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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: April 29, 2019

Re: Resolution to set Public Hearing on Amending the 2018/2019 City Budget
(Amendment #2)

Introduction and Background:

Attached is the Resolution Setting a Public Hearing on Amendment #2 to the current year City budget. City Council approved the first amendment to the 2018/2019 budget on March 7, 2019. That action amended the budget to the Revised Estimate levels established at the budget review sessions.

This second amendment includes additional proposed amendments since that time. This proposed amendment will increase total budgeted expenditures for the City by \$594,000 and transfers out will increase by \$225,500. Budgeted revenues are proposed to be amended by \$2,500 and transfers in amended by \$225,500. The revenue amendment of \$2,500 is for a Branching Out grant for trees in the Park Maintenance budget. Of the overall requested expenditure increase, General fund amendments total \$326,500, enterprise fund amendments total \$144,000, special revenue \$2,800, trust funds \$1,700, and capital projects funds \$119,000.

General Fund expenditures are proposed to be amended by a total of \$326,500 which is higher than the 2nd amendment in most recent years. The 2nd amendment in 2017/2018 was \$61,700, the 2nd amendment in 2016/2017 totaled \$327,600 (tornado damage repairs), the 2nd amendment in the 2015/2016 budget was \$81,900, it was \$13,000 for 2014/2015, and it was \$160,100 for 2013/2014. The 2018/2019 amendments include: (1) an increase in the Mayor & Council budget of \$18,500 for consultant services to develop a process for the City Administrator's annual review which was moved from the 2019/2020 budget, (2) a \$28,000 increase in legal services in the Human Resources budget, primarily for legal work for union negotiations, (3) a \$25,000 increase in the Building & Grounds budget for repairs to the Art Center HVAC system, (4) \$32,300 increase in the Police budget for vehicle and equipment repair and maintenance services, (5) an increase of \$81,500 in the Fire department budget which includes \$45,000 for three unplanned retirements, \$34,000 for increased overtime due to vacancies and staff on light duty, and \$2,500 for increased diesel fuel costs, (6) a \$7,000 increase in the Park Maintenance budget which includes \$2,500 for trees funded from a Branching Out grant, \$2,000 for increased natural gas costs, and \$2,500 for flood-related repairs, (7) a \$51,200 increase in the Roadway Maintenance budget which includes \$1,200 for sand for sandbags and \$50,000 for vehicle, equipment, and street repair and maintenance services, and (8) \$83,000 in the Snow & Ice Control budget for increased regular wages, overtime, employee benefits, sand, and contracted snow removal services.

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

Of the \$326,500 in General Fund expenditure amendments, \$134,200 will be funded from transfers from the Road Use Tax fund, \$45,000 from transfers from the Employee Benefits fund, and \$2,500 from the Branching Out grant. The transfer from the Police department budget for the City's portion of the MSORT armored vehicle has been reduced by \$8,300 and the Police Forfeitures funding transfer has been increased by \$8,300 (new allocation is 50% from Police budget and 50% from Forfeitures).

Enterprise fund expenditure amendments total \$144,000 and include (1) a \$52,000 increase in the Refuse Collection budget which includes \$2,000 for increased natural gas, \$43,500 for increased equipment repair and maintenance services, and \$6,500 for building repair services, (2) a \$55,000 increase in the Pumping Stations budget for increased power and equipment repair services, primarily at the Papoose Station, (3) a total of \$21,000 in the Ambulance budget which includes \$5,000 for part-time ambulance attendants, \$14,000 for medical supplies, and \$2,000 for diesel, and (4) an increase of \$16,000 in the Clark House budget which includes \$6,000 for natural gas and \$10,000 for pest control services.

The balance of the amendments are (1) \$1,800 in the Home Ownership budget, (2) \$1,000 in the Sunset Park Education Program budget, (3) \$1,700 in the Art Center McWhirter Gilmore Trust, (4) \$80,000 in incentives for the property at 500 Mulberry, subject to approval of the property sale and transfer agreement, and (5) \$39,000 for engineering services for the design of the new hangars at the Airport which was just recently approved by City Council. The incentives for 500 Mulberry will be funded from future year TIF funds. The total amendment of \$594,000 (excluding transfers) is \$188,700 higher than the prior year amendment #2 of \$405,300, and \$8,500 lower than amendment #2 for the 2016/2017 fiscal year of \$602,500.

