councilmember LeRette moved the resolution be adopted setting a public hearing on the West Hill Area Sanitary and Storm Sewer Separation Project – Phase 1 for Thursday, March 15, 2012, at 7 p.m. Seconded by Councilmember Natvig. All ayes: Councilmembers LeRette, Fitzgerald, Natvig, Shihadeh, Bynum, Phillips, and Spread. Motion carried.

#21963. Councilmember Bynum moved to approve a concession agreement with Happy Joes Pizza for Kent Stein Park, Soccer Complex, and Aquatic Center. Seconded by Councilmember LeRette. All ayes; motion carried.

#21964. Councilmember Shihadeh moved to approve the low bid from Quality Construction Services in the amount of \$136,703 for the dismantling and rebuilding of a storage building at the Water Pollution Control Plant. Seconded by Councilmember Bynum.

City Administrator Mandsager stated this project is subject to the acceptance of the quit claim deed by the Governor's Executive Council.

Councilmember Natvig asked Water Pollution Control Director Roger Kirby if part of the reason this contractor was selected was because they represent the building.

Mr. Kirby answered yes and then stated he is very comfortable with the bid.

Vote – All ayes; motion carried.

#21965. Councilmember LeRette moved to establish Spring Cleaning Week for April 23-27, 2012. Seconded by Councilmember Fitzgerald. All ayes; motion carried.

#21966. Councilmember Natvig moved to enter into a grant agreement for storm warning siren upgrades. Seconded by Councilmember Phillips. All ayes; motion carried.

#21967. Councilmember Fitzgerald moved to approve a right-of-way services agreement with A&R Land Services Inc. at an estimated cost of \$16,020 for the Colorado Street Improvement Project. Seconded by Councilmember LeRette. All ayes; motion carried.

The last item on the agenda was discussion on a proposed amendment of Title 2 Boards and Commissions, Chapter 19 Board of Water, Electric and Communications Trustees.

Councilmember LeRette asked why the proposal is being made to amend this particular ordinance.

City Administrator Mandsager stated that Muscatine Power & Water is asking that City Council consider amending the ordinance to reflect their service areas, which includes water and electric, rather than just the city limits when considering members for their board. He stated he did some research and found the Code has changed to allow board members within a service area rather than just the city limits.

Councilmember Shihadeh stated this would give Muscatine Power & Water a bigger pool to choose from when seeking new members.

City Administrator Mandsager suggested that a limit be set on the number of Board members that can be selected outside the city limits.

Councilmember Spread stated he feels one would be reasonable. It was the consensus of Council to amend the ordinance and include the verbiage that allows for one member to reside outside the city limits but within Muscatine Power & Water's service area.

City Administrator Mandsager stated a public hearing will be required followed by three readings of the ordinance.

Under comments, Councilmember LeRette congratulated Muscatine High School's girls bowling team for their third place finish this year at state.

Councilmember Fitzgerald wished his wife a happy birthday.

Councilmember Phillips recommended that next year during budget discussions all decisions be made before the budget process is over.

#21968. Councilmember Shihadeh moved the meeting be adjourned at 8:23 p.m. Seconded by Councilmember Fitzgerald. All ayes; motion carried.

DeWayne Hopkins, Mayor

ATTEST:

Gregg Mandsager, City Clerk