



CITY OF MUSCATINE
215 SYCAMORE STREET
MUSCATINE, IA 52761
PH. (563) 264-1550 • FAX (563) 264-0750

CITY OF MUSCATINE PRESS RELEASE

For more information contact:

Kevin Jenison
Communication Manager
E-Mail: kjenison@muscatineiowa.gov
Phone: (563) 264-1550 • Fax: (563) 264-0750

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FINANCIAL IMPACT OF COVID-19 HEALTH CRISIS IS DISCUSSED

Time to recover is most significant unknown of impacts resulting from restrictions

MUSCATINE, Iowa – The loss of revenue from the restrictions put in place due to the COVID-19 health crisis will have a significant impact on revenue received by the City of Muscatine, and, as a result, an impact on the 2019-2020 and the 2020-2021 budgets according to City of Muscatine Finance Director Nancy Lueck.

“The estimates that we are using here on the projected impacts are estimates based on currently known information,” Lueck said. “The most significant unknown is the time it will take to recover from the impacts of COVID-19.”

The three major revenue sources that will potentially be impacted are the Road Use Tax, Local Option Sales Tax, and the Hotel/Motel Tax.

The assumption at the present time is that Road Use Tax revenue will decrease \$221,500 in the final four months of the 2019-2020 fiscal year, and potentially decrease \$600,600 during the 2020-2021 fiscal year. Local Option Sales Tax revenue is estimated to decrease \$255,000 in the final four months of 2019-2020 and \$587,400 for 2020-2021. For the Hotel/Motel Tax the

estimate is a decrease of \$175,000 for the final four months of 2019-2020 and \$125,000 for 2020-2021.

“All areas of the General Fund will be affected in some way by the health crisis,” Lueck said.

“Some departments have already secured additional funding related to COVID-19, and there is the possibility of more coming.”

Minimal impacts could be seen for WPCP and Collection & Drainage revenue, Transfer Station and Landfill, Refuse Collection, Golf, Boat Harbor and Marina, Transit, Ambulance, CVB, and Airport.

Some of the additional funding already secured includes:

- Police – JAG Coronavirus Emergency Supplemental Funding Grant (\$60,827);
- Transit – Emergency Relief Operating Assistance (\$575,708);
- City-sponsored CDBG Grant passed through to local non-profit service agencies (\$53,004);
- Airport – FAA CARES grant for Airport operations (\$69,000);
- Airport – FAA – Local 10 percent share waived for Airport Taxiway project (projected Spring 2022 bonding was estimated at \$325,000);
- Section 8 Housing Voucher Program Admin Funding (\$43,316);
- Public Housing Operating Subsidy (\$44,388);
- Ambulance – U.S. Health and Human Services COVID-19 Relief Grant (\$41,927.70).

Deferring the bidding for the 2020 Pavement Management Program, and deferring the hiring of new positions added in the FY21 budget would offset a significant portion of the currently expected revenue losses without a reduction in service levels to the residents of Muscatine.

“These items can be revisited based on any updated information we receive and any additional federal grant funding that would become available,” Lueck said.

The overall message from the Finance Department is that, based on what is known at this time, the city is positioned to meet the challenges related to the COVID-19 health crisis.



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