The proposed General Fund expenditure amendments would result in a decrease in fund balance of \$136,500 since a portion of the amendments will be funded from transfers from other funds. It is, however, expected that there should be savings in various General Fund department budgets which will offset at least a portion of this amount. For the City's Governmental Funds (primarily the General Fund), expenditures are required to be within the budget for each functional area. This amendment allows for somewhat of a "cushion" for increased costs so the budgets for the various functions are not exceeded at year end.

It should also be noted that although it currently appears that several departments will be under their budget amounts, we traditionally have not amended those budgets downward to offset increases in other departments. With two months remaining in the fiscal year, the actual amounts that those budgets may be under budget cannot be determined, especially if those departments have unforeseen costs before year end.

Summary:

As noted previously, the total proposed amendment of \$594,000 is \$188,700 higher than the 2017/2018 2nd amendment of \$405,300, and \$8,500 less than the total 2nd amendment of \$602,500 in 2016/2017.

The General Fund amendment #2 for 2018/2019 of \$326,500 is \$264,800 higher than the \$61,700 amendment for 2017/2018, and \$1,100 less than the 2016/2017 2nd amendment of \$327,600 which included repairs from the March 2017 tornado.

The total 2nd amendments and the General Fund amendments in the past eight years were as follows: (1) 2017/2018 total 2nd amendment of \$405,300 and General Fund amendment of \$61,700, (2) 2016/2017 total 2nd amendment of \$602,500 and General Fund amendment of \$327,600, (3) 2015/2016 total 2nd amendment of \$791,200 with \$81,900 in the General Fund, (4) 2014/2015 total 2nd amendment of \$632,500 with \$13,000 in the General Fund, (5) 2013/2014 total 2nd amendment of \$1,115,800 with

\$160,100 in the General Fund, (6) 2012/2013 total 2nd amendment of \$370,700 with \$93,300 in the General Fund, (7) for 2011/2012 the amendment totaled \$945,360 with \$65,500 in the General Fund, and (8) in 2010/2011 the 2nd amendment totaled \$374,200 with \$202,100 in the General Fund. In each of those years the actual balances for the General Fund exceeded the revised estimate projected fund balances at year end.

Recommendation:

Please include the attached resolution setting a public hearing for May 16, 2019 on the second amendment to the City's Fiscal Year 2018/2019 budget on the May 2, 2019 Council agenda. Please contact me if you have any questions.

RESOLUTION NO. _____

**RESOLUTION SETTING THE DATE AND TIME FOR A PUBLIC HEARING
CONCERNING AMENDMENT #2 TO THE CITY BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2019
FOR THE CITY OF MUSCATINE, IOWA**

WHEREAS, a public hearing is required in order to amend the budget for the City of Muscatine for the fiscal year ending June 30, 2019;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MUSCATINE, IOWA that a public hearing be set for May 16, 2019 at 7:00 p.m. in the City Hall Council Chambers, 215 Sycamore Street, concerning Amendment #2 to the City budget for fiscal year ending June 30, 2019, and that the City Clerk be directed to publish Notice of Public Hearing in the Muscatine Journal, in the form required by the State of Iowa.

PASSED, APPROVED AND ADOPTED this 2nd day of May, 2019.

**BY THE CITY COUNCIL OF THE CITY OF
MUSCATINE, IOWA**

Diana Broderson, Mayor

ATTEST:

Gregg Mandsager, City Clerk

**NOTICE OF PUBLIC HEARING
AMENDMENT OF FY2018-2019 CITY BUDGET**

The City Council of Muscatine in MUSCATINE County, Iowa
will meet at City Hall Council Chamber
at 7:00 PM on 5/16/2019
(hour) (Date)

,for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2019
by changing estimates of revenue and expenditure appropriations in the following functions for the reasons given.
Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources			
Taxes Levied on Property	1 13,837,957	0	13,837,957
Less: Uncollected Property Taxes-Levy Year	2 0		0
Net Current Property Taxes	3 13,837,957	0	13,837,957
Delinquent Property Taxes	4 0		0
TIF Revenues	5 2,075,100	0	2,075,100
Other City Taxes	6 4,206,128	0	4,206,128
Licenses & Permits	7 471,600	0	471,600
Use of Money and Property	8 1,392,773	0	1,392,773
Intergovernmental	9 8,500,512	0	8,500,512
Charges for Services	10 15,240,100	0	15,240,100
Special Assessments	11 0	0	0
Miscellaneous	12 7,406,700	2,500	7,409,200
Other Financing Sources	13 0	0	0
Transfers In	14 20,222,892	225,500	20,448,392
Total Revenue and Other Sources	15 73,353,762	228,000	73,581,762
Expenditures & Other Financing Uses			
Public Safety	16 10,210,500	113,800	10,324,300
Public Works	17 2,853,100	134,200	2,987,300
Health and Social Services	18 50,000	0	50,000
Culture and Recreation	19 3,723,100	8,700	3,731,800
Community and Economic Development	20 4,976,626	2,800	4,979,426
General Government	21 2,845,140	71,500	2,916,640
Debt Service	22 3,044,589	0	3,044,589
Capital Projects	23 6,984,700	80,000	7,064,700
Total Government Activities Expenditures	24 34,687,755	411,000	35,098,755
Business Type / Enterprises	25 24,779,261	183,000	24,962,261
Total Gov Activities & Business Expenditures	26 59,467,016	594,000	60,061,016
Transfers Out	27 20,222,892	225,500	20,448,392
Total Expenditures/Transfers Out	28 79,689,908	819,500	80,509,408
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year	29 -6,336,146	-591,500	-6,927,646
Beginning Fund Balance July 1	30 34,596,403	0	34,596,403
Ending Fund Balance June 30	31 28,260,257	-591,500	27,668,757

Explanation of increases or decreases in revenue estimates, appropriations, or available cash:

To appropriate available fund balances for increased snow and ice control, repair and maintenance, utility, fuel, employee retirement, flood-related, legal, and consultant costs. Increases also include updated capital project fund estimates.

There will be no increase in tax levies to be paid in the current fiscal year named above related to the proposed budget amendment. Any increase in expenditures set out above will be met from the increased non-property tax revenues and cash balances not budgeted or considered in this current budget.

Gregg Mandsager
City Clerk/ Finance Officer Name

City of Muscatine
 FY 2018/2019 Proposed Budget Amendments
 (Budget Amendment #2)
 April 26, 2019

Fund/Department	Account	Expenditure Amendment	Comments	Revenues/ Transfers In Amendment
General Fund				
Mayor & Council:				
Consultant Services	1000-01-1111-61630	\$ 18,500	Consultant for City Administrator Review Process (Moved from FY 2019/2020 to FY 2018/2019)	\$ -
Human Resources:				
Labor Attorney	1000-01-1132-61220	\$ 28,000	Based on actual labor attorney costs to date; primarily related to union negotiations	-
Building & Grounds				
HVAC Repairs at Art Center	1000-40-1151-67330	\$ 25,000	Repairs needed to Art Center HVAC system; this is the amount not expected to be covered by the warranty	-
Police Operations:				
Inside Services - Vehicle Repairs	1000-15-1311-67110	\$ 15,000	Based on actual costs to date and estimated through 6-30-19	-
Outside Services - Vehicle Repairs	1000-15-1311-67130	15,000	Based on actual costs to date and estimated through 6-30-19	-
Tires and Tire Repairs - Vehicles	1000-15-1311-67140	2,300	Based on actual costs to date and estimated through 6-30-19	-
Transfer for MSORT Vehicle	1000-15-1311-90500	(8,300)	Reduce transfer for MSORT vehicle; increase Forfeiture funding by this amount	-
Fire Operations:				
RHS Retiree Contributions	1000-20-1321-46700	\$ 45,000	Three unplanned retirements since Rev. Est. done - 40% of Retiree Sickleave to RHS Plan (Bennitt, Theobald, Brase) Transfer from Employee Benefits Fund 1000-05-1141-39400	\$ 45,000
Overtime	1000-20-1321-43100	34,000	Due to retirements and several firefighters on light duty	-
Diesel	1000-20-1321-52730	2,500	Based on actual costs to date and estimated through 6-30-19	-
Park Maintenance:				
Ag Supplies	1000-25-1423-52100	\$ 2,500	Trees funded from Branching Out Grant	1000-25-1423-38520 \$ 2,500
Repair & Maintenance Supplies	1000-25-1423-53220	1,000	Floats for Courtesy Dock (due to flood)	-
Gas (Alliant)	1000-25-1423-65310	2,000	Based on actual costs to dates and estimate through 6-30-19	-
Repair Services	1000-25-1423-67400	1,500	Courtesy dock repairs (due to flood)	-
Roadway Maintenance:				
Sand	1000-40-1621-53320	\$ 1,200	Sand for sandbags (due to flood)	-
Inside Services	1000-40-1621-67110	30,000	Based on actual to date and estimated through 6-30-19	-
Outside Services	1000-40-1621-67130	10,000	Based on actual to date and estimated through 6-30-19	-
Outside Parts	1000-40-1621-67150	5,000	Based on actual to date and estimated through 6-30-19	-
Concrete Repair Services	1000-40-1621-67400	5,000	Based on actual to date and estimated through 6-30-19	-
			Funding Transfer from Road Use Tax	\$1,200
Snow & Ice Control:				
Fulltime Wages	1000-40-1622-41100	\$ 18,600	Based on actual costs	-
Overtime	1000-40-1622-43100	33,400	Based on actual costs	-
Differential	1000-40-1622-44300	1,000	Based on actual costs	-
FICA	1000-40-1622-45100	3,000	Based on actual costs	-
Medicare	1000-40-1622-45150	700	Based on actual costs	-
IPERS	1000-40-1622-45200	5,000	Based on actual costs	-
Unemployment	1000-40-1622-46500	300	Based on actual costs	-
Sand	1000-40-1622-53320	4,000	Based on actual costs	-
Contracted Snow Removal Services	1000-40-1622-62470	17,000	Based on actual costs	-
			Funding Transfer from Road Use Tax	83,000
Total - General Fund		\$ 318,200		\$ 181,700

<u>Fund/Department</u>	<u>Account</u>	<u>Expenditure Amendment</u>	<u>Comments</u>	<u>Transfers In Amendment</u>
<u>Enterprise/Internal Service Funds</u>				
Refuse Collection:				
Gas (Alliant)	5642-45-5642-65310	\$ 2,000	Based on actual to date and estimated through 6-30-19	\$ -
Inside Services	5642-45-5642-67110	15,000	Based on actual to date and estimated through 6-30-19	-
Outside Parts	5642-45-5642-67150	28,500	Based on actual to date and estimated through 6-30-19 (Includes \$20,000 for arm replacement on one automated truck)	-
Building Repair Services	5642-45-5642-67200	6,500	Based on actual to date and estimated through 6-30-19	-
Subtotal		<u>\$ 52,000</u>		<u>\$ -</u>
Landfill:				
Transfers Out - Closure Reserve	5652-45-5652-90500	\$ 30,500	Additional Transfer Required per Annual Engineering Report	
Transfers Out - Post-Closure Reserve	5652-45-5652-90500	15,800	Additional Transfer Required per Annual Engineering Report	
Transfers In - Closure Reserve	5656-45-5656-39500		Additional Transfer Required per Annual Engineering Report	30,500
Transfers In - Post-Closure Reserve	5654-45-5654-39500		Additional Transfer Required per Annual Engineering Report	15,800
Subtotal		<u>\$ -46,300</u>		<u>\$ -46,300</u>
WPCP - Pumping Stations:				
Power	5660-50-5663-65320	\$ 35,000	Based on actual to date and estimated through 6-30-19	\$ -
Operating Equipment Repairs	5660-50-5663-67320	20,000	Based on actual to date and estimated through 6-30-19 (Includes \$13,775 for Repair of Volt Feed into Papoose Station)	-
Subtotal		<u>\$ 55,000</u>		<u>\$ -</u>
Ambulance:				
Temporary Part-Time Wages	5811-20-5811-42200	\$ 5,000	Based on actual to date and estimated through 6-30-19	-
Medical Supplies	5811-20-5811-52840	14,000	Based on actual to date and estimated through 6-30-19	-
Diesel	5811-20-5811-52730	2,000	Based on actual to date and estimated through 6-30-19	-
Subtotal		<u>\$ 21,000</u>		<u>\$ -</u>
Clark House:				
Gas (Alliant)	9002-90-9020-41913	\$ 6,000	Based on actual to date and estimated through 6-30-19	-
Pest Control Services (Bed Bugs)	9002-90-9020-44303	10,000	Based on actual to date and estimated through 6-30-19	-
		<u>\$ 16,000</u>		<u>\$ -</u>
Total Enterprise Funds		<u>\$ 190,300</u>		<u>\$ 46,300</u>
<u>Special Revenue Funds</u>				
Road Use Tax Funds:				
Transfer for Inc'd Roadway Maint Exp.	8200-00-8211-90400	\$ 51,200	Transfer for General Fund amendments listed above	\$ -
Transfer for Inc'd Snow & Ice Exp.	8200-00-8211-90400	83,000	Transfer for General Fund amendments listed above	-
Subtotal		<u>\$ 134,200</u>		<u>\$ -</u>
Employee Benefit Fund:				
Transfer to General Fund	8350-00-8350-90400	<u>\$ -45,000</u>	Transfer for Fire retirement RHS contributions listed above	<u>\$ -</u>
Home Ownership Program:				
Fulltime Wages	8180-90-8180-41100	\$ 700	Employee allocation budget correcton	-
Health Insurance	8180-90-8180-46100	700	Employee allocation budget correcton	-
Travel Expenses	8180-90-8180-64120	400	Based on actual to date: will be partially reimbursed	-
Subtotal		<u>\$ 1,800</u>		<u>\$ -</u>
Sunset Education Program:				
Temporary Services - Instructor	8185-90-8185-62410	<u>\$ 1,000</u>	Based on actual to date and estimated through 6-30-19	-
Police Forfeitures Fund:				
Transfer for MSORT Vehicle	8660-15-8660-90500	<u>\$ 8,300</u>	Increased Forfeiture transfer for City portion of MSORT vehicle (Amount from Police budget will be reduced by this amount)	-
Total Special Revenue Funds		<u>\$ 190,300</u>		<u>\$ -</u>

<u>Fund/Department</u>	<u>Account</u>	<u>Expenditure Amendment</u>	<u>Comments</u>	<u>Transfers In Amendment</u>
Trust & Agency Funds				
McWhirter-Gilmore Trust: Blinds	3992-35-3992-7440	\$ 1,700	Actual costs (Trust funding if insufficient funds in operating budget)	
Total Trust & Agency Funds		<u>\$ 1,700</u>		<u>\$ -</u>
Capital Projects Funds:				
Fifth & Mulberry Building Project: Forgivable Loan & Transfer Station Charges "Waived"	No Ledger Entry	\$ 80,000	Incentives on sale of property (funded from future TIF funds)	\$ -
Airport New Hangar Project: Engineering Design	No Ledger Entry	\$ 39,000	Engineering design costs expected before 6-30-19	\$ -
		<u>\$ 119,000</u>		<u>\$ -</u>
Total Budgeted Funds (Including Transfers Out)		<u>\$ 819,500</u>		<u>\$ 228,000</u>
Expenditure Breakout:			Revenue Breakout:	
Expenditure Increase		\$ 594,000	Increased Revenues	\$ 2,500
Funding Transfer Increase		225,500	Increased Transfers In	225,500
Total		<u>\$ 819,500</u>		<u>\$ 228,000</u>
<u>Non-Certified Budget Amendment</u>				
Non-Budgeted Fund:				
Equipment Services Operations: Non-Inventory Material	7625.7625.53220	\$ 45,000	Based on actual year-to-date, increased dept charges will fund Charges for Services 7625.7625.35450	\$ - 45,000
		<u>\$ 45,000</u>		<u>\$ 45,000</u>
Total Budgeted and Non-Budgeted Funds		<u>\$ 864,500</u>		<u>\$ 273,000</u